



## Factor Therapeutics Limited

### People and Remuneration Committee Charter

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Adopted by the Board on 29 June 2016

#### 1. Purpose

The purpose of this People and Remuneration Committee (**Committee**) Charter is to specify the authority delegated to the Committee by the Board of Directors of Factor Therapeutics Limited (**Factor, FTT or Company**) (ACN 101 955 088) and to set out the role, responsibilities, membership and operation of the Committee.

The Committee is a Committee of the Board established in accordance with Factor's constitution and is authorised by the Board to assist in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and under any separate resolutions of the Board granted from time to time.

#### 2. Role of the Committee

The role of the Committee is to assist the Board to implement appropriate and relevant human resources and remuneration policies and practices. The purpose of the Committee is twofold a) to seek to ensure the most appropriate working environment for employees with regard to their safety and well-being, and b) to provide a remuneration structure which fairly and responsibly rewards all employees, including directors and senior management. These policies and practices are designed to:

- a. enable Factor to attract, retain and motivate employees, executives and directors;
- b. ensure a safe working environment for all employees;
- c. encourage a culture of engagement and collaboration amongst employees and senior staff and adherence to the values and mission of the company and to the Company's Code of Conduct;
- d. be fair and appropriate having regard to performance, the law and principles of good corporate governance;
- e. demonstrate a clear relationship between executive performance and remuneration;
- f. provide a balance between a fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances & goals;
- g. promote diversity and equal opportunity; and
- h. comply with relevant legal requirements.

#### 3. Responsibilities

##### 3.1 General

- a. The Committee is responsible for developing, reviewing and making recommendations to the Board regarding:
  - i. the ongoing appropriateness and relevance of the remuneration framework for the Chairman and the non-executive directors;
  - ii. the total remuneration packages for the CEO and senior executives, any changes to remuneration policy and recommending proposed awards to those policies;
  - iii. recruitment, retention and termination policies for the CEO and senior executives;

- iv. equity-based plans and any other incentive schemes, if appropriate, for the CEO, senior executives and other employees;
  - v. the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report;
  - vi. Factor's training, education and development programs and policies; and
  - vii. organisational engagement and cultural matters;
- b. The Committee is also responsible for monitoring and providing input to the Board regarding:
- i. legislative, regulatory or market developments likely to have a significant impact on Factor in respect of employment issues;
  - ii. the remuneration trends across Factor, including:
    - a) the trends in base pay for senior management relative to that of all Factor employees; and
    - b) remuneration by gender;
  - iii. industrial relation strategies including awards and enterprise bargaining agreements;
  - iv. Factor's performance in relation to health and safety matters; and
  - v. major changes to employee benefits structure in Factor.

### **3.2 Incentive schemes and equity based remuneration**

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- a. reviewing their terms (including any performance hurdles) and any amendment to those terms;
- b. overseeing their administration;
- c. considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
- d. ensuring that payment and awards of equity are made in accordance with their terms and any shareholder approval.

### **3.3 People**

The Committee is responsible for:

- a. monitoring the development and implementation of Factor's workplace, health and safety framework and strategy;
- b. overseeing and making recommendations to the Board on the succession planning frameworks and processes for the CEO and other senior executives;
- c. making recommendations to the Board regarding the measurable objectives for diversity, including gender diversity, across, and at various levels of Factor; and
- d. reviewing and monitoring the effectiveness of the Diversity Policy; and
- e. ensuring that an effective induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for directors.

## 4. Membership

### 4.1 Composition and size

The Committee shall be no less than three members, a majority of whom are independent directors, non-executive directors. The Board reserves the right to appoint external advisors to this Committee.

Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonable be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.

If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

The Board will, at least annually, review the membership and its charter to ensure that it remains relevant and appropriate to the Company, to determine the effectiveness of the Committee, and to make changes to this charter as necessary.

### 4.2 Chairman

The Chairman of the Committee shall be an independent non-executive director. The Chairman of the Committee will be appointed by the Board. In the absence of the Chairman at any meeting, the members shall elect one of their members as a Chairman for that meeting.

### 4.3 Secretary

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

## 5. Committee Meetings and Processes

### 5.1 Meetings

The Committee shall meet as and when it determines is necessary in order to perform its functions but not less than once each year.

The Chairman must call a meeting of the Committee if requested by any member of the Committee or the Chairman of the Board.

Committee members may attend meetings in person or by electronic means.

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

### 5.2 Quorum

A quorum will comprise any two independent Committee members.

### 5.3 Attendance by management and advisers

The Committee Chairman may invite the CEO, directors who are not members of the Committee, other senior executives and external advisers to attend meetings of the Committee.

### 5.4 Conflicts

Appropriate attention will be paid to managing conflicts of interest with regard to the determination of individual member remuneration or specific remuneration policies that apply to any individual

### **5.5 Notice, agenda, and papers**

The Secretary will be responsible for circulating the notice, agenda and papers a reasonable period in advance of each meeting as agreed by the Chairman, and preparing and circulating the minutes of meetings to members of the Committee and the Board as soon as practicable after each meeting

### **5.6 Minutes**

The Secretary will be responsible to keep books of minute to record the proceedings and resolutions of the Committee meetings, including the names of those present.

The Chairman of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of the Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

### **5.7 Access to information and advisers**

The Committee has direct and unlimited access to internal and external resources necessary to discharge its duties and responsibilities, including engaging independent experts where it considers appropriate.

The Committee also has the authority to conduct or direct any investigation required to fulfil its responsibilities.

## **6. Committee's Performance Evaluation**

The Committee's performance will be reviewed on an annual basis in accordance with processes established by the Board and will report the findings of that review to the Committee and the Board.

The performance evaluation will have regard to, amongst other matters, the extent to which the Committee has met its responsibilities in terms of this Charter.

## **7. Review and Publication of Charter**

The Committee will review this charter at least annually to ensure that the Charter is up-to-date and consistent with the committee's authority, objectives and responsibilities; and report to the Board should any changes be made. This Charter may be amended by resolution of the Board.

This Charter will be made available on Factor's website and the key features will be published in the Corporate Governance Statement.