

Living Cell Technologies Governance Policy								
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Written by	Secretary	Approved	Board	Issued	1 June 2019	Number	203	

## 1. Introduction and purpose

- 1.1 The Board of Directors (**Board**) of Living Cell Technologies Limited (**LCT or the Company**) has constituted the Board Remuneration and Nomination Committee (**RNC**) to assist and advise it in the consideration of personnel and remuneration issues within LCT.
- 1.2 The Terms of Reference sets out the scope of the RNC's responsibilities and delegated authorities.

## 2. Objective

- 2.1 The objective of the RNC is to assist the Board to discharge its responsibilities to shareholders and other stakeholders for ensuring that LCT:
- has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
  - has coherent remuneration policies and practices;
  - fairly and responsibly remunerates directors and executives having regard to the performance of LCT, the performance of the executives and the general remuneration environment;
  - ensure that directors' remuneration is sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

## 3. Committee Accountabilities and Responsibilities

### Nomination

- 3.1 The RNC's accountabilities and responsibilities in connection with nomination are to:
- recommend required board competencies and number and profiles of board members;
  - conduct searches for new board members and recommend preferred candidates to the Board;
  - assess from time to time the extent to which the required competencies are represented on the Board;
  - ensure that succession plans are in place to maintain the required competencies, number and profiles of the Board members;
  - assist the Chairman to evaluate the Board's performance annually;
  - implement and maintain a Board Skills Matrix to assist in maintaining appropriate Board competency and composition
  - conduct the search for the CEO and recommend preferred candidates to the Board;
  - assist the Chairman in reviewing the CEO's performance and provide counselling and mentoring if and when required;
  - ratify appointments of senior executives.

### Remuneration

- 3.2 The RNC's accountabilities and responsibilities in connection with remuneration are to:
- review, and where required recommend for shareholder approval, Non-Executive Director remuneration;
  - review and recommend to the Board annually remuneration for the CEO and any Executive Directors including the terms of employment contracts;
  - approve, on the recommendation of the CEO, the remuneration of the members of the Executive Committee including the terms of employment contracts;
  - review and recommend the introduction of any share acquisition, or other executive incentive plans;
  - review and recommend any annual payments to be made under executive incentive plans;
  - review from time to time LCT's superannuation arrangements for its employees;

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- g) seek advice from external consultants or specialists where the committee considers that necessary or appropriate to ensure that LCT’s remuneration and incentive policies and practices are aligned to LCT’s vision, values and overall business objectives and performance by being designed to:
- motivate directors and executives to pursue the long-term growth and success of LCT, and
  - demonstrate a clear relationship between overall company performance, key executive performance and remuneration.

3.3 Balance:

- a) the desire to attract and retain high quality directors and to attract, retain and motivate senior executives;
- b) the need to ensure that the incentives for executive directors and other senior executives encourage them to pursue the growth and success of the entity (both in the short term and over the longer term) without taking undue risks;
- c) the need to ensure that the incentives for non-executive directors do not conflict with their obligation to bring an independent judgement to matters before the board; and
- d) the commercial interest in not paying excessive remuneration.

3.4 The following matters are used to set the composition and level of executive and non-executive director remuneration:

**EXECUTIVE REMUNERATION**

**Composition:** remuneration packages for executive directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration.

**Fixed remuneration:** is reasonable and fair, taking into account the entity’s obligations at law and labour market conditions, and relative to the scale of the entity’s business. It reflects core performance requirements and expectations.

**Performance-based remuneration:** is linked to clearly specified performance targets. These targets are aligned to the entity’s short and long-term performance objectives and are appropriate to its circumstances, goals and risk appetite.

**Equity-based remuneration:** options are aligned to the entity’s longer-term performance objectives and avoid the taking of undue risks.

**Termination payments:** termination payments only relate to redundancy and are agreed in advance. There is no payment for removal for misconduct.

**NON-EXECUTIVE DIRECTOR REMUNERATION**

**Composition:** non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity).

**Fixed remuneration:** levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the role.

**Performance-based remuneration:** non-executive directors do not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity.

**Equity-based remuneration:** non-executive directors may receive securities, without performance hurdles, as part of their remuneration to align their interests with the interests of other security holders.

**Termination payments:** non-executive directors are not provided with retirement benefits.

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#### **4. Composition**

4.1 The RNC will comprise:-

- a) at least three directors;
- b) if there are sufficient non-executive and independent directors, all non- executive and a majority of independent directors; and
- c) a chairman who is an independent director.

#### **5. Procedures**

- 5.1 The RNC may invite such other persons to attend RNC meetings as it sees fit, and consult with other persons and seek any information it considers necessary to fulfil its responsibilities.
- 5.2 The RNC will hold meetings at least twice each year and otherwise as it considers necessary.
- 5.3 A quorum will comprise two RNC members.
- 5.4 Meetings of the RNC may be held by the members communicating with each other through any technological means by which they can participate in discussion even though they may not be physically present in the same place.
- 5.5 The RNC may pass or approve resolutions of the RNC by circular resolution by adopting the procedures (so far as they are appropriate) set out in section 248A of the Corporations Act 2001.
- 5.6 The Chairman will communicate the findings of the RNC to the Board after each meeting.