

1. HUMAN RESOURCES COMMITTEE

1.1 Introduction

It is the Board's responsibility to ensure Alesco has, among other things, the appropriate human resources policies and procedures, including training, development and remuneration policies and procedures in place which are designed to meet the needs of Alesco and to enhance corporate and individual performance as well as the appropriate recruitment and succession planning policies.

1.2 Human resources goals and strategic objectives

Alesco's overall human resources strategy is:

- (a) to attract, retain and motivate appropriately qualified and experienced people;
- (b) to develop a remuneration framework to create longer term shareholder value, which is aligned with shareholder interests, meets market competitiveness, and recognises individual as well as company performance;
- (c) to ensure a workplace which is free from discrimination;
- (d) to create and sustain an organisational environment which supports mutual trust and assists people to discover, develop and increase their personal capacities and is one of equal opportunity.

1.3 Establishment of a Human Resources Committee

To assist the Board in performing this function, a Human Resources Committee has been established. The existence of this Committee is not intended to fragment or diminish the responsibilities of the Board as a whole.

The role of the Human Resources Committee is documented as follows and for these purposes is the charter for this Committee. This charter must be reviewed by the Board annually to ensure that it reflects the business and operational needs of Alesco as well as relevant corporate governance practices prevailing at the time.

1.4 Functions of the Human Resources Committee

The primary function of the Human Resources Committee is to assist the Board in relation to human resources issues affecting the Alesco Group. In particular, the Committee is responsible for ensuring that the recruitment, training and development and remuneration policies and practices of the Company are consistent with its human resources goals and strategic objectives. To do this the Committee is responsible for reviewing and monitoring:

- (a) employment and human resources policies generally, including training and development, remuneration and incentive policies and compliance of these policies;
- (b) Alesco's remuneration, recruitment, retention and termination policies and procedures for the Chief Executive, senior executives and other key managers;
- (c) incentive schemes and the manner in which they should operate;
- (d) superannuation arrangements for employees;
- (e) industrial relations policies and strategies adopted by the Group;

- (f) training and leadership and development programs implemented or utilised across the Group;
- (g) the executive succession planning and executive leadership and development programs to ensure that they are appropriate to the Group's needs;
- (h) the performance of the Chief Executive and senior executive team; and
- (i) the remuneration framework for Directors (as approved by shareholders); and
- (j) the appropriate disclosures of key personnel remuneration and remuneration framework and policies to the market.

1.5 Membership

There must be at least two members on the Committee. These members must be non-executive Directors, the majority of whom are also independent Directors. The Chairman of the Committee should be an independent director and preferably not the Chairman of the Board.

The terms of appointment are at the discretion of the Board and vacancies may be filled as they arise.

Directors of the Board who are not members of the Committee are entitled to attend Committee meetings. Remuneration advisors to Alesco (internal and external) members of the senior executive team and other third parties are invited to attend the Committee meetings at the discretion of the Committee.

The Company Secretary or their nominee will act as secretary to the Committee unless otherwise determined by the Committee.

1.6 Meeting procedures

The Committee must meet as often as is required by the Board or as the Committee may determine in order to undertake its role effectively.

As far as is possible, notice of meetings and Committee papers must be provided to Committee at least five days in advance of the Committee meeting.

A quorum is two members, one of whom must be Chairman. Each member has one vote. The Chairman does not have a casting vote. Those invited to attend may not vote.

The Chairman of the Committee must ensure that minutes of its meetings are kept and these are included in the papers for the next full board meeting after each Committee meeting.

1.7 Reporting to the Board

The Committee must report to the Board on a regular basis on all matters relevant to the Committee's role and responsibilities and the matters considered by the Committee at each particular meeting. The Chairman of the Committee must ensure that minutes of its meetings are kept and that they are included in the papers for the next full board meeting after each Committee meeting.

1.8 Remuneration policy for non-executive Directors

Non-executive Directors will be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity. However, non-executive Directors will not participate in schemes designed for the remuneration of senior executives.

Non-executive Directors will not be entitled to receive options or bonus payments and will not be provided with retirement benefits other than superannuation.

1.9 Remuneration policy for Chief Executive and senior executives

It is accepted that Alesco's remuneration policy for the Chief Executive and senior executives must motivate management to pursue the long-term growth and success of Alesco within an appropriate control framework. There must be a clear relationship between senior executive performance and remuneration. Senior executives' remuneration packages are to be made up of fixed and performance linked components, with base remuneration fixed at levels competitive with market rates having regard to prevailing labour market conditions and the scale of the business. Incentive payments and salary increases will be determined at the completion of annual performance reviews and be measurable against pre-agreed clear performance and assessment criteria, designed to provide rewards for materially improved company performance.

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding his/her remuneration.

To assist the Company to motivate its management and employees, the Board may from time to time seek assistance from external consultants and make recommendations to shareholders seeking approval to operate incentive share schemes.

1.10 Disclosure of remuneration practices

The Board acknowledges that the interests of stakeholders and the market are best served through a transparent and readily understandable framework for executive compensation and its costs and benefits.

The Corporations Act requires annual disclosure by a listed company of the details of the nature and amount of each element of the fee or salary of each Director and each of the senior executives. This includes disclosure in respect of non-monetary components such as options. Alesco must disclose these matters as a matter of course in its Directors report.

The Board supports the disclosure of the broad structure and the objectives of the remuneration policy and its relationship to company performance as well as the disclosure of material items comprising an executive's remuneration, including any termination payments for which the Company may become liable.

The Board delegates the responsibility of determining disclosure of remuneration practices to the Committee.

1.11 Termination payments

The Board acknowledges that shareholders concerns about executive payments are often exacerbated by a lack of information concerning core entitlements when they are agreed. The Board believes that it is appropriate that the nature of the entitlements, including any termination entitlements of the chief executive officer, or equivalent is disclosed to the market at the time they are agreed as well as at the time the actual payment is settled.