



NZX Limited Human Resources Committee

Terms of Reference

November 2016



1. Constitution

These Terms of Reference for the Human Resources and Remuneration Committee (“the Committee”) were approved by the NZX Limited (“NZX”) Board (“Board”) in November 2016. The Committee is a committee of the Board.

2. Review and Approval

These Terms of Reference shall be reviewed at the instigation of the Committee or the Board. Any changes to these Terms of Reference require approval of the Board.

3. Purpose

The purpose of the Committee is to assist the Board to ensure that NZX’s human resources policies and practices support NZX in achieving its commercial and stakeholder goals by:

- Attracting, appointing, motivating and retaining outstanding people to the positions of Director, Chief Executive (“CEO”) and Direct Reports to the CEO (“Direct Reports”)
- Rewarding employees fairly and responsibly with a clear link to company and individual performance goals and the creation of sustainable shareholder value
- Ensuring systems are in place for succession planning and development to ensure continuity and skill enhancements of the CEO and Direct Reports
- Complying with current governance and legal requirements
- Ensuring employment practices are consistent with being an employer of choice
- Ensuring appropriate delegated authorities are in place for employment-related matters

4. Responsibilities

The following are functions and responsibilities of the Committee:

i. Appointments, Terminations (also see 4ii below) and Contractual Terms

- Recommend to the Board the appointment of Board members to the NZX and NZX Group’s wholly-owned subsidiary boards. In doing so the Committee shall ensure at all times that the relevant board is comprised of members who hold an appropriate range of skills and experience, and that any material gaps are managed appropriately (including by recommending that the board seek external advice)
- Adopting the “one over one” principle, ratify the appointment, termination and any material variations to standard contractual terms (including remuneration) of Direct Reports on recommendation of the CEO, and be consulted on proposed appointment and termination of other senior team members, with their appointment and termination being ultimately a matter for the CEO
- Approve material standard contractual terms (such as notice periods) for Direct Reports

ii. Remuneration & Performance Reviews

CEO

- Recommend to the Board the CEO’s annual performance measures, annual salary and incentive/bonus arrangements (STI and LTI)
- Undertake an annual review of the CEO’s performance against KPIs and provide feedback more frequently where appropriate



- Recommend to the Board actual payments under the designated incentive/bonus plan

Direct Reports

- Approve, based on the CEO's recommendation, annual STI, LTI and remuneration of Direct Reports. Annually (or more frequently where significant issues arise during a year) receive and review a summary from the CEO of performance assessments of Direct Reports
- Participate directly in annual review and remuneration arrangements for HoMS
- Monitor/approve remuneration policy (remuneration review process and remuneration structure) at Direct Report level

Organisation

- Approve material changes to overall staff remuneration, strategy and approach (such as approach to remuneration benchmarking against peer organisations and market data)

Board

- Undertake an as needed review of Director, Chair and Board committee remuneration

Committee

- Undertake an annual self-review of the Committee's performance relative to its objectives and responsibilities

iii. Organisation

- Review, and recommend to the Board for approval, major organisational structure changes proposed by the CEO
- In respect of staff engagement:
 - Ensure management conducts an annual employee engagement survey
 - Review the survey results and consider proposed management actions in response
- Review the organisation's HR metrics, to be presented to the Committee (6 monthly) by the Head of Human Resources
- Ensure the diversity policy is applied across all levels of the organisation:
 - Approve the diversity policy and ensure it is regularly reviewed
 - Review and approve the diversity strategy which will form the basis for the diversity policy
 - Track NZX's progress against the diversity strategy and approve any significant amendments to the diversity policy
- Have a framework in place to ensure compliance with all legal and regulatory obligations for health and safety, noting health and safety is ultimately the purview of the Board:
 - Review and monitor NZX's health and safety risk management strategy and policies to ensure it has clearly set out commitments to manage health and safety matters effectively
 - Monitor health and safety metrics against targets
 - Ensure there is an active commitment to health and safety from the Board that is aligned with NZX's values
 - Consider and report to the Board on whether appropriate resources and tools are in place to effectively monitor health and safety



- Manage the health & safety performance of the CEO, including specifying expectations and providing feedback

iv. Development and Succession Planning

- Review NZX's leadership and talent development initiatives and outcomes
- Ensure there are appropriate succession plans in place with regard to Direct Reports and other senior team members as applicable
- Ensure that appropriate succession plans are in place for CEO and HoMS
- Review NZX overall talent management and succession plans

v. Disciplinary Action and Terminations (also see section 4i)

- Receive notification of disciplinary action proposed in respect of any Direct Reports and senior team members
- The Committee chair or designated Committee member may conduct an exit interview of a Direct Report, where the Committee determines it is appropriate
- Termination of the employment of HoMS is a Board only matter

5. Membership

The Committee shall be appointed by the Board and shall consist of a minimum of three non-executive directors.

The Board Chair shall recommend to the Board the composition of the Committee.

6. Meetings

The Committee may adopt such rules as it sees fit for its operation, providing they are consistent with these Terms of Reference, the Board's Charter and the Constitution.

Any Committee member may call meetings of the Committee.

The Committee will meet on an as-required basis. A quorum shall be any two members.

7. Attendance at Meetings

At its discretion, the Committee may invite the Head of Human Resources, or external specialists, to attend meetings and/or to provide advice or information to the Committee.

Any non-executive Director has the right to attend and participate in meetings of the Committee.

8. Secretarial and Support

The Board Secretary will act as Secretary to the Committee.

The Secretary shall ensure that complete records are made available to the Board of the proceedings of the Committee including agendas, minutes, papers, advice and reports. Minutes of committee meetings shall form part of the next Board meeting papers, except to the extent that confidentiality requirements dictate otherwise.

The Committee shall have all necessary access to information it requires from employees to fulfil its functions, duties and responsibilities.



9. Authority

The Committee does not have any authority to commit the Board.

The Committee will have no delegated authority other than that contained in these Terms of Reference.

The Committee will not become involved in day-to-day operations or management functions.

The Committee is authorised by the Board to obtain such outside information and advice as it thinks necessary for discharging its responsibilities.

10. Reporting

The Committee discharges its responsibilities by making recommendations to the Board.

The Committee will provide an oral (and on request, written) report to the Board on its proceedings and any recommendations.

