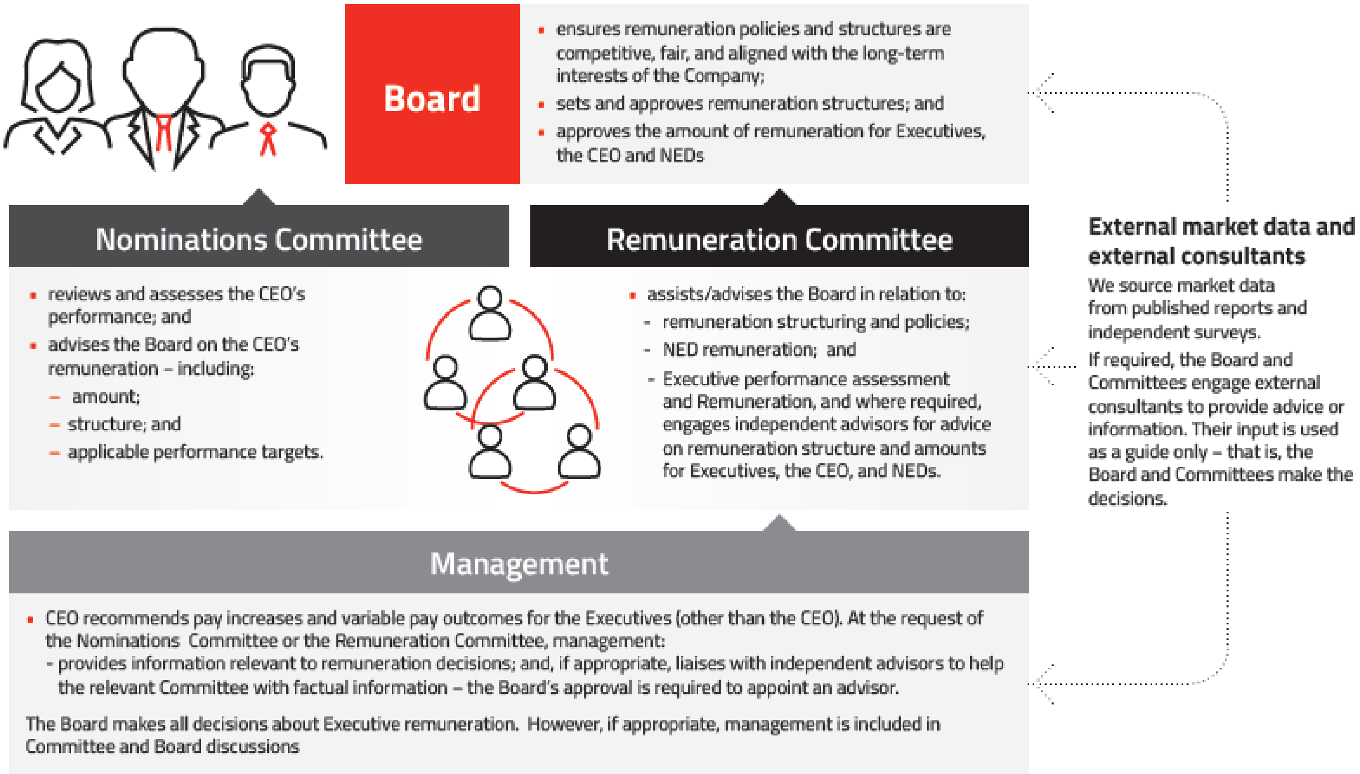
4. REMUNERATION GOVERNANCE FRAMEWORK

REMUNERATION DECISION MAKING

The diagram below illustrates the process by which remuneration decisions are made within the Company, and explains the roles various stakeholders play in setting remuneration:



During FY2018, the Board arranged for an independent research and advisory consulting firm, Aon Hewitt, to benchmark the Company's total remuneration and remuneration mix for Executives. The Remuneration Committee used the firm's advice as a guide, not a substitute for thorough consideration of all of the issues. The cost of Aon Hewitt's advice and assistance is not material for either party. Aon Hewitt was engaged by, and reported to, the Chairman of the Remuneration Committee. The Board is satisfied that the information Aon Hewitt provided was free from undue influence by any Executive.

The Board engaged Orient Capital to calculate the TSR for the purposes of vesting long term equity. The amount the Company paid to Orient Capital for TSR reporting is not material for either party.

No remuneration consultants provided any remuneration recommendations to the Board during FY2018.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

Executives are required to hold a minimum shareholding so as to:

- reinforce the Company's objective of aligning their interests with the interests of shareholders; and
- foster an increased focus on building long term shareholder value.

To satisfy the requirement, Executives must retain equity they receive through incentive plans until they hold shares equivalent in value to two times their fixed pay (or the CEO, four times fixed pay). They must maintain that multiple. Each year on 30 June, the Board assess each Executive's compliance with the requirement. The table on page 52 shows a summary of the position of each Executive against the requirement as at 30 June 2018.

HEDGING

Under the Company's Securities Dealing Policy, directors and Executives are not permitted to hedge unvested performance rights or shares that count towards an Executive's minimum holding requirement. This ensures that Executives:

- cannot limit the risk associated with these instruments; and
- are subject to the same impacts from fluctuations in the share price as all other shareholders.

CLAWBACK (MALUS) PROVISION

The Company maintains a Clawback provision (this is also known as a Malus provision) within the variable pay plans. This provision enables the Board to have an employee's unvested performance rights or vested but unexercised performance rights, lapse if the Board is of the opinion, that the employee:

- has acted fraudulently or dishonestly;
- is in breach of their obligations to the Company or another Group company; or
- received awards based on financial accounts which were later restated.

CESSATION OF EMPLOYMENT AND CHANGE OF CONTROL

Where an Executive leaves the Group, the Board may exercise its discretion and allow a portion of any unvested rights to remain in the plan. Such factors would include performance against applicable performance hurdles, as well as the performance and contribution that the relevant Executive has made. Generally, the Board only exercises discretion in special circumstances, such as retirement. Rights that are retained will subsequently vest or lapse in the ordinary course.

In the event of a change of control of the Company (e.g. where a third party unconditionally acquires more than 50% of the issued share capital of the Company), the Board will exercise its discretion to determine whether any or all unvested rights vest, having regard to pro-rata performance against applicable performance hurdles up to the date of the change of control.