

## **THE NOMINATION AND COMPENSATION COMMITTEE CHARTER OF M-REAL CORPORATION**

### **Purpose of the Nomination and Compensation Committee**

The purpose of the Nomination and Compensation Committee is to assist the Board of Directors (i) in managing the nomination and compensation matters of the CEO and top management; (ii) in preparing the compensation systems of the personnel; and (iii) in managing the nomination and compensation matters of the members on the Board.

### **Constitution of the Committee and its term of office**

At its organizing meeting, the Board nominates, from among its members, from three to five (3-5) members for the Committee with sufficient experience of the conditions of employment and the compensation systems of the top management.

The Board nominates the Chairman and the members of the Committee for one year at a time. A majority of the Committee members must be independent of the Company.

The Chairman of the Board acts as Chairman of the Committee, and the secretary of the Board acts as secretary to the Committee.

### **Duties of the Committee**

The Nomination and Compensation Committee shall:

1. prepare the nomination of the CEO and the deputy to the CEO and the terms and conditions for their employment relationship for a decision on these by the Board of Directors;
2. search for candidates to succeed the CEO and the deputy to the CEO and evaluate their experience and competence to act in this position;
3. assist the CEO in nominations of managers who report to the CEO, and counsel the CEO on the compensation of said managers;
4. prepare the successor planning for management and a system for nominating deputies for management position holders as well as control the functionality of the management systems;

5. prepare the forms of compensation systems and incentive schemes for the top management and the entire personnel, and approve their central principles and grounds;

as well as

6. assess proposals for Board members made by the Company's shareholders and ask for additional information when required;
7. annually clarify and assess the Board members' independence, experience and competence, and their availability to work on the Board;
8. assess the need for any changes in the composition of the Board and make a proposal to the General Meeting of Shareholders on the composition of the Board;
9. make a proposal to the General Meeting of Shareholders on the compensation of the Board;
10. search for candidates to succeed members on the Board of Directors and assess their experience and capability to act as Board members.

### **Working of the Committee**

The Chairman of the Committee convenes Committee meetings at regular intervals; however, no less than two (2) meetings a year. Matters in accordance with this Charter are dealt with at the meetings.

A detailed agenda for the Committee meetings is drawn up and distributed approximately one week in advance. Minutes are kept of Committee meetings and sent to all Board members and the CEO for information.

The Committee may consult shareholders with significant voting rights to get their opinion on a proposal under preparation.

The Committee reports on its actions to the Board.