



farmaforce

# REMUNERATION AND NOMINATION COMMITTEE CHARTER

FARMAFORCE LIMITED ACN 167 748 843

Dated:

**20<sup>th</sup> July, 2015**

**FARMAFORCE LIMITED ACN 167 748 843**  
**REMUNERATION AND NOMINATION COMMITTEE CHARTER**

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**1. Purpose**

- 1.1 The FarmaForce Limited ACN 167 748 843 (the Company) Remuneration and Nomination Committee (the Committee) is established by the board of the Company (the Board). The purpose of the Committee is to assist the Board by:
- 1.1.1 providing advice in relation to remuneration packages of senior executives, non-executive directors and executive directors, equity-based incentive plans and other employee benefit programs;
  - 1.1.2 reviewing and making recommendations in respect of the Company's recruitment, retention and termination policies;
  - 1.1.3 reviewing and making recommendations in respect of the Company's superannuation arrangements;
  - 1.1.4 reviewing and making recommendations in respect of succession plans of senior executives and executive directors;
  - 1.1.5 ensuring the performance of senior executives and members of the Board are reviewed at least annually;
  - 1.1.6 considering those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval; and
  - 1.1.7 monitoring the size and composition of the Board and recommending individuals for nomination as members of the Board and its committees.

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**2. Membership**

- 2.1 The Committee will have a minimum of three members, where possible, a majority of whom will be non-executive independent directors.
- 2.2 The Committee must be chaired by an independent non-executive director appointed by the full Board of the Company.
- 2.3 Members of the Committee will be appointed for an initial one year term of office after which their appointment may be subject to annual rotation at the discretion of the Board.

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**3. Meetings**

- 3.1 Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution which regulate meetings and proceedings of the Board and its committees in so far as they are applicable and not inconsistent with this charter.
- 3.2 The Committee will meet as often as required to perform its functions, but must meet at least once a year and one of those meetings must take place prior to the Company's annual general meeting.

- 3.3 The Chairperson of the Committee must call a meeting of the Committee if so requested by any Committee member, the chairperson of the Board, or the Chief Executive Officer.
- 3.4 The Committee Chairperson may invite other persons, such as internal specialists or external advisers, Directors or senior executives to attend meetings if considered appropriate by the Chairperson.
- 3.5 The quorum necessary for a meeting of the Committee shall be 2 members, of whom at least one must be an independent director.

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#### **4. Secretary**

- 4.1 The Company Secretary will act as the Secretary of the Committee and will attend all Committee meetings.
- 4.2 The Company Secretary, in conjunction with the Chairperson, must prepare an agenda to be circulated to each Committee member and invited attendees at least 2 full working days prior to each meeting of the Committee.
- 4.3 The secretary will keep minute books to record the proceedings and resolutions of Committee meetings. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

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#### **5. Reporting**

- 5.1 The Chairperson of the Committee must report the findings and recommendations of the Committee to the next Board meeting following each meeting of the Committee.
- 5.2 The minutes of all Committee meetings will be circulated to members of the Board by the Company Secretary.
- 5.3 The Chairman of the Committee may submit an annual report to the Board summarising the Committee's activities during the year and the Committee's significant results and findings.
- 5.4 The Committee will liaise with the Audit and Risk Committee in relation to the Company's remuneration related reporting in the financial statements and remuneration report required by the Corporations Act. The Committee must approve:
- 5.4.1 the details to be published in the Company's Annual Report or any other statutory report or document with respect to the activities and responsibilities of the Committee; and
  - 5.4.2 any statement on the Company's remuneration policy and executive compensation disclosures that may be required by law or other regulatory requirements (including any such statement to be included in the Company's Annual Report).

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#### **6. Role and Responsibilities**

##### **Remuneration**

##### ***General responsibilities***

- 6.1 The Committee is responsible for reviewing and making recommendations to the Board on:

- 6.1.1 the remuneration framework for the non-executive directors;
  - 6.1.2 the remuneration framework for the Chairperson of the Board and the Managing Director;
  - 6.1.3 the remuneration framework for any other executive directors;
  - 6.1.4 the Company's policy on remuneration for other senior executives, any changes to the policy and the implementation of the policy (including any shareholder approvals required);
  - 6.1.5 incentive schemes, if appropriate, for the Chairperson, Managing Director and senior executives; and
- 6.2 In addition to the general responsibilities delegated to the Committee by the Board, the Committee is responsible for:

