

# **Remuneration & Nomination Committee Charter**

**APIAM ANIMAL HEALTH LIMITED ACN 604 961 024**

**(ASX: AHX)**

**(the Company)**

**Adopted by the Board on 25 May 2017**

# Remuneration & Nomination Committee Charter

## APIAM ANIMAL HEALTH Limited (the Company)

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### 1. Introduction

#### 1.1 Purpose of Charter

This is the Charter of the Remuneration & Nomination Committee established by the Board of the Company (the **Charter**). The Charter governs the operations of the Remuneration & Nomination Committee (the **Committee**). It sets out the Committee's role and responsibilities, composition, structure and membership requirements.

#### 1.2 Role of Committee

The Committee is established by the Board of Directors. The purpose of the Committee is to assist the Board by reviewing and making recommendations to the Board in relation to:

- (a) the Company's remuneration policy, including as it applies to Directors and the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
- (b) Board succession issues and planning;
- (c) the appointment and re-election of people as members of the Board and its committees;
- (d) induction of people as Directors and continuing professional development programs for Directors;
- (e) remuneration packages of senior executives, non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programs;
- (f) the Company's superannuation arrangements;
- (g) the Company's recruitment, retention and termination policies;
- (h) succession plans of the MD/CEO, senior executives and executive Directors;
- (i) the process for the evaluation of the performance of the Board, its Board Committees and individual Directors;
- (j) the review of the performance of senior executives and members of the Board, which should take place at least annually;
- (k) those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval; and
- (l) the size and composition of the Board and strategies to address Board diversity and the Company's performance in respect of the Company's Diversity Policy, including whether there is any gender or other inappropriate bias in remuneration for Directors, senior executives or other employees.

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## **2. Membership**

### **2.1 Composition**

The Committee will:

- (a) comprise only of members of the Board of Directors and members will be appointed and removed by the Board;
- (b) be of sufficient size, independence and technical expertise to discharge its mandate effectively;
- (c) consist of:
  - (i) at least three members;
  - (ii) only non-executive directors;
  - (iii) a majority of independent directors; and
  - (iv) (to the extent practicable given the size and composition of the Board from time to time) an independent chairperson, who will be nominated by the Board from time to time, but who will either be the Chair of the Board or an Independent Director.

### **2.2 Ceasing to be a member of the committee**

A person will cease to be a member of the Committee if:

- (a) the person gives reasonable notice in writing to the Committee Chair of the person's resignation as a member of the Committee;
- (b) the Committee Chair gives the person notice in writing that the person is to cease to be a member of the Committee; or
- (c) the person ceases to be a Director, in which case the person automatically ceases to be a member of the Committee.

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## **3. Meetings & Procedure**

- (a) The Committee will meet as required but not less than once a year.
- (b) A quorum of the Committee will comprise two members, one of whom must be the Committee Chairman or, in the absence of the Committee Chairman, another independent Director.
- (c) If the Committee Chairman is absent from a meeting and no acting Chairman has been appointed, the members present may choose one of them to act as Chairman for that meeting.
- (d) Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- (e) Each member of the Committee will have one vote. The Committee Chairman will not have a casting vote. If there is a tied vote, the motion will lapse.
- (f) A member must not be present for discussions at a Committee meeting on, or vote on a matter regarding, his or her own remuneration/performance or a

specific remuneration/performance policy that affects him or her. However, a member who is a non-executive Director may be present and vote in relation to the remuneration of non-executive Directors.

- (g) A member must not be present for discussions at a Committee meeting on, or vote on a matter regarding, his or her election, re-election, or removal.
- (h) The Committee may obtain such information or seek such advice from any internal or external parties (including professional advisors) as it may consider necessary or desirable to fulfil its objectives.
- (i) Following each meeting the Committee Chairman will report to the Board on any matter that should be brought to the Board's attention, and on any recommendation of the Committee that requires Board approval or action.
- (j) Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board.
- (k) The Company Secretary will provide such assistance as may be required by the Committee Chairman in relation to preparation of the agenda, minutes or papers for the Committee and will act as Secretary to the Committee.
- (l) If the Committee Chairman is also the Chairman of the Board, a separate Committee Chairman must be appointed if and when the Committee is dealing with the appointment of a successor to the Chairman of the Board.

