

*Remuneration and Nomination Committee Charter*

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**1 Purpose of Charter**

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- 1.1 This is the Charter of the Remuneration and Nomination Committee (**Committee**) established by the Board of the Company. This Charter governs the operations of the Committee and sets out the Committee's purpose, composition, scope and responsibilities, powers and rules regarding its proceedings. Currently, the size of the Board is not sufficient to warrant two separate committees for remuneration and nominations. As a result, the Company has established a combined Remuneration and Nomination Committee.

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**2 Purpose of the Committee**

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- 2.1 The Committee's role is to assist the Board achieve its objective to ensure that:
- (a) the Company's remuneration policies, practices and procedures:
    - (i) are aligned with the Company's overall business objectives and market practice;
    - (ii) motivates executives to pursue the Company's long term growth;
    - (iii) demonstrates a clear relationship between the Company's performance and performance of executives; and
    - (iv) align the interests of executives with the creation of value for shareholders; and
  - (b) the Company has a Board of an effective composition, skills matrix, diversity, size and commitment to adequately discharge its responsibilities and duties.

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**3 Composition**

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- 3.1 Subject to paragraph 3.2, the Committee will have at least three members and will consist of a majority of independent Directors and be chaired by an independent Chair (appointed by the Board). A separate Chair will be appointed if and when the Committee is dealing with the appointment of a successor to the Chair.
- 3.2 If the Board is not of a sufficient size to enable the Committee to consist of a majority of independent Directors, the Committee will be undertaken by the full Board.
- 3.3 The Committee will have a secretary which will be the Company Secretary or such other person as nominated by the Board from time to time.

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**4 Scope of responsibility in respect of remuneration matters**

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- 4.1 The Committee is responsible for:
- (a) review and evaluation of market practices and trends for remuneration relevant to the Group;
  - (b) review and setting the Group's remuneration policies and practices;
  - (c) review and implementation of the Company's employee incentive schemes and any significant changes to the terms of such schemes;
  - (d) overseeing the performance of the CEO, CFO and other Senior Executives and non-executive Directors;
  - (e) review and setting remuneration of the CEO, CFO and other Senior Executives and of non-executive Directors;

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- (f) preparation of reports that may be required under applicable legal or regulatory requirements about remuneration matters;
  - (g) review and setting remuneration by gender and reporting to the Board as necessary to facilitate compliance with the Diversity Policy;
  - (h) review and reporting, at least annually, on the proportion of women and men in the workforce at all levels of the Group, and their relative levels of remuneration; and
  - (i) implementing the recommendations with respect to remuneration by gender as part of the administration of the Diversity Policy.
- 4.2 Remuneration includes not only monetary payments (salary and wages) but all other monetary and non monetary compensation for services and benefits including:
- (a) fringe benefits;
  - (b) directors' and officers' and other insurance arrangements;
  - (c) retirement benefits;
  - (d) superannuation; and
  - (e) equity participation, and other incentive programs.
- 4.3 The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision making process.
- 4.4 The total maximum remuneration of non-executive Directors is the subject of a shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive Director.
- 4.5 The Board may award additional remuneration to non-executive Directors who are called upon to perform extra services or make special exertions on behalf of the Company.
- 4.6 In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.
- 4.7 Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

## **5 Scope of responsibility in respect of nomination matters**

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- 5.1 The Committee is responsible for:
- (a) identification and recommendation of suitable candidates for appointment to the Board, nominees for membership of committees or re-election to the Board;
  - (b) development of the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
  - (c) preparation of a description of the role and capabilities required for a particular appointment;
  - (d) establishment of induction and continuing professional development programs for Directors to ensure that the Directors have an understanding of the Company's and the Group's financial, strategic, operational and risk management position, the rights

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duties and responsibilities of directors, the roles of Senior Executives and the role of Board committees;

- (e) the development and implementation of a process for evaluating the performance of the Board, its committees and Directors; and
- (f) ensuring that there are succession plans in place to manage the succession of the Board, CEO and other Senior Executives and reviewing those plans.

