



# **Charter of the Nomination and Remuneration Committee**

**Recce Pharmaceuticals Limited**

ACN 124 849 065

# Charter of the Nomination and Remuneration Committee

## 1. Introduction

- 1.1 This Charter governs the composition, membership, roles and responsibilities of the Nomination and Remuneration Committee (**Committee**) of the Company.
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company (**Company Constitution**).

## 2. Objectives

- 2.1 The purpose and duties of the Committee is to provide advice and make recommendations to the board of directors of the Company (**Board**) with respect to:

### **Nomination matters**

- (1) Director selection and appointment practices;
- (2) induction and continuing professional development programs for directors and key executives;
- (3) procedures to review the performance of the Chair, executive and non-executive directors, senior management, Board committees and the Board as a whole;
- (4) the composition of the Board; and
- (5) succession planning for the Board.

### **Remuneration matters**

- (1) remuneration policies regarding senior managers and directors; and
- (2) remuneration packages of executive directors and senior managers.

### 3. Composition

#### 3.1 Members

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time.

- (1) The Committee should have a minimum of 3 members.
- (2) A majority of the members of the Committee should be independent non-executive Directors, one of whom will be appointed the Committee Chairman.
- (3) The members of the Committee will be appointed and removed by the Board.

#### 3.2 Expertise

Members of the Committee should have an appropriate level of understanding of:

- (1) the principles of corporate governance, including knowledge of the Australian Securities Exchange Limited's (**ASX**) Good Corporate Governance Principles and Recommendations;
- (2) the Company's businesses and organisation structure and dynamics;
- (3) the functions of the Board and the various roles and responsibilities of directors and other key executive positions;
- (4) Company management, at a senior management level;
- (5) the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and director remuneration; and
- (6) the complexities involved in negotiating and determining executive remuneration packages.

#### 3.3 Chair and Secretary

The Board will appoint a non-executive to chair the Committee (**Chair**). The Chair should not be the chair of the Board.

The Board will appoint a suitably qualified person to act as secretary of the Committee (**Secretary**).

- (1) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board; and
- (2) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible, and preferably 7 days prior to the meeting.

#### 3.4 Liaison

The principal liaison with the Committee will be the Board.

## **4. Meetings**

### **4.1 Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet once a year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee or the Board of the Company.

### **4.2 Agenda and notice**

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 3 days before the meeting.

### **4.3 Quorum**

A quorum for Committee meetings will be at least 2 members, save that 1 of the members of the quorum should be an independent director.

### **4.4 Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable, preferably within 7 days following the meeting.

### **4.5 Attendance**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

## **5. Objectivity**

**5.1** The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel or other experts, both external and internal, as it considers appropriate.

**5.2** Management must supply the Committee with information in a form, timeframe and of a quality that will enable the Committee to effectively discharge its duties.

**5.3** The Committee must ensure that it obtains sufficient information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board. This may include conducting or directing an investigation.

**5.4** A member of the Committee is not entitled to vote on any decision relating to:

- a) their own remuneration or the specific remuneration policies applicable to them; and
- b) their own performance as a director of the Company.

## **6. Powers**

### **6.1 Access**

The Committee, acting reasonably, has access to management, internal and external auditors and all Company records for the purpose of carrying out its responsibilities under this Charter.

The Committee, acting reasonably, must be provided with all necessary access to the internal audit function without the presence of management.

The Committee may meet with external auditors, in the absence of management, as often as required, but not less than once a year.

### **6.2 Investigations**

The Committee, acting reasonably, has the power:

- (1) to conduct investigations it considers necessary; and
- (2) seek explanations and additional information.

The Committee, acting reasonably, has the power to engage independent experts it requires to help it fulfil its duties. Costs associated with this should be quoted in advance and approved by the Committee Chair in order to be borne by the Company.

### **6.3 Delegated from the Board**

The powers of the Committee, unless specifically excepted by written resolution of the Board of Directors, do not include executive powers outside of the Committee, and are limited to only giving recommendations or advice to the Board.

## **7. Responsibilities of the Committee – Nomination matters**

### **7.1 Nomination, appointment and removal**

The Committee should recommend to the Board a formal process for selecting and appointing new directors and key executives and that the process is transparent.

### **7.2 Director competencies**

The Committee is responsible for providing the Board with recommendations regarding the ongoing development of:

- (1) a plan for identifying, assessing and enhancing director competencies with reference to the expertise requirements set out in the Board Charter; and
- (2) succession advice that is designed to ensure that an appropriate balance of skills, experience and expertise is maintained on the Board.

