

# People and Remuneration Committee Charter

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## 1. GENERAL

1.1 The People and Remuneration Committee is established by the Board under the Constitution of Sigma Pharmaceuticals Limited (the **Company**).

1.2 In this Charter the following terms have the following meanings:

**CEO** means the Managing Director and Chief Executive Officer of the Company.

**Charter** means the People and Remuneration Committee Charter

**Committee** means the People and Remuneration Committee

**Group** means the Company and its subsidiaries.

**Key Management Personnel (KMP)** means the executives of the Group who have authority and responsibility for planning, directing and controlling the major activities of the Group (as identified in the Remuneration Report).

## 2. PURPOSE AND AUTHORITY

### 2.1 Purpose

The purpose of the Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board on matters relating to remuneration, nomination and other human resources policies and practices.

### 2.2 Authority

The Committee acts as an advisory body to the Board by making recommendations to the Board. The Committee does not have delegated power to make binding decisions. The Board will have the ultimate approval of all matters considered by the Committee, except where specific powers are specifically set out in this Charter or are otherwise delegated by the Board.

The Board may authorise the Committee, within the scope of its responsibilities, to:

- Perform activities and make recommendations to the Board consistent with this Charter
- Require the attendance of Company officers at meetings as appropriate

The Board has provided the Committee with specific authority to engage independent counsel and other external advisors as deemed necessary by the Committee in order to carry out its duties, at the Company's expense.

## **3. ORGANISATION**

### **3.1 Composition**

The Committee shall comprise of at least three Non-Executive Directors that are nominated by the Board, the majority of whom the Board considers to be independent. The Chairman of the Committee is to be selected by the Board, and shall be one of the independent Directors who is not Chairman of the Board. A quorum for any meeting will be the majority of the Committee at the date of the meeting.

The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board.

### **3.2 Meetings**

The Committee shall meet on at least three occasions each financial year or more frequently as circumstances require. The meetings shall be scheduled on prearranged dates and should correspond with Sigma's remuneration and reporting cycle.

Non-Executive Directors who are not members of the Committee may attend any Committee meetings to observe proceedings.

The CEO, Executive General Manager Human Resources, and Company Secretary shall attend Committee meetings. The Committee may invite such other members of the management team or such other people as it deems appropriate to provide information as necessary so that the Committee may be fully informed on the relevant matter. No individual is permitted to be present when his/her individual remuneration is being discussed.

Committee minutes will be prepared by the Company Secretary and circulated to all Committee members within 30 days of the meeting. The Committee minutes will be promptly confirmed by the Committee members, signed by the Committee Chair and noted by the Board at the next appropriate time.

### **3.3 Reporting**

The key matters discussed at each Committee meeting are to be ordinarily reported by the Chairman of the Committee to the Board at the next most appropriate Board Meeting. The report should cover all matters relevant to the Committee's role and responsibilities including:

- Recommendations regarding matters within the scope of this Charter
- Matters required by any listing rule, legislation, regulatory body or other regulatory requirement
- Matters proposed for inclusion in the Annual Report, including the Remuneration Report
- Other matters that require Board action or approval

## 4. KEY RESPONSIBILITIES

In addition to any other matters which may be delegated to the Committee by the Board, the Committee's responsibilities include:

### 4.1 General

- a) Review the Company's remuneration framework and policies and practices on Non-Executive Director and executive remuneration to ensure that they:
  - i. Are aligned to the achievement of Company strategy and objectives;
  - ii. Are designed to attract and retain high performing Non-Executive Directors, Executives and employees;
  - iii. Provide a clear link between reward and shareholder value;
  - iv. Align remuneration to Company and individual performance;
  - v. Are reasonable and fair; and
  - vi. Comply with current governance and legal requirements.
- b) Regularly review the Company's short term and long term incentive plans, including consideration of performance conditions and participation.
- c) Ensure that the Company's obligations regarding superannuation and other employment benefits and entitlements are being met.
- d) Review and make recommendations to the Board regarding the Remuneration Report for inclusion in the annual Directors' Report.
- e) Engagement with shareholders and other stakeholders in relation to the Company's remuneration policies and practices.
- f) Commission and receive information, advice and recommendations directly from remuneration consultants in respect to Non-Executive Director, CEO and KMP remuneration (in accordance with section 206K of the *Corporations Act 2001*).

### 4.2 Non-Executive Director Remuneration

- a) Review and make recommendations to the Board regarding the remuneration and benefits of Non-Executive Directors.
- b) Ensure that fees paid to Non-Executive Directors are within the aggregate amount approved by shareholders and make recommendations to the Board for any adjustment to this amount at the Annual General Meeting

#### 4.3 CEO Remuneration and Performance

- a) Consider and recommend to the Board the terms and conditions of the CEO's employment contract including fixed remuneration, short term and long term incentives, equity based payments, benefits, superannuation, retirement and termination compensation.
- b) Conduct an annual review of the CEO's remuneration in line with Company performance, individual performance, governance principles and market practice.
- c) Ensure the performance of the CEO is reviewed against his/her predetermined key performance indicators for the purpose of determining any short term incentive reward.

#### 4.4 Key Management Personnel Remuneration and Performance and Company Remuneration Guidelines

- a) Review the CEO's proposed terms and conditions of employment for KMP including fixed remuneration, short term and long term incentives, equity based payments, benefits, superannuation, retirement and termination compensation.
- b) Consider the outcome of the CEO's annual assessment of the KMP's performance against agreed KPIs.
- c) Review the CEO's proposed changes to the KMP's remuneration including fixed remuneration and awards under the relevant short term and long term incentive plans to ensure alignment with remuneration policy and structure.
- d) Approve the general guidelines for salary increases for non EBA team members

#### 4.5 Diversity & Inclusion Policy

- a) Review the Diversity & Inclusion Policy annually and recommend any changes to the Board.
- b) Review and monitor the Company's measurable objectives for achieving gender diversity, including the Company's progress towards achieving them.
- c) Oversee the implementation of programs and initiatives to enhance gender diversity.

#### 4.6 Human Resources

- a) Monitor the Company's Health and Safety strategy and performance.
- b) Monitor the Company's Workers Compensation performance and insurance arrangements
- c) Monitor developments in relevant employment and workplace relations legislation and regulations and review the Company's compliance with such relevant legislation.
- d) Monitor the Company's culture and engagement results
- e) Review the Company's learning and development strategy and programs, including talent management and career development activities.

#### 4.7 Nomination

- a) Support and assist the Chairman of the Board in the identification and recommendation of suitable candidates for appointment to the Board.
- b) Review the independence of Non-Executive Directors.
- c) Support and assist the Chairman of the Board in the identification and recommendation of suitable candidates for appointment to the position of CEO.
- d) Succession Planning policy and approach in general, and the succession plan for the CEO in particular;
- e) Development and implementation of procedures for the Board's periodic performance review.
- f) Periodic review of Board composition, and the endorsement of retiring Non-Executive Directors seeking election.
- g) Board induction and the provision of appropriate training and development opportunities for Non-Executive Directors.

#### 5. CHARTER REVIEW

The Committee will review the Charter every two years, discuss any required changes with the Board and ensure the Board approves any revisions to the Charter.

Last Reviewed: 10 August 2017

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