

Remuneration and Nomination Committee Charter

1 Purpose

- 1.1 The remuneration and nomination committee ("**Committee**") is a committee of the board of directors ("**Board**") of Probiotec Limited ("**Company**").
- 1.2 The Committee's purpose is to:
- (a) develop criteria for Board membership and identify specific individuals for nomination;
 - (b) establish processes for the review of the performance of individual Directors, Board committees and the Board as a whole and oversee the implementation of such processes;
 - (c) review and make recommendations to the Board on board succession planning generally;
 - (d) review and make recommendations to the Board on the process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
 - (e) review and make recommendations to the Board on remuneration packages and policies applicable to the members of the executive management of the Company ("**Senior Management**") and Directors;
 - (f) review and make recommendations to the Board on equity-based remuneration plans for senior executives and other employees;
 - (g) define levels at which the Chief Executive Officer must make recommendations to the Committee on proposed changes to remuneration and employee benefit policies;
 - (h) ensure that remuneration packages and policies attract, retain and motivate high calibre executives; and
 - (i) ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.

2 Duties

- 2.1 The Committee is expected, in the area of nomination, to develop criteria for Board membership, to identify suitably skilled, qualified and experienced individuals for nomination and to establish processes for the review of the performance of Directors.
- 2.2 In the area of remuneration, the Committee is expected, to review and make recommendations to the Board on remuneration packages and policies applicable to senior executives and Directors.
- 2.3 The specific matters the Committee may consider include:
- (a) the appropriate size, composition and skills of the Board;
 - (b) developing criteria for Board membership and assessing the skills required on the Board;
 - (c) reviewing the skills represented on the Board and determining whether those skills meet the skills identified as being required;
 - (d) reviewing the time required from a non-executive Director and whether Directors are meeting that requirement;

- (e) establishing and overseeing induction and continuing professional development programs for Directors to develop and maintain the skills and knowledge needed to perform their role effectively;
- (f) revising the membership of the Board;
- (g) making recommendations to the Board on candidates it considers appropriate for appointment and re-appointment;
- (h) reviewing the retiring non-executive Director's performance and making recommendations to the Board as to whether the Board should support the nomination of a retiring non-executive Director;
- (i) reviewing policies for Senior Management and Directors' remuneration annually, including the link between Company and individual performance;
- (j) reviewing whether there exists any gender or other inappropriate bias in remuneration for Directors, senior executives or other employees;
- (k) reviewing recruitment, retention and termination policies and procedures for Senior Management;
- (l) reviewing current industry codes and best practice;
- (m) evaluating different methods for remunerating senior executives and Directors;
- (n) reviewing existing or proposed share option schemes or other incentive schemes;
- (o) reviewing superannuation arrangements for Directors, Senior Management and other employees;
- (p) reviewing retirement and termination benefits and payments; and
- (q) reviewing professional indemnity and liability insurance policies.

3 Process for nomination and appointment of new directors

- 3.1 The Committee will periodically review the composition of the Board including, the length of tenure of directors and competencies of existing directors as part of the succession planning review for the Board. In carrying out such reviews, the Committee will determine and assess the desirable competencies required for the Board.
- 3.2 The Committee will consider whether the Board maintains an appropriate mix of skills, independence and diversity in its membership in light of the Company's Board skills matrix and the matters listed in Annexure A.
- 3.3 In the event of the retirement of an existing director or the casual appointment of a new director, the Committee will determine the range of skills, knowledge, experience and expertise beneficial to the Board in respect of any new candidate recommended for appointment.
- 3.4 Where a new appointment to the Board is sought, the Committee may seek the assistance of external consultants to identify appropriate candidates for directorship.
- 3.5 A potential candidate will be required to provide to the Committee details of other relevant commitments.

- 3.6 Appropriate checks, including a police and bankruptcy checks, should be undertaken on potential candidates before their appointment to ensure that the person is an appropriate candidate. It may also be appropriate for other key Company stakeholders to be consulted in relation to the identification and/or review of candidates.
- 3.7 The Committee will provide an indication to the prospective director of any time commitment anticipated as a director of the Company, and will require the candidate to specifically acknowledge that he/she has sufficient time to meet those expectations.
- 3.8 The appointment of a new director will be made pursuant to a letter of appointment containing, where appropriate, the matters set out in the guidelines issued by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations.