Prior to identifying an individual for nomination for directorship, the Committee must evaluate the range of skills, experience and expertise currently existing on the Board to ensure that the Committee identifies the particular skills, experience and expertise that will most effectively complement the Board's current composition.

### **7.3 Board composition**

The Committee should advise the Board on its size and composition.

#### **7.4 Board commitment**

A non-executive director must inform the Chair of the Committee of their intention to accept a new appointment as a director of another company prior to accepting such a position. Should that non-executive also be the chair of that committee, then that non-executive director should inform the other committee members.

#### **7.5 Election of directors**

The Committee should monitor and advise so that any notice of meeting relating to the election of directors provides the Company's shareholders with the information necessary to allow the shareholders to make an informed decision on the election, including without limitation:

- (1) biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- (2) details of relationships between:
  - (a) the candidate and the Company; and
  - (b) the candidate and the Company directors;
- (3) other directorships held by the candidate;
- (4) particulars of other positions of the candidate which involve significant time commitments; and
- (5) the term of office currently served by any directors subject to any re-election.

The Committee should monitor and advise so that directors are appointed for specific terms subject to re-election and to the ASX Listing Rules, the *Corporations Act 2001* and the Company Constitution provisions regarding the removal of directors.

#### **7.6 Induction and education procedures**

The Committee should monitor and advise the Board on the implementation of an effective induction process for new Board appointees and key executives. This induction process should include:

- (1) information about the Company;
- (2) information about the industry within which the Company operates; and
- (3) an induction program that enables new directors and executives to gain an understanding of:
  - (a) the Company's financial, strategic, operational and risk management position;
  - (b) their rights, duties and responsibilities; and
  - (c) the role of any Board committees.

The Committee should review the induction process annually to ensure that it is up to date and effective.

The Committee should monitor and advise the Board so that Board appointees and

executives have access to continuing education to update and enhance their skills and knowledge. This may include education concerning key developments in the Company and within the industry and environments within which it operates.

## **7.7 Evaluation and review**

The Committee is responsible for review and advice to the Board on an annual basis regarding the:

- (1) performance of the Board against both measurable and qualitative indicators to be recommended by the Committee;
- (2) performance of each other Committee against both measurable and qualitative indicators to be recommended by the Committee;
- (3) performance of individual directors and senior executives, against both measurable and qualitative indicators to be recommended by the Committee; and
- (4) size and structure of the Board.

The Company should disclose, in relation to each financial year, whether or not relevant annual performance evaluations have been conducted in accordance with the above processes.

## **8. Responsibilities of the Committee – Remuneration matters**

### **8.1 Executive remuneration policy**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

- (1) is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and
- (2) clearly sets out the relationship between the individual's performance and remuneration.

The Committee should review the remuneration policy and other relevant policies on an ongoing basis and recommend any necessary changes to the Board.

The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's policies on recruitment, retention and termination.

### **8.2 Executive remuneration packages**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Committee should recommend and advise so that the remuneration packages of senior management and executive directors:

- (1) display a balance between fixed and incentive pay which is tailored to the

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Company's short and long-term performance objectives;

- (2) provide for a link between rewards and the performance of the Company and individual.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.

### **8.3 Incentive schemes**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- (1) the Company's policies with respect to incentive schemes; and
- (2) the incentive schemes of senior managers and executive directors.

### **8.4 Non-executive remuneration**

Subject to compliance with clause 5.4, the Committee is responsible for providing advice to the Board with respect to non-executive directors' remuneration.

### **8.5 Termination payments**

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies and the payments made to outgoing directors and senior managers.

## **9. Reporting**

### **9.1 Reporting to the Board**

The Committee must report to the Board after each Committee meeting as to the outcomes of the Committee's reviews and recommendations and any other material matters arising out of the meeting. Minutes of the Committee meetings must be included in the papers for the next Board meeting subsequent to each Committee meeting.

### **9.2 Annual report**

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's nomination and remuneration policies and procedures, information concerning the directors and the performance evaluation of the Board and senior executives.

### **9.3 Public availability of materials**

The Committee must monitor that a copy of this Charter is made publicly available.

## **10. Review of the Charter**

**10.1** The Committee will conduct an annual review of this Charter, the Committee's composition and its performance and effectiveness and make recommendations to the Board if it considers appropriate.

**10.2** This Charter will be made available on the Company's website.