***Remuneration of senior executives and executive directors***

- 6.2.1 regularly reviewing and making recommendations to the Board with respect to appropriate remuneration policies and practices including retirement benefits and termination payments (if any) for the Board, senior executives, executive directors and other employees, ensuring that such a policy:
  - (a) enables the Company to attract and retain valued employees;
  - (b) motivates senior executives and executive directors to pursue the long term growth and success of the Company;
  - (c) demonstrates a clear relationship between performance and remuneration;
  - (d) has regard to prevailing market conditions;
  - (e) comply with relevant legal requirements; and
  - (f) apply the guidelines for executive remuneration proposed under Principle 8 of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (the **Guidelines**);
- 6.2.2 reviewing and making recommendations in relation to requests by the Board regarding the remuneration packages of senior executives and executive directors, including (as appropriate) fixed, performance-based and equity-based remuneration, reflecting short and long term performance objectives appropriate to the Company's circumstances and goals;
- 6.2.3 making recommendations to in relation to requests by the Board with respect to the quantum of short term incentives (if any) to be paid to senior executives;

***Remuneration of non-executive directors***

- 6.2.4 making recommendations as to the structure of remuneration for non-executive directors, having regard to the guidelines for non-executive remuneration proposed under Principle 8 of the Guidelines;
- 6.2.5 ensuring that fees paid to non-executive directors are within the aggregate amount approved by shareholders and making recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;

### ***Employee benefits and other policies***

- 6.2.6 making recommendations to the Board with respect to the implementation and operation of equity-based incentive plans and other employee benefit programs;
- 6.2.7 regularly reviewing the Company's recruitment, retention and termination policies,;

### ***Superannuation***

- 6.2.8 regularly reviewing and providing advice to the Board in relation to the Company's superannuation arrangements;

### **Succession Plans**

#### ***Senior executives and executive directors***

- 6.2.9 reviewing succession plans of senior executives and executive directors on a regular basis to maintain an appropriate balance of skills, experience and expertise in the management of the Company and providing advice to the Board accordingly;

#### ***Board***

- 6.2.10 reviewing board succession plans on a regular basis to maintain an appropriate balance of skills, experience and expertise on the Board and providing advice to the Board accordingly;

#### ***New directors***

- 6.2.11 developing a policy and procedures for the selection and appointment of directors;
- 6.2.12 identifying individuals who may be qualified to become directors, having regard to such factors as the Committee considers appropriate, including judgement, skill diversity, experience with business and other organisations of a comparable size, the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any Board Committee, and the Guidelines;
- 6.2.13 ensuring that an effective induction and continuing professional development program for new directors is in place, and regularly reviewing its effectiveness;

#### ***Board Committees***

- 6.2.14 identifying directors qualified to fill vacancies on Board committees and making recommendations to the Board accordingly, having regard to such factors as the Committee considers appropriate, including the terms of reference of the particular Board committee, the director's skill, knowledge and experience, the interplay of the director's experience with the experience of other Committee members and the Guidelines;

### **Performance**

#### ***Senior executives and executive directors***

- 6.2.15 reviewing and making recommendations regarding the process for identifying, assessing and enhancing competencies of senior executives and executive directors;

- 6.2.16 reviewing and making recommendations regarding the process for evaluating the performance of senior executives and executive directors;

**Board**

- 6.2.17 considering and articulating the time needed to fulfil the role of Chairman and non-executive director;
- 6.2.18 developing and implementing a plan for identifying, assessing and enhancing director competencies;
- 6.2.19 developing and implementing a process for periodically evaluating the performance of the Board and its committees;

**Shareholder approval**

- 6.2.20 considering those aspects of the Company's remuneration policies and packages, including equity-based incentives for the Chairperson, Managing Director, senior executives and other employees, which should be subject to shareholder approval and making recommendations to the Board accordingly;

**Size and composition of the Board**

- 6.2.21 regularly reviewing the size and composition of the Board and making recommendations to the Board with regard to any appropriate changes to its composition;
- 6.2.22 providing advice to the Board with respect to the necessary and desirable competencies of directors, having regard to the size, scale and level of complexity of the Company's operations;
- 6.2.23 making recommendations to the Board for the appointment and removal of directors;
- 6.2.24 in a timely manner, making recommendations to the Board whether or not directors, whose term of office is expiring, should be proposed for re-election at the Company's next annual general meeting.

- 6.3 The Committee shall have no executive powers with regard to its findings and recommendations.

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**7. Other**

- 7.1 The Committee is authorised to engage, at the Company's expense, outside legal or other professional advice or assistance on any matters within its terms of reference. This may include requesting management or engaging external remuneration consultants or specialists, accountants or other experts to provide information to the Committee.
- 7.2 The Committee is authorised to seek any information it requires from any officer or employee of the Company and such officers or employees shall be instructed by the Board employing them to respond to such enquiries.
- 7.3 No member of the Committee may participate in the determination of, or any decision with respect to his or her own position or remuneration.
- 7.4 The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.



- 7.5 The Committee will review its performance from time to time, or whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this Charter. The Chairperson of the Committee must present a report outlining the Committee's findings to the Board at the next meeting of the Board following the evaluation.

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**Dated and approved by the Board on 20<sup>th</sup> July, 2015**