

# Domino's Pizza Enterprises Limited

## Nomination and Remuneration Committee Charter

Adopted by the Board on 10 August 2015

(ASX Best Practice Corporate Governance Principles: Recommendation 2.1, 8.1 and 8.2)

### 1 Background

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The Nomination and Remuneration Committee (**Committee**) is established by the board of directors (**Board**) of Domino's Pizza Enterprises Limited ACN 010 489 326 (**Company**) to review, evaluate and make recommendations to the Board in relation to the selection, appointment and remuneration practices of the Company.

### 2 Committee structure

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#### 2.1 Membership

- (a) The Committee will consist of a minimum of three non-executive directors.
- (b) The majority of members of the Committee should be independent directors.
- (c) There will be an appropriate diversity of membership on the Committee in order to avoid entrenching unconscious bias.
- (d) The Chair of the Committee and Committee membership will be confirmed annually.

#### 2.2 Chairman

- (a) An independent director will chair the Committee.
- (b) The Board shall appoint only one member as the Committee Chairman.

#### 2.3 Quorum

The quorum for any Committee meeting shall be two members and may include the Chairman.

#### 2.4 Meetings

- (a) Any director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote.
- (b) The Committee will meet at least once per annum and more often if deemed necessary.

#### 2.5 Appointment of Committee Secretary

- (a) The Committee Secretary will be the Company Secretary, or such other person as nominated by the Board.
- (b) The Committee Secretary will circulate minutes to members of the Committee and the Board as soon as practicable after each meeting.

#### 2.6 Right to Obtain Information

The Committee is entitled to obtain information, interview management and consult with expert advisors, at the expense of the Company, to seek expert advice where it considers it necessary to carry out its duties.

## 2.7 Reporting to the Board

Recommendations from the Committee to the Board will be included in the Board Papers under items for decision by the Board and will be accompanied by information supporting the recommendation to enable the Board to make a considered decision. In addition, the Chairman of the Committee will keep the Board informed on the deliberations of the Committee.

## 3 Roles and Responsibilities

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### 3.1 Nomination function

The Committee is established by the Board to review, evaluate and make recommendations to the Board in relation to:

- (a) developing and implementing plans to manage the succession of the CEO and other senior executives, and Board succession generally;
- (b) induction and continuing professional development programs for directors;
- (c) the development and implementation of a process for the review and the performance of the Board, Board Committees and individual directors;
- (d) the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- (e) the appointment and re-election of directors;
- (f) a process for determining the necessary and desirable competencies of Board members and the assessment of those competencies;
- (g) the appointment of the Chief Executive Officer and process for the evaluation of the Chief Executive Officer;
- (h) the evaluation of the Board, Board Committees and individual directors; and
- (i) the time commitment required from a non-executive director and whether directors are meeting that requirement;

### 3.2 Remuneration function

- (a) The Committee is established by the Board of directors to annually review, evaluate and make recommendations to the Board in relation to:
  - (i) the Company's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors;
  - (ii) the remuneration packages to be awarded to senior executives;
  - (iii) equity-based remuneration plans for senior executives and other employees;
  - (iv) superannuation arrangements for directors, senior executives and other employees;
  - (v) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.
  - (vi) non-executive director remuneration;

- (vii) staff incentive plans proposed by the Chief Executive Officer, including bonus, share and option plans, and the basis of their application amongst differing levels of staff;
  - (viii) salary, benefits and total remuneration packages of the Managing Director and senior staff reporting to the Managing Director; and
  - (ix) employee succession planning to ensure the continuity and quality of management.
- (b) The Committee is required from time to time to review, evaluate and if appropriate *approve* the following:
- (i) Managing Director's recommendation for overall annual salary movements for business unit salary reviews;
  - (ii) salary, benefits and total remuneration package of individual executives as recommended by the Managing Director; and
  - (iii) substantial changes to the principles of the Company's superannuation arrangements recommended by the Chief Executive Officer.
- (c) The Chairman shall ensure that the Board is properly informed on any matters which are approved by the Committee.
- (d) The Committee is required to review, evaluate and make recommendations as required from time to time to the Board in relation to:
- (i) policies for remuneration programs appropriate to the Company;
  - (ii) the Company's recruitment, retention and termination policies and procedures for executive/senior management; and
  - (iii) any report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is proposed for inclusion in the annual report.

