

# Fisher & Paykel Appliances Holdings Limited

## Human Resources and Remuneration Committee Charter (the Charter)

### **Establishment of the Human Resources and Remuneration Committee (the Committee)**

This Charter sets out the terms of reference on which the Board has established the Human Resources (HR) and Remuneration Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution. The Committee is a sub-committee of the Board established to assist the Board in the conduct of its responsibilities. The Committee is authorised to make all decisions relating to those matters delegated to the Committee in this Charter. The Committee will report and, where relevant, make recommendations to the Board on all issues requiring decisions by the Board in relation to this Charter and remuneration matters in general.

### **Objectives**

The objective and purpose of the Human Resources and Remuneration Committee is to assist the Board in establishing coherent Human Resources and remuneration policies and practices which:

1. Enable the Company to attract, retain and motivate executives who will create value for shareholders;
2. Fairly and responsibly reward executives and management having regard to the performance of the Company, the performance of the executive and the general remuneration environment;
3. Comply with all legal requirements, the provisions of the NZX Listing Rules, the ASX Listing Rules and prevailing best Governance practice.

### **Authority, Duties and Responsibilities**

Specifically, the Human Resources and Remuneration Committee has the authority, duty and responsibility to:

1. Review and approve and monitor the implementation of the Company's human resources policies including:
  - a. the terms and conditions of employee recruitment, retention, development, retirement, redundancy and termination;
  - b. the alignment of remuneration with the company's strategic objectives and performance; and
  - c. ensuring appropriate succession planning practices are in place for the Chief Executive and direct reports to the Chief Executive.
2. Review and recommend to the Board annually the remuneration policy and practices of the Company including:
  - a. parameters used in determining remuneration bands, and target market position for direct reports to Chief Executive and senior management;
  - b. annual salary review general percentage increase.
3. Review performance assessments of Chief Executive direct reports, and review and approve in accordance with the Company's remuneration policies and practices all components of Chief Executive direct report employment agreements and remuneration.

4. Review remuneration packages for senior management including:
  - a. review and approve packages that exceed NZD175,000 gross per annum;
  - b. review and approve any out of policy remuneration package proposals;
  - c. review annually in summary form, all packages NZD100,000 and over;
  - d. review senior management aggregate performance review outcomes.
5. Review additional remuneration package details including:
  - a. review annually in summary all out of cycle salary adjustments;
  - b. review any payments outside of contractual obligations;
  - c. review aggregate information on position in salary bands for indirect staff in New Zealand and Australia;
5. Establish, review, modify and recommend to the Board the design of the Company's Short Term and Long Term Incentive plans including any retention plans.
6. Monitor relevant 'best practice', including evolving trends and developments in employment conditions and employee remuneration, governance and the Committee's Charter. This includes:
  - consideration of changes in legislation affecting employment conditions and remuneration;
  - the periodic review of material policies against developments in 'best practice' governing HR and remuneration including publications and recommendations from leading remuneration consultants, regulators and governance bodies.

#### **Director and Chief Executive Remuneration**

The Chief Executive shall carry out independent external market research and provide guidance to the Committee regarding Directors remuneration. The Committee shall then formulate a recommendation to the Board and ensure that the Company has a formal and transparent method to recommend Director remuneration packages to shareholders.

The remuneration package and employment contract of the Chief Executive shall be the responsibility of the company Chairman, and the Chair of the Human Resources and Remuneration Committee who shall consult with the Human Resources and Remuneration Committee as appropriate. This shall be submitted to the full Board for approval.

#### **Committee Composition**

The Human Resources and Remuneration Committee shall consist of at least three members, each of whom will be appointed by the Board. All members of the Committee shall be Directors of the Company. A majority of the members must be Independent Directors as defined in the Board Charter.

The Board shall appoint an independent Chair of the Committee and the Chief Executive Officer will nominate the Secretary for the Committee. In the Chair's absence, any Committee member who is also an Independent Director may chair a meeting of the Committee.

The Chairman of the Board shall be an ex-officio member of the Human Resources and Remuneration Committee and shall be given notice of all meetings of the Committee, and may attend and participate fully as deemed necessary.

The Committee may invite such other persons to attend their meetings as the Committee considers appropriate.

#### **Meetings and Procedure**

The Human Resources and Remuneration Committee will meet formally at least three times per year. The agenda of one meeting shall include consideration and, if appropriate, approval of the Annual Remuneration Review process and will be held two months before that review is completed.

A quorum for a meeting of the Committee is two members at least one of whom must be an independent director.

The dates, times and venues of each meeting of the Committee will be notified to all members as far in advance as possible. Supporting papers shall also be sent to members as far in advance as possible.

Proceedings of the Human Resources and Remuneration Committee will be governed by the provisions of the Constitution, in so far as they are applicable.

Minutes of all meetings shall be kept.

### **Consultation**

The Chairman of the Committee shall appoint the Remuneration Advisors for the company and the Committee will meet with those Advisors at least once annually without management presence.

The Human Resources and Remuneration Committee shall have unrestricted access to executive management and all employees Company records and may retain HR, legal or other expert advisers as appropriate. The Committee is authorised by the Board to investigate any matter in relation to the employment and compensation of any Company employee.

Committee members are entitled to rely on FPA executives in relation to matters within their responsibility and are able, at the expense of the company, to obtain such external professional advice as they consider necessary to carry out their responsibilities. The Committee members may assume the accuracy of information provided by such persons, so long as the Committee members are not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

### **Reporting**

The Chair of the Human Resources and Remuneration Committee (or a person nominated by the Committee for that purpose) will report to the Board on the Committee's recommendations and findings following each meeting. Minutes of all committee meetings will be circulated to members of the Board.

The Chair of the Committee will present an annual report to the Board providing a summary of:

- the Committee's activities during the year;
- material changes in employee benefit policies and practices in the last 12 months;
- senior management remuneration and benefit changes in the last 12 months;
- succession planning and leadership development activities in the last 12 months.

The Chair of the Committee must be available at the Annual Shareholders' Meeting to respond to any shareholder questions on the Human Resources and Remuneration Committee's activities and areas of responsibility.

### **Review**

The Human Resources and Remuneration Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board.

This Charter will be reviewed biennially by the Committee to make recommendations to the Board for changes in the duties and responsibilities of the Human Resources and Remuneration Committee and the terms of this Charter.

This Charter was approved by the Board on 25 March 2011.