

Pharmaxis Ltd Remuneration and Nomination Committee Charter

1. Purpose

The Remuneration & Nomination Committee ("the Committee") is a committee of the Pharmaxis Ltd Board. The Committee's primary functions are to:

- monitor the ongoing development of the Board consistent with the growth and development of the Company
- make recommendations for the appointment and removal of Directors to the Board
- assist the Board evaluate the performance and contribution of individual directors, the Board and Committees
- assist the Board in establishing remuneration policies and practices that enable Pharmaxis to attract, retain and motivate Senior Executives and Directors who will pursue the long-term growth and success of the Company.

2. Membership and term

- 2.1. The Committee shall consist of a minimum of 3 non executive Directors, a majority of which shall be independent
- 2.2. Members will be appointed for a three year term of office. Members may be reappointed for additional terms.
- 2.3. The Board will formally approve all changes to members and their remuneration.
- 2.4. A simple majority of committee members will constitute a quorum.
- 2.5. The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a Director of the Board

3. Chairman

The Chairman of the Committee will be appointed by the Board from time to time. Should the Chairman be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee to Chair that particular meeting.

4. Frequency of meetings

- 4.1. The Committee will meet as frequently as required but at least three times a year
- 4.2. Any member of the Committee or the Board may call a meeting of the Committee

5. Committee members' interests

A member of the Committee is not entitled to be present when his or her performance is being evaluated.

6. Secretary

The Company Secretary shall act as Secretary of the Committee.

7. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

8. Access

The Committee shall have direct access to Pharmaxis management 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.

9. Nomination responsibilities

Review of and recommendations to the Board in relation to:

- the size, composition, diversity and ongoing development of the Pharmaxis Board consistent with the growth, development and requirements of the Company, including regular assessment as to whether the directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues. Where gaps are identified and not expected to be addressed in the short term by new appointments, the Committee is to recommend appropriate professional development for directors
- the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment
- the appointment, re-appointment and removal of Directors
- the annual assessment of the independence of each non-executive Director
- the development and implementation of a process for annually evaluating the performance of the Board, its committees and directors
- the performance of the chief executive officer
- the development and implementation of a process for annually evaluating the performance of Senior Executives
- an appropriate and effective induction programme in place for new Directors and Senior Executives
- ensuring there are plans in place to manage the succession of the CEO and other Senior Executives
- strategies to address Board diversity

- setting measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them

10. Remuneration responsibilities

Review of and recommendations to the Board in relation to:

- remuneration, recruitment, retention and termination policies and procedures for Senior Executives
- incentive schemes for Senior Executives
- equity-based remuneration plans and superannuation arrangements for Senior Executives and other employees
- the remuneration and incentive package of the chief executive officer
- the remuneration framework for Directors
- professional indemnity and liability insurance for Directors and Senior Executives
- any gender or other inappropriate bias in remuneration

The Committee shall ensure that the Board and Senior Executives are provided with sufficient information to enable informed decision making.

11. Reporting

Proceedings of all meetings are minuted and signed by the Chairman or the chair of the Committee. Minutes of all Committee meetings will be provided to the subsequent Board and Committee meeting together with relevant supporting papers considered by the Committee.

12. Charter

- 12.1. This charter is to be reviewed by the Board to ensure it remains consistent with Board's objectives and responsibilities.
- 12.2. A copy of this charter is to be made available at the Pharmaxis website.