### 3.3 Diversity Policy

The Committee is required to:

- (a) review, note and monitor the effectiveness of the Diversity Policy from time to time;
- (b) review the measurable objectives for achieving diversity from time to time; and
- (c) review and report to the Board annually on both the measurable objectives for achieving diversity and the Company's progress in achieving them.

## 4 Board procedures for the appointment of directors

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### 4.1 Selection Criteria

The selection criteria for the appointment and re-appointment of directors will normally be based on an analysis of the composition of the existing Board, its skill and experience, its independence requirements and its ambitions for the future.

### 4.2 Process for director appointments

The Committee will adopt the following process:

- (a) Consider the need to engage the services of an external consultant to broaden the selection of potential candidates for Board membership.
- (b) Determine whether candidates comply with the Company's definition of independence.

- (c) If required, arrange for the candidate to undertake due diligence of the Company.
- (d) Provide to the candidate a summary of Directors' and Officers' Insurance arrangement.
- (e) Ensure that a letter of appointment in accordance with the ASX Corporate Governance Principles and Recommendations is negotiated.
- (f) Enter into a deed with the director which sets out certain rights and obligations including the director's disclosure of all interests in company securities.

#### **4.3 Process for assessment of independent directors**

Each director will, prior to their appointment, provide to the Company sufficient information to allow the Board to adequately assess the independence of the director. Directors should ensure that updated information is provided to the Board if circumstances relating to the assessment of their independent status changes.

#### **4.4 Induction program**

The Committee will adopt a program to induct new directors. The induction will include as a minimum, the provision of a package of briefing materials comprising:

- (a) the latest strategic and business plans and current material issues facing the Company;
- (b) applicable corporate governance policies and procedures;
- (c) minutes of past Board meetings for at least 3 months prior to the date of appointment;
- (d) directors and officers insurance details.

#### **4.5 Professional development**

The Committee will adopt a program to provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

For directors who do not have specialist accounting skills or knowledge, the program will focus on ensuring that he or she has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

The directors professional development program will rely on the principle of self-assessment by each director on an annual basis, to be conducted as part of and in accordance with the performance evaluation procedures applicable to all directors.

## **5 Board approved remuneration policies**

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### **5.1 Remuneration policy**

The Company's remuneration policy and structure is equitable, competitive and consistent so as to assure the recruitment and retention of personnel of the capability, competence and experience necessary for the successful achievement of the Company's strategies and goals.

### **5.2 Remuneration principles**

Remuneration is accordingly set to the following principles:

- (a) no individual may be involved directly in determining his/her remuneration. External advice will be sought, where appropriate, during this process;
- (b) remuneration disclosure to shareholders includes all benefits paid including:
  - (i) base salary and incentives;

- (ii) superannuation payments; and
- (iii) other benefits such as motor vehicles, loans etc.
- (c) incentive payments for executives are related to Company performance, individual performance against goals, market conditions and independent expert advice where appropriate and may include options over shares in the Company granted at the discretion of directors; and
- (d) remuneration for non-executive directors is determined by the Board within a maximum amount determined by shareholders from time to time at the Annual General Meeting. Non-executive directors are not entitled to participated in any incentive scheme.

## **6 Disclosure**

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The following information will be disclosed in the Company's Annual Report:

- (a) the members of the Committee;
- (b) the number of times the Committee met during the reporting period;
- (c) the individual attendance of the members at Committee meetings; and
- (d) the policies regarding remuneration of non-executive directors and remuneration and employment arrangements of executive directors and other senior executives.

## **7 Performance evaluation**

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The Committee will undertake an annual self-assessment process which includes:

- (a) comparing of the Committee's practices with its charter requirements;
- (b) identifying any enhancements to the Committee Charter; and
- (c) implementing practices designed to enhance the Committee's effectiveness.

**ENDS**