5.2 The Committee will:

- (a) assess the independence of each non-executive director on an annual basis (or more frequently as required) and after each time the Committee is made aware of any change in a non-executive director's interests, positions, associations or relationships.
- (b) regularly review the time required from a non-executive director and whether the non-executive directors are meeting that requirement;
- (c) regularly consider whether the Directors as a group have the skills, knowledge and familiarity with the Group and its operating environment to fulfil their role on the Board and on Board committees effectively and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps;
- (d) on an annual basis, conduct a review of the Board structure, composition and performance and also review the performance of the Board committees and individual Directors. The Committee will develop an informal annual self assessment process for the Board's collective performance, the performance of the Chair and its committees;
- (e) in consultation with the Board, set measurable objectives for achieving diversity, in particular, gender diversity in accordance with the Diversity Policy and the diversity profile of the Board set by the Committee from time to time;
- (f) review and update as necessary the Board's skills matrix to help identify any gaps in the collective skills of the Board;
- (g) ensure that the diversity profile is a factor that is taken into account in the selection and appointment of qualified employees, senior management and Board candidates;
- (h) consider options in order to expand the pool of qualified candidates to select from, including through the use of a professional intermediary to assess candidates to promote appointments in accordance with the diversity profile, and as deemed appropriate;
- (i) undertake background checks on all candidates nominated for appointment to the Board to ensure that shareholders are provided with all relevant information; and
- (j) on an annual basis evaluate the performance of the Board, both collectively and individually.

5.3 A member of the Committee who is a non-executive Director will be responsible for the performance evaluation of the Chair after having canvassed the views of the other Directors.

5.4 A member of the Committee must not participate in any review or assessment of their own performance.

5.5 In addition, the Committee is responsible for implementing the Company's Diversity Policy and for ensuring compliance with the Diversity Policy. The Committee will review the Diversity Policy as required to ensure that the policy remains relevant and appropriate for the Company,

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to determine the effectiveness of the Diversity Policy and recommend any changes to correct any identified deficiencies.

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**6 Powers**

- 6.1 The Committee has unrestricted access to management and to seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.

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**7 Proceedings**

- 7.1 Meetings of the Committee are held at least three times during each year and more often as required in order to fulfil its role.
- 7.2 Representatives of management and other employed personnel may be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.
- 7.3 Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.
- 7.4 The quorum for a meeting of the Committee is any two members.
- 7.5 The Company Secretary has responsibility for coordinating the completion and despatch of the Committee agenda and briefing materials, as well as drafting minutes of meetings of each Remuneration Committee for approval at the next meeting.
- 7.6 The Committee will ensure that the number of times the Committee meets throughout the relevant reporting period and the individual attendances of the members of meetings are disclosed in the Company's annual report.

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**8 Sub-Committees**

- 8.1 The Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.
- 8.2 The provisions of this Charter apply in relation to any sub-committee of the Committee.

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**9 Reporting to the Board**

- 9.1 The Chair must report to the Board all material matters arising out of the previous meeting of the Committee.

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**10 Performance review and evaluation**

- 10.1 The Committee must review this Charter annually to provide assurance that it remains consistent with the Board's objectives and responsibilities. Any amendments to this Charter must be approved by the Board.
- 10.2 External reviews of this Charter may be undertaken at the request of the Board.

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**11 Miscellaneous**

**11.1 Publication on ASX and Company website**

- (a) A copy of this document (or a summary of it) may be made available on the Company's website and to ASX to the extent necessary.

**11.2 Endorsement**

- (a) The Company is committed to this Charter and its implementation.
- (b) This Charter was adopted by the Board on **6<sup>th</sup> July 2015**.

**12 Definitions**

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In this document:

<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the Director of the Company appointed as the chair of the Committee from time to time.
<b>CEO</b>	means the chief executive officer or equivalent officer (by whatever title known) of the Company.
<b>CFO</b>	means the chief financial officer or equivalent officer (by whatever title known) of the Company.
<b>Company</b>	means National Veterinary Care Ltd ACN 166 200 059.
<b>Company Secretary</b>	means the company secretary of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Group</b>	means the Company and its controlled entities.
<b>Senior Executives</b>	means the senior management team (excluding Board members), being those who have the opportunity to materially influence the integrity, strategy and operation of the Company, and its financial performance.