

# Remuneration Policy

## 1. Statement of Purpose

This Remuneration Policy has been put in place to ensure that:

- (a) remuneration policies and systems support the Company’s wider objectives and strategies;
- (b) Directors’ and Senior Executives’ remuneration is aligned to the long-term interests of Shareholders within an appropriate control framework; and
- (c) there is a clear relationship between the executive’s performance and remuneration.

This policy serves to define the overall remuneration structure and document the structure of remuneration for three main groups:

- Executive Directors;
- Senior Executives; and
- Non-Executive Directors.

## 2. Overall Remuneration Structure

Remuneration paid comprises of a number of components.

Executive Directors receive a base salary plus benefits. These benefits are usually in the form of a company vehicle, allowances and the Company’s superannuation contribution. The total of the base salary and benefits is called Total Fixed Remuneration (TFR) and is often referred to as the Executive’s remuneration package.

TFR should be reasonable and fair, taking into account the Company’s legal and industrial obligations, labour market conditions and scale of business.

The table below depicts the standard components of a typical salary package.

The Company is moving towards a Total On Target Reward (TTR) approach to remuneration policy management. A TTR approach complements the Fixed Remuneration structures with significant Variable Remuneration components. Short Term Incentives are linked to clearly specified performance targets and provide rewards for materially improved company performance. Short Term Incentives are provided as cash or contributions to superannuation. The Long-term Incentive Plan uses options, rights or fully paid shares as the incentive “currency” and is designed to reward improved company performance over an extended period.

The Board has determined at a strategic level the policies for the following components of TTR:

- (a) Short Term Incentive Program (STIP) rules;
- (b) Long Term Incentive Program (LTIP) rules.

Total On Target Reward	
Total Fixed Remuneration	Base Salary
	Superannuation
	Vehicle
	Allowances
Variable Pay	Short-term incentive
	Long-term incentive

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### 3. Remuneration for Executive Directors

The components of the Executive Director's TFR are set out in his or her service agreement and include:

- (a) cash remuneration;
- (b) superannuation contributions made by the Company;
- (c) motor vehicle, parking and other benefits; and
- (d) reimbursement of entertainment, home office and telephone expenses.

In addition, the Executive Director may receive Variable Pay as follows:

- (a) Short Term Incentives – the Executive Director is eligible to receive a bonus so long as certain key performance indicators ("KPIs") are achieved; these KPIs are approved by the Board at the commencement of the financial year; and
- (b) Long Term Incentive – the Executive Director is eligible to participate in the Long Term Incentive Plan.

The remuneration of the Executive Director is reviewed on an annual basis by the remaining members of the Remuneration Committee. The review is done by comparison of the TFR with remuneration paid by comparable organisations. From time to time, a review of the total remuneration package by an independent consultant in this field may be undertaken to provide an independent reference point.

Any termination payments for the Executive Director are agreed in advance. The Executive Director is not entitled to any additional termination payments under his or her Service Agreement except for compensation for the employment period for the remainder of the term of his agreement.

### 4. Structure of Remuneration for Senior Executives

A Senior Executive's performance and remuneration is reviewed on an annual basis by his or her direct manager. The review is then approved by the Chief Executive Officer and signed off by the Chairman.

The components of an Executive's TFR may comprise, at the discretion of the Executive Director, the following elements:

- (a) cash remuneration;
- (b) superannuation contributions made by the company; and
- (c) motor vehicle, mobile phone, home telephone and other allowances or benefits.

The Chief Executive Officer will determine, from time to time, those Executives who are eligible to participate in the Short Term and Long Term Incentive Plans.

In determining an Executive's remuneration package, the Company may review the individual's remuneration with the use of market data for positions with comparable companies. Where appropriate, the package is adjusted so as to keep pace with market trends and ensure continued remuneration competitiveness.

In conducting an annual comparative analysis, the Company's expected performance for the year will be considered in the context of the Company's capacity to fund remuneration budgets.

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### 5. Structure of Remuneration for Non-Executive Directors

Non-Executive Directors should be adequately remunerated for their time and effort and the risks involved. Non-Executive Directors are remunerated to recognise the responsibilities, accountabilities and associated risks of directors.

A Non-Executive Director's performance and remuneration is reviewed on an annual basis. Performance reviews are conducted by using one-to-one discussion with the Chairman.

A Non-Executive Director's remuneration is reviewed by comparison of the Director's remuneration with companies of similar characteristics. From time to time, an independent check is undertaken to provide a reference point.

Non-Executive Director's TFR will usually comprise the following elements:

- (a) cash remuneration; and
- (b) superannuation contributions made by the company.

Non-Executive Directors do not normally receive any Variable Remuneration and do not participate in schemes designed for the remuneration of executives.

Non-Executive Directors do not receive retirement benefits other than the Company's statutory superannuation obligations.