



QUICKSTEP HOLDINGS LIMITED

EXECUTIVE REMUNERATION POLICY

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1.0 REMUNERATION PHILOSOPHY

The Company Executive Remuneration policy is designed to attract and retain suitably skilled and qualified individuals capable of delivering shareholder wealth by the achievement of the Company objectives. It is also designed to align the focus of Key Management Personnel (KMP) with shareholder interests to create long term sustainable results.

This policy has been endorsed by the Remuneration, Diversity & Nomination Committee (RND Committee) and approved by the Board.

2.0 POLICY

The Remuneration Policy requires that fixed compensation is established at the market rate for equivalent jobs in equivalent sized business, and also reflects the performance of the individual, over time, in their role within Quickstep. In addition, the Policy offers an at risk compensation through the STI and LTI components, for market rate top quartile reward in the event that both the Company and the individual deliver top quartile performance.

3.0 COMPENSATION STRUCTURE

The Company compensation structure for Executives may encompass one or more of the following components:

1. Fixed Compensation
2. Short Term Incentive Performance Linked Compensation
3. Long Term Incentive Equity Based Compensation
4. Loyalty and Retention Bonuses

Annually, the RN&D Committee review at an individual level all remuneration related matters for the CEO, the CEO's direct reports and any other additional individual identified as a KMP and recommend to the Board any changes.

3.1 Fixed Compensation

This component of the remuneration structure consists of base compensation as well as compulsory employer contributions to superannuation as required by legislation.

Each year, all KMP's remuneration is benchmarked against current industry best practice, industry remuneration surveys, community wage trends, inflation and other related measures. An annual individual appraisal process is undertaken. This encompasses an assessment of performance against the overall requirements of the role, compliance with Company policy, and demonstration of the required workplace behaviours. At the conclusion of this process an individual performance rating is allocated. This rating will inform the quantum of increase in base compensation.

In conjunction with the revised market remuneration rates, changes are recommended to the RND Committee.

The RND Committee reviews the total remuneration costs to the company, for all other positions, monitoring for trends and consistency within the general business community and recommend to the Board the adoption of the compensation component of the Budget.

3.2 Short Term Incentive Performance Linked Compensation

Senior executives including Key Management personnel are eligible to receive short term cash incentives at an agreed rate. The STI is structured to assess performance against individual KPIs as well as the individual contribution to the achievement of the overall Group KPIs and is capped. The rate and actual KPIs are approved by the RND Committee. Performance is assessed annually against both Group and individual KPIs set at the beginning of the relevant financial year. The combination of these measures will determine the quantum of incentives awarded.

3.3 Long Term Incentive Equity Based Compensation

KMP are also eligible to participate in the *Quickstep Incentive Rights Plan* (IRP) as approved by the Board.

The current IRP authorises the granting of Rights to executives of the Company in the form of Performance Rights, deferred Rights and/or Restricted Rights. These Rights represent an entitlement on vesting to fully paid ordinary shares in the issued capital of Quickstep. The Board has absolute discretion as to which Executives are offered Rights, and how many Rights are offered.

The Board also has the discretion to set the terms and conditions on which it will offer Rights under the IR, including any applicable performance conditions. Performance Rights are subject to a performance condition based on achieving a relative Total Shareholder Return (TSR) equivalent to or in excess of the ASX All Ordinary Accumulation Index, and as a general rule Quickstep uses a performance period of three (3) years.

The IRP was most recently approved by shareholders at the November 2016 Annual General Meeting.

3.4 Loyalty and Retention Bonuses

The Company may also utilise either a cash payment or equity based compensation from time to time, as required, to retain certain key management personnel.

Sponsor: Bruce Griffiths	Title: Chair – Remuneration Nomination & Diversity Committee	Review Date: August 2019
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