

DIRECTORS' REPORT CONTINUED

The Company's directors present the Remuneration Report for the Company and for the consolidated entity for FY2018. It forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001 (Act). The information in the report has been audited as required by section 308(3C) of that Act.

THE REMUNERATION REPORT IS PRESENTED IN FIVE SECTIONS:

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1. REMUNERATION IN BRIEF

This section outlines the director and executive arrangements in place for the Company.

The list below of executives and non-executive directors comprised the Key Management Personnel (KMP) of the Company for FY2018, as defined under the accounting standards. The use of the term "Executives" throughout this report refers to the KMP whose remuneration details are outlined in this report.

All KMP were employed/held office for the whole of FY2018, except where otherwise stated.

KMP COVERED IN THIS REPORT

NAME	POSITION	COUNTRY OF RESIDENCE
NON-EXECUTIVE DIRECTORS		
John Grill	Chairman	Australia
Erich Fraunschiel ¹	Lead Independent Director	Australia
Thomas J Gorman ²	Non-Executive Director	United States of America
Christopher Haynes	Non-Executive Director	United Kingdom
Catherine Livingstone	Non-Executive Director	Australia
Anne Templeman-Jones ²	Non-Executive Director	Australia
Wang Xiao Bin	Non-Executive Director	China
FORMER NON-EXECUTIVE DIRECTORS		
Ron McNeilly ³	Former Deputy Chairman and Lead Independent Director	Australia
Jagjeet S Bindra ⁴	Former Non-Executive Director	United States of America
EXECUTIVES		
Andrew Wood	Chief Executive Officer	Australia
Robert (Chris) Ashton	Group Managing Director – Major Projects and Integrated Solutions, Global Sales and Marketing	United States of America
Thomas Honan	Group Managing Director Finance/CFO	Australia
Adrian Smith ⁵	Group Managing Director/Chief Executive Officer, Advisian	United Kingdom
PREVIOUSLY REPORTED EXECUTIVE		
Dennis Finn ⁶	Former Group Managing Director/Chief Executive Officer, Advisian	Australia

¹ Mr Fraunschiel commenced as Lead Independent Director on 28 October 2017.

² Mr Gorman and Ms Templeman-Jones commenced on 18 December 2017 and 1 November 2017 respectively.

³ Mr McNeilly retired on 27 October 2017.

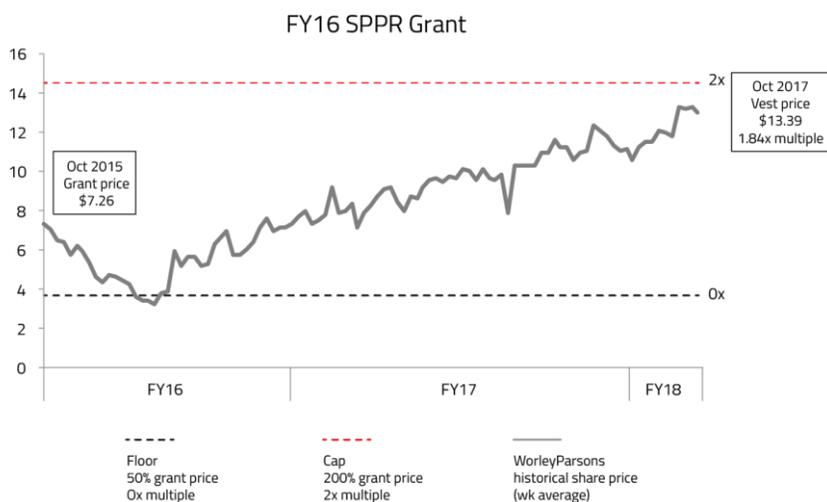
⁴ Mr Bindra resigned on 15 December 2017.

⁵ Mr Smith commenced on 1 October 2017.

⁶ Mr Finn ceased in the role and ceased to be KMP on 30 September 2017.

KEY SHAREHOLDER QUESTIONS

QUESTION	ANSWER	REFER PAGE
<p>How is the Company's performance reflected in the Executive remuneration in FY2018?</p>	<p>The Board decided that the Company's FY2018 financial outcomes merited a payment of the cash component of the Executives' variable pay based on achievement of key performance indicators (KPIs). Each Executive received between 23% and 28% of their target through the variable pay plan.</p> <p>FY2015 long term equity award - outcomes - the relative TSR growth minimum performance hurdles required for this award to vest were achieved and EPS has not been achieved. This results in a partial vesting on 30 September 2018. As no retest applies to either measure, the EPS component, and part of the TSR component, of the grant will lapse on 30 September 2018.</p> <p>FY2017 long term equity award 'strategic tranche' - outcomes have been achieved and the performance rights will be converted to restricted shares on 30 September 2018. A further two year restriction period applies, ending on 30 September 2020. Performance hurdles are provided within the report.</p> <p>SPPRs granted in FY2016 vested during FY2018, based on the share price performance during the period, continued employment and performance. The alignment based on share price growth during this period resulted in a multiple of 1.84. This is shown graphically below:</p>	<p>See pages 44,45</p>
<p>Have any changes been made to the remuneration of NEDs?</p>	<p>For the seventh consecutive year, there have been no increases to NED annual fees.</p> <p>In addition, Mr Grill waived his entire Chairman fee for FY2018.</p>	<p>See page 48</p>
<p>What changes have been made to remuneration components during FY2018?</p>	<p>For the cash based component of variable pay, FY2018 KPIs were returned to the pre-2017 structure, which includes a weighted mix of financial and strategic measures linked to sustaining and developing the business for the long term. By contrast the FY2017 KPI structure represented a unique requirement to focus executives on the achievement of critical short term group financial outcomes.</p> <p>As disclosed in the FY2017 Remuneration Report, the minor but important changes to the SPPR and long term equity grants made during FY2018 were implemented as communicated. This included raising the minimum share price required for vesting of SPPRs from 50% to 70% of the share price at grant, and reverting back to EPS growth as a performance measure for 50% of the Long Term Incentive (LTI) grant.</p> <p>No other changes have been made to any of the remuneration components for FY2018.</p>	<p>See pages 46, 47</p>
<p>Are there minimum shareholding requirements in place for the KMP?</p>	<p>Yes, the following mandatory minimum shareholding requirements apply:</p> <ul style="list-style-type: none"> • Executives must retain equity until they hold shares equivalent in value to two times their fixed pay (or for the CEO, four times fixed pay) and they must subsequently maintain that multiple; and • NEDs are required to build a minimum shareholding equivalent in value to their annual fee and are expected to comply with this requirement within their first full term of three years as a director. The minimum shareholding requirements are assessed each year. <p>Where Executives do not currently meet the minimum requirement, they build this through our remuneration arrangements.</p>	<p>See pages 48, 49 and 52</p>