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## 4. Remuneration Responsibilities

In order to fulfil its remuneration responsibilities to the Board, the Committee will:

- (a) Executive Director and Senior Management remuneration
  - (i) review and make recommendations to the Board regarding executive and Senior Management remuneration including, but not limited to, base pay, superannuation, incentive payments, equity awards and performance-based and equity-based, retirement benefits and termination payments (if any);
  - (ii) consider whether to seek shareholder approval of the executive remuneration; and
  - (iii) oversee the implementation of executive and Senior Management remuneration.
- (b) Non-executive Director remuneration
  - (i) ensure that remuneration paid to non-executive Directors is within the aggregate amount approved by shareholders; and
  - (ii) where necessary, recommend that the Board seek an increase in the aggregate amount of remuneration for non-executive Directors approved by shareholders.
- (c) Executive incentive scheme, employee share, option and other equity based plans
  - (i) make recommendations to the Board regarding the operation and ongoing implementation of the executive incentive scheme;

- (ii) review and make recommendations to the Board regarding the design of all incentive and equity based plans;
  - (iii) keep all plans under review in the light of legislative, regulatory and market developments;
  - (iv) for each such plan, determine each year whether awards will be made under that plan or those plans;
  - (v) review and make recommendations to the Board regarding proposed aggregate and individual awards under each plan;
  - (vi) review and make recommendations to the Board regarding the administration and allocation of individual interests in awards which are held in a trust or similar structure; and
  - (vii) review, make recommendations to the Board and keep under review performance hurdles for each plan.
- (d) Bias in remuneration
- (i) from time to time, consider whether there is any gender or other inappropriate bias in remuneration for Directors, Senior Management or other employees, and advise the Board accordingly.
- (e) Approvals
- Before implementing any of the following proposals the Board will request the Committee to review the proposal and make a recommendation to the Board in relation to it:
- (i) any change to the remuneration or contract terms of the executive Directors and Senior Management; and
  - (ii) the design of any new equity or share plan or executive incentive or option plan, or the amendment of any existing equity or share plan or executive incentive or option plan.

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## 5. Nomination Responsibilities

In relation to its nomination function, the Committee is required to:

- (a) review the performance and effectiveness of the Board and its individual members, including an assessment of whether each Director has devoted sufficient time to their duties;
- (b) establish criteria for Board membership;
- (c) review the size and composition of the Board;
- (d) periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction of the Company;
- (e) in conjunction or collaboration with the Board, develop procedures for the annual evaluation of the performance of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of the

Board Charter, this Charter, other relevant Board Committee Charters and the reasonable expectations of individual Directors;

- (f) propose candidates for directorships for consideration by the Board having regard to the desired composition as stated in the Board Charter;
- (g) ensure that appropriate checks are undertaken prior to any candidate being put forward for directorship, including checks as to the candidate's character, experience, education, criminal record and bankruptcy history.
- (h) inform the Board of the names of Directors who are retiring in accordance with the provisions of the Constitution of the Company and make recommendations to the Board as to whether the Board should support the re-nomination of that retiring Director. In order to make these recommendations, the Committee will review the retiring Director's performance during the period in which the Director has been a member of the Board;
- (i) establish and facilitate an induction program for new Directors with all such information and advice which may be considered necessary or desirable for the Director to commence their appointment to the Board;
- (j) developing or arranging appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- (k) identify any specific responsibilities of individual Board members, including the Chairman;
- (l) consider and articulate the time needed to fulfil the role of Chairman and non-executive Director;
- (m) review succession planning for the executive Directors and other Senior Management on a regular basis to maintain an appropriate balance of skills, knowledge, experience, independence, diversity and expertise on the Board and provide advice to the Board on progress; and
- (n) review the membership and performance of other Board Committees and make recommendations to the Board, including identifying Directors qualified to fill vacancies on Board Committees having regard to such factors as the Committee considers appropriate, including the terms of reference of the particular Board Committee the Director's experience, the interplay of the Director's experience with the experience of other Committee members and the *Corporate Governance Principles and Recommendations (3rd edition)* of the ASX Corporate Governance Council or any successor recommendations thereto;
- (o) develop measurable objectives to achieve gender diversity in accordance with the Company's Diversity Policy;
- (p) monitor, review and report to the Board on the Company's performance in respect of gender diversity in accordance with the Company's Diversity Policy;
- (q) review the Company's Diversity Policy at least annually to assess the effectiveness of the policy and make recommendations to the Board as to any strategies required to address Board diversity; and
- (r) review and report to the Board at least annually on the relative proportion of women and men at all levels of the business.

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## 6. Other matters

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.

The Committee is authorised to seek any information it requires from any officer or employee of the Company and such officers or employees will be instructed by the Board of the Company employing them to respond to such enquiries.

No member of the Committee may participate in any decision with respect to his or her position or remuneration.

The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.

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## 7. Committee performance

The Committee will perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice. The Board will evaluate the performance of the Committee as appropriate.

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## 8. Senior Management

For the purpose of this charter, "**Senior Management**" means the Managing Director of the Company, his or her direct reports and such other employees of the Company determined by the Board to be included within Senior Management from time to time.

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## 9. Amendment of Charter

This Charter can only be amended with the approval of the Board.

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## 10. Adoption of Charter and periodic review

This Charter was adopted by the Board on 24 May 2017, and takes effect from that date and replaces any previous Charter in this regard.

The Committee must review and reassess this Charter at least annually and, if required, make recommendations to the Board in respect of any amendments to the Charter. The Board will also review this Charter periodically. The Company Secretary will communicate any amendments to employees as appropriate.