

Remuneration policy



1. Introduction

- 1.1 Remuneration in respect of directors and executives of the Company is overseen by the remuneration and human resources committee, a committee of the board of directors of Asaleo Care Limited ACN 154 461 300 (the **Company** and, together with its controlled entities, the **Group**) (**Remuneration and HR Committee**).
- 1.2 The objective of the Remuneration and HR Committee is to help the board of directors of the Company (**Board**) to ensure that the Group:
- (a) has coherent remuneration policies and practices to attract, motivate and retain executives and directors who will create value for shareholders and who are appropriately skilled and diverse;
 - (b) observes those remuneration policies and practices;
 - (c) fairly and responsibly rewards executives having regard to Group and individual performance, the performance of the executives and the general external pay environment; and
 - (d) will integrate human capital and organisational issues into its overall business strategy.

2. Principles

In order to fulfil the role of the Remuneration and HR Committee set out above, its members must refer to the following principles when developing recommendations to the Board regarding remuneration:

- (a) motivating the directors and management to pursue the Group's long-term growth and success;
- (b) demonstrating a clear relationship between the Group's overall performance and the performance of individuals; and
- (c) complying with all relevant legal and regulatory provisions.

3. Remuneration packages

- 3.1 Remuneration may incorporate fixed and variable components with both a short-term and long-term focus.
- 3.2 In respect of **executive remuneration** (which for the avoidance of doubt includes both directors and executive management), remuneration packages should include an appropriate balance of fixed and variable remuneration and may contain any or all of the following:
- (a) **fixed remuneration** – this should:
 - (i) be reasonable and fair;
 - (ii) take into account the Group's legal and industrial obligations and labour market conditions;

- (iii) be relative to the scale of the Group's business;
 - (iv) reflect core performance requirements and expectations; and
 - (v) incumbent skills and experience.
 - (b) **variable remuneration** – this should:
 - (i) take into account individual and corporate performance; and
 - (ii) be linked to clearly-specified performance targets, which should be:
 - (A) aligned to the Group's short and long-term performance objectives; and
 - (B) appropriate to its circumstances, goals and risk appetite;
 - (c) **equity-based remuneration** – this can include options or performance shares and is especially effective when linked to hurdles that are aligned to the Group's longer-term performance objectives. It should also take into account executive performance. However, programs should be designed so that they do not lead to 'short-termism' on the part of senior executives or the taking of undue risks; and
 - (d) **termination payments** – these should be agreed in advance, and any agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for serious misconduct. Employment contracts for executives should have regard to the maximum amount that can be paid under the termination provisions under the *Corporations Act 2001* (Cth), and in particular the maximum amount that can be paid without requiring shareholder approval.
- 3.3 In respect of **non-executive director remuneration**, remuneration packages could contain cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity) and may contain any or all of the following:
- (a) **fixed remuneration** – this should reflect the time commitment and responsibilities of the role;
 - (b) **no performance-based remuneration** – non-executive directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their independence;
 - (c) **equity-based remuneration** – non-executive directors can receive an initial allocation of fully-paid ordinary securities if shareholders have approved such an allocation in accordance with the ASX Listing Rules. However, non-executive directors generally should not receive options or performance shares as part of their remuneration as it may lead to bias in their decision-making and compromise their independence; and
 - (d) **termination payments** – non-executive directors should not be provided with retirement benefits other than superannuation.
- 3.4 Remuneration will be reviewed on an annual basis with consideration given to individuals' performance and their contribution to the Company's success (against measurable key performance indicators), external market relativities, shareholders' interests and desired market positioning.

4. Approval of remuneration

- 4.1 Recommendations and approval of remuneration and incentive payments are as set out in the Remuneration and Human Resources Committee Charter and Board Charter.

- 4.2 No member of the Remuneration and HR Committee may be involved in a decision relating to their own specific remuneration.

5. Review and changes to this policy

The Remuneration and HR Committee will review this policy annually or as often as it considers necessary.

6. Approved and adopted

This policy was amended, approved and adopted by the Board on 23 August 2017.