

AFT PHARMACEUTICALS LIMITED

(AFT Pharmaceuticals)

Remuneration Policy

Dated 30 April 2018

1. Policy Statement

AFT Pharmaceuticals' remuneration policy supports the company to attract, retain and motivate high calibre people to achieve the Company's business objectives and create shareholder value.

2. Purpose of this Policy

The purpose of this policy is to outline the remuneration principles which apply to all directors and employees to ensure that remuneration practices within AFT Pharmaceuticals are fair and appropriate for the organisation and its directors and employees.

This policy may be reviewed and amended, replaced or withdrawn by AFT Pharmaceuticals at any time.

3. Remuneration of Non-Executive Directors

AFT Pharmaceuticals' shareholders have approved a total cap of \$575,000 per annum for non-executive directors' fees, for the purposes of the NZX Listing Rules.

The Board has agreed that the fixed annual fees tabled at the end of this section will apply to non-executive directors until further agreed.

No equity-based remuneration is paid to non-executive directors, nor do the non-executive-directors receive any performance-based remuneration.

The non-executive directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with AFT Pharmaceuticals' business.

No retirement benefits will be paid to the non-executive directors on their retirement.

The Remuneration and Nominations Committee reviews the level of directors' fees annually.

Procedures for the approval of remuneration levels for non-executive directors are set out in AFT Pharmaceuticals' Constitution and are governed by the NZX Main Board Listing Rules ("Listing Rules") and the Companies Act 1993.

	Position	Fees per annum (Paid in NZD except where stated)
Board of Directors	Chair	\$95,000
	Non-executive Director	\$40,000* * Fee payable to non-US based directors. US based directors receive USD\$50,000
Audit & Risk Committee	Committee Chair	\$7,500
	Committee Member	\$5,000* * Fee payable to non-US based directors. US based directors receive USD\$5,000
Remuneration & Nominations Committee	Committee Chair	\$7,500
	Committee Member	\$5,000* * Fee payable to non-US based directors. US based directors receive USD\$5,000
Regulatory & Product Development Committee	Committee Chair	\$7,500
	Committee Member	\$5,000

4. **Remuneration of Executive Directors and Senior Managers**

AFT Pharmaceuticals is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve the Company's business objectives, and the creation of shareholder value.

Under AFT Pharmaceuticals' remuneration framework:

- Individual performance and market relativity are key considerations in all remuneration-based decisions, balanced by the organisational context.
- Remuneration includes a mix of fixed and variable components. A summary of the current provisions is set out below:
 - Fixed remuneration includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant), and relates to the base requirements of the role.
 - A discretionary Short Term Incentive (STI) may be offered for some employees, at the discretion of the Chief Executive. The structure of such incentives is approved by the Board. Details of any STI scheme may vary from year to year by approval of the Board.
 - A Long Term Incentive (LTI) Plan may be offered, generally only to permanent senior management, as approved by the Board.

- Total Remuneration is the sum of the above fixed remuneration and potential incentive remuneration values.

In addition, AFT Pharmaceuticals may offer provisions which have a monetary benefit to employees, but are not considered part of remuneration.

Fixed Remuneration

Fixed remuneration includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant), and relates to the base requirements of the role.

Roles are evaluated using a standardised external consultancy methodology. Roles of a similar level are then grouped into a band. The remuneration midpoint for each band is determined with reference to AFT Pharmaceuticals' remuneration comparator group.

Base Salary

Base salary is determined by role size and the remuneration midpoint applicable to that role. Individual salary is generally set between 80% and 120% of the midpoint, dependent upon competency and performance.

The company undertakes an annual remuneration review, in April / May each year, informed by an assessment of relative external market data and organisational context. Individual remuneration will be reviewed dependent upon performance and remuneration relativity. Any increase to an employee's base salary is at AFT Pharmaceuticals' sole discretion.

KiwiSaver & Superannuation

New Zealand-based employees who contribute to a KiwiSaver scheme will receive matched Employer contributions of up to 3% of gross earnings, paid to their KiwiSaver account in accordance with applicable legislation.

Australian-based employees receive a contribution of 9.5% of gross earnings towards Australian Superannuation in accordance with applicable legislation.

Other-based employees receive a contribution in accordance with applicable legislation.

