



# Remuneration Policy

The remuneration policy of Austco Healthcare Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Company's financial results.

The Board of Austco Healthcare Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policies for determining the nature and amount of remuneration for Board members and senior executives of the Company are detailed below.

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Nomination and Remuneration Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and are entitled to options and performance incentives if performance targets are met and incentives are approved by the Directors. The Nomination and Remuneration Committee reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominately on the forecast growth of the Company's profits and shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The Executive Director and executives not on consulting agreements receive a superannuation guarantee contribution required by the Australian government, which was 9.5% for the 2018 financial year, and do not receive any other retirement

benefits. Some individuals, however have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black Scholes methodology.

The Board policy is to remunerate Non Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and Remuneration Committee (excluding those being assessed) determine payments to the Non Executive Directors and review their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non Executive Directors are not linked to the performance of the Company. However, to align the directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share plan.

## **Principles used to determine the nature and amount of remuneration**

### **Executive Compensation**

The objective of the Company's executive remuneration and reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management
- The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

The remuneration and reward strategy of the Company seeks to align executives and shareholders' interests which:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering a constant return on assets as well as focusing the executive on key non financial value drivers; and
- attracts and retains high calibre executives.

The remuneration and reward strategy of the Company seeks to align program participants' interests which:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As Executives gain seniority with the Company, the balance of this mix shifts to a higher proportion of "at risk" rewards.

### **Non Executive Directors**

Fees and payments to Non Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non Executive Directors' fees and payments are reviewed annually by the Board. The maximum fees payable to Non Executive Directors as agreed to by the Company's members at a previous Annual General Meeting are \$250,000.