

Pharmaxis Ltd Diversity Policy

1. Introduction

Pharmaxis is dedicated to creating a profitable research-based specialist pharmaceutical company that develops new pharmaceutical therapies for global markets. Identifying and attracting employees, including management, with the relevant international pharmaceutical industry experience to a small Australian based pharmaceutical company has always been challenging, and the Company has as a matter of necessity as well as deliberate policy been required to consider any and all applicants for new or vacated positions. The Company's overriding principle has always been to treat people equally, as articulated by our Code of Conduct. In competing with more established companies for available candidates Pharmaxis has also found an advantage by providing flexible work conditions. To date, the Company's focus on identifying and employing the best people who are willing to join the Company's endeavour has created a diverse workforce. Initial gender objectives set by the Board in 2011 were based on the current business plan of the time and required the number of people employed by the Company to continue to grow from the then base of 138 employees, providing opportunities to pursue the agreed gender diversity objectives. However, the change in the Company's strategy and structure in 2014 reduced the Company's employees to approximately 70 FTEs, a level where it has been for several years. The Board has therefore, in the current year, reset the gender diversity expectations to be consistent with the size and structure of the current business plan. In this new environment, Pharmaxis believes its focus on identifying and employing the best people who are willing to join the Company's endeavour should remain the priority, with longer timeframes required to achieve gender diversity outcomes.

2. Policy

Pharmaxis is committed to employment practices that treat all individuals equally and with respect. We are committed to employ and advance people within the Company based on their relevant skills and experience, and regardless of race, ethnicity, language, gender, religion, sexual orientation, or disability.

The Board is aware of the difficulty of achieving diversity across all areas of a company with a relatively small workforce, but considers the diversity achieved to date to be a favourable endorsement of the Company's existing policies and encouraging for the future. The Board aims for female representation by 30 June 2018 as follows:

- Non-executive directors to be 25% or above (25% at 30 June 2017)
- CEO and direct reports to be 30% or above (30% at 30 June 2017)
- Across the entire Company to be 40% or above (43% at 30 June 2017).

Diversity will be encouraged by a range of measures, including the following:

- 2.1. A commitment by the Board and senior executives to model the Company's Code of Conduct in all aspects of the business
- 2.2. Ensuring executives tasked with recruiting new employees or advancing employees within the Company understand the intent and specifics of the Code of Conduct and Diversity Policy
- 2.3. Ensuring external organisations assisting with recruiting understand the intent and specifics of the Diversity Policy.
- 2.4. Employee development, training and mentoring programs that encourage and support the career development of all employees based on merit, skills and experience.
- 2.5. Continuation of a flexible approach to work conditions, to the extent such flexibility is not inconsistent with the requirements of the position.

The Remuneration and Nomination Committee of the Board is responsible for assessing on an annual basis the achievement against gender diversity objectives, including the representation of women at all levels of the Company.