Has Executives' fixed pay been reviewed in FY2018?

We review the Executive remuneration framework each year and in doing so, the Board considers the pay practices of the industry and the markets in which the Company operates. This ensures the Company provides competitive remuneration (including fixed pay) that will attract and retain suitably qualified executives.

It is particularly important that we do not consider the Australian market in isolation due to the global nature of our business and location of our talent.

Chris Ashton received an adjustment due to the expansion of his role during the period. During the year, Chris Ashton's role was expanded to include Global Sales and Marketing in addition to leading the Major Projects and Integrated Solutions business. There have been no other increases in fixed pay for Executives in FY2018.

We made no changes to the CEO's fixed pay during FY2018. The 10% reduction that he initiated to his fixed pay has been in place since 1 July 2015.

See page 49

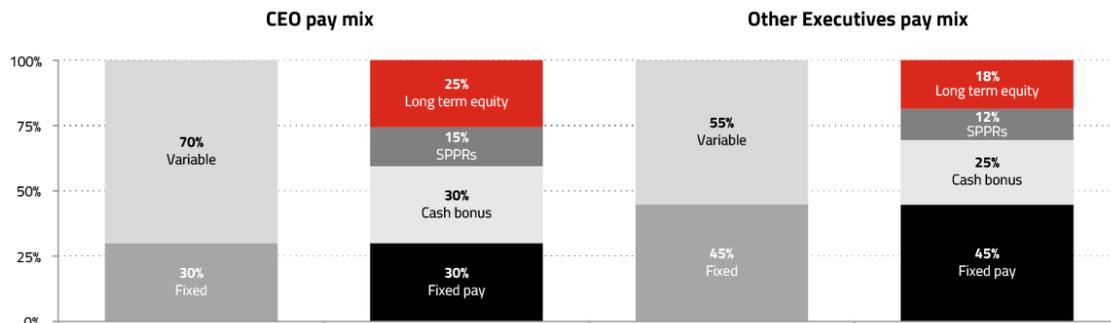
How is variable pay delivered to Executives?

An Executive's variable pay (or pay at risk) is delivered through a mix of cash and equity (medium and long term performance rights if specific performance hurdles are met). Variable pay:

- forms a significant proportion of an Executive's total remuneration package as shown below in the pay mix graphic;
- depends on various aspects of the Company's performance; and
- is subject to a clawback (malus) provision.

The targeted mix of remuneration components assumes all performance conditions are satisfied. Allowances and benefits are for specific purposes and are excluded from determining the pay mix.

See pages 43, 44



Why are there two equity based plans within the variable pay arrangements?

The Executive pay mix contains two equity components each with different performance hurdles. Those hurdles aim to drive value for shareholders in both the medium and the long term.

The two plans are the SPPRs and the long term equity plan. They are aligned with our remuneration principles which include building share ownership and aligning employee, customer and shareholder interests.

See pages 45 to 47

What are the performance hurdles and measurement period for the SPPRs?

The SPPRs are an annual grant of performance rights with a share price multiplier and performance hurdle. They ensure our Executives continue to be aligned with shareholders, strive towards strengthening the core business and positioning the Company for the future. The performance period is two years, with the quantum of vesting linked to share price movement during that period (within a minimum floor and maximum cap), a service condition and satisfactory performance.

SPPRs provide strong alignment to shareholders' interests and they also motivate our Executives to take action that results in enhanced shareholder return.

See page 46

What are the performance hurdles and measurement period for the long term equity grant?

For FY2018, the long term equity grant includes both relative TSR and EPS performance hurdles with a 50/50 weighting applied to each hurdle. The TSR and EPS hurdles are measured three years after grant date. If all the relevant vesting conditions have been met, the TSR and EPS performance rights will vest and convert into restricted shares. The restricted shares will be subject to further vesting conditions and a trading restriction for an additional 12 months, retaining the four year measurement period.

Full details of prior year grants are set out in the Remuneration Report for the relevant year.

See pages 46,47