5. AFT Pharmaceuticals Incentive Schemes (Discretionary Remuneration)

The AFT Pharmaceuticals Board may approve the availability of AFT Pharmaceuticals short term incentive (STI) schemes for some or all permanent employees, to operate in a given year.

In general, any STI scheme offered by AFT Pharmaceuticals:

- Will apply for the year of offer only;
- Will be fully discretionary, such that there is no guarantee of an invitation to participate in a scheme, nor a payment in any given year. Any employee or particular category of employees may be included or excluded from participation at the Chief Executive's absolute discretion (except participation by the Chief Executive or Chief of Staff, whose participation is determined by the Board). If invited to participate, participation

may be revoked or the amount of any incentive payment adjusted at the Chief Executive's absolute discretion. The nominal and potential value of any such incentive will be determined by job level;

- May incorporate a required stand-down period, usually not exceeding 3 months;
- Will be designed to reward individual performance and contribution toward business outcomes;
- Will be performance-based with any incentive payment being conditional on the achievement of specific, objective measures of company performance, and the manager's assessment of a person's overall individual performance and behaviour;
- Will be self-funding, so that the value to the organisation of performance outcomes achieved exceeds the cost of potential incentive payments possible under the plan; and

The detail of any LTI Plan arrangement approved by the Board will be provided to eligible participants. An LTI Plan is designed to attract and retain senior managers within the business and to align the interests of management with shareholders' interests.

In general, any LTI Plan offered by AFT Pharmaceuticals:

- Will be fully discretionary, such that there is no guarantee of an invitation to participate in a LTI Plan, nor an issue of options or securities in any given year.
- Will be designed to reward individual performance and contribution toward business outcomes;
- Will be performance-based with any grant of options or securities being conditional on the achievement of specific, objective measures of company performance, and the CEO's assessment of a person's overall individual performance and behaviour;
- May attach vesting conditions.

6. **Cash-based Provisions**

Leave Provision

For New Zealand based employee's, in accordance with the Holidays Act 2003, AFT Pharmaceuticals employees are entitled to four weeks paid holiday per annum, unless otherwise specified in an individual's employment agreement. The holiday entitlement for part-time employees is pro-rated to reflect part-time hours. Employees may elect to cash up the fourth week of their annual leave entitlement. For other based employee's the relevant local Holidays Act or equivalent applies.

Paid Parental Leave

To assist employees to balance their work and family commitments, AFT Pharmaceuticals offers paid parental leave in line with legislative provisions.

Redundancy Compensation

Details of redundancy provisions, where applicable, are included in each employee's individual employment agreement.

7. **Non Cash Benefits**

AFT Pharmaceuticals may also offer non-cash benefits.

Non-cash benefits are generally not a term of employment and provisions may vary from time to time at the discretion of AFT Pharmaceuticals or the applicable supplier.

8. **Responsibilities**

AFT Pharmaceuticals Board

The AFT Pharmaceuticals Board is required to approve:

- The Company's remuneration policy.
- Remuneration proposals and performance decisions concerning the Chief Executive and executive management team, unless specifically delegated by the Board to the Remuneration and Nominations Committee.
- The budget for the organisation's annual remuneration review.
- The structure of any incentive scheme(s) offered to AFT Pharmaceuticals employees.
- The outcome of any organisational performance measure used to determine payments under an AFT Pharmaceuticals incentive scheme.

AFT Pharmaceuticals Remuneration and Nominations Committee

The AFT Pharmaceuticals Remuneration and Nominations Committee is required to review:

- Proposed changes to remuneration policy.
- Proposed remuneration for the executive management team.
- Objectives and performance ratings of the executive management team.

AFT Pharmaceuticals Chief Executive

The Chief Executive is required to:

- Make recommendations to the Remuneration and Nominations Committee on Executive remuneration matters.
- Make recommendations to the Remuneration and Nominations Committee on incentive proposals and outcomes, and to propose changes to remuneration policy.
- Approve the outcome of the organisations remuneration review.

Managers

All remuneration decisions or proposals must be consistent with AFT Pharmaceuticals' remuneration policy, principles and guidelines, and require "one up" approval, i.e. a manager may not change the remuneration terms of any person reporting to them, without the approval of their own manager.