4 Membership and structure

- 4.1 The Board shall appoint the Committee annually.
- 4.2 The Committee shall consist of, where practical, at least 3 Directors, a majority of whom are, where practical, independent Directors. Where there are more than 3 non-executive Directors on the Board and if practical, the Committee will consist solely of non-executive Directors, with a majority being independent.
- 4.3 The Board will appoint one of the members of the Committee as chairman, who must be an independent Director. It is the responsibility of the chairperson to schedule all meetings of the Committee and, to provide the Committee with a written agenda.
- 4.4 The Company Secretary, or his or her appointee, will act as secretary of the Committee and will circulate minutes of the meetings.
- 4.5 If a member ceases to be a director of the Board of the Company, that member ceases to be a member of the Committee.

5 Administrative matters

5.1 Meetings

- (a) Any member of the Committee may call a meeting of the Committee.
- (b) As a minimum, the Committee shall meet once a year in order to facilitate a board performance assessment and review and make recommendations to the Board on remuneration packages and policies applicable to Senior Management and Directors.
- (c) In addition, the Committee shall meet as early as practicable prior to the expiration of the term of office of a Director to consider suitably skilled and experienced individuals for nomination as Directors of the Company.
- (d) Committee meetings may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution. A circular or written resolution signed by a majority of all members will be effective as a resolution duly passed at a Committee meeting and may consist of several documents in like form, each signed by one or more members. The expression "written" includes fax or other electronic means.
- (e) A quorum of the Committee will comprise any two members.
- (f) If the Chair of the Committee is unable to attend a Committee meeting, the Chair, or the members present, will appoint another member who is an independent

director to act as Chair at that meeting. However, all members are expected to participate in all Committee meetings.

- (g) All Directors who are not members of the Committee are entitled to attend any meeting of the Committee.
- (h) The Committee may invite any member of Senior Management or other individuals to attend meetings of the Committee, as they consider appropriate.
- (i) The Chairperson of the Committee, or delegate, shall report to the Board following each meeting.
- (j) A member of the Committee is not entitled to be present at a meeting of the Committee when his or her own remuneration package is being evaluated.
- (k) The Committee shall have direct access to the Company's officers and advisers, both external and internal, and shall have the authority to seek whatever independent, professional or other advice it requires in order to assist it in meeting its responsibilities from outside the Company.

5.2 Voting

- (a) Each member shall have one vote.
- (b) The Chairman of the Committee will not have a second or casting vote.

5.3 Minutes

Minutes of Committee meetings will be prepared by the Secretary, approved by the Chair of the Committee in draft and circulated to all members.

5.4 Access

The Committee may engage separate independent counsel or advisors at the expense of the Company, in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

6 Review

- 6.1 The Committee will, on a yearly basis, undertake an evaluation of its performance and effectiveness, review its membership and this Charter and make recommendations to the Board.
- 6.2 The Committee will consider and review the report of the Committee's membership, authority, responsibilities and discharge of those responsibilities for inclusion in Company's annual report and oversee the preparation of any report or other disclosures to be included in the annual report or other communications to security holders relating to the appointment and remuneration of Directors and Senior Management.
- 6.3 The Committee will prepare (and update as and when required) a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership

ANNEXURE A - BOARD COMPOSITION: SKILLS AND ATTRIBUTES

Skills

- Strategic expertise
- Financial literacy
- Relevant governance knowledge
- Managing risk
- Managing people and achieving change
- Experience with financial markets
- Knowledge relevant to the pharmaceutical, health or biotechnology industries.

Personal attributes

- Integrity
- Curiosity and courage
- An active contributor
- Respect:
 - for each other
 - for the line between the role of management and the Board
- Communication:
 - Openness
 - Willingness to speak and listen
 - Tactful but frank
- Approaches Board work professionally
- Uses evaluation to learn rather than criticise
- A genuine interest in the Company and its business

The Board as a Collective

- Diversity:
 - Not only skills and gender

- Backgrounds
- Personalities
- Common vision and independent mindset
- Exercises judgment on issues to further the best interests of the company as a whole
- Collaborative rather than combative approach to issues