

## **A Quick Guide to Firefinch Limited's Remuneration Policy**

### **Who does the policy apply to?**

All employees of Firefinch Limited, including the Board of Directors.

### **What is our remuneration policy?**

Firefinch seeks to provide competitive remuneration to attract, motivate and retain high quality individuals to deliver Firefinch's strategy. Our remuneration and incentive programs are structured to reward employees for their individual and collective contribution to our success, for appropriate risk-taking, for outperformance, and for creating and enhancing value for shareholders. We will align our remuneration and incentive programs with that of comparable organisations for roles at all levels of the Company.

### **What is our remuneration structure?**

Firefinch's remuneration and incentives structure comprises both fixed remuneration and performance-based or "at risk" remuneration, including: Remuneration in cash, Short Term Incentives, Long Term Incentive Scheme.

### **How does the policy apply to me?**

The policy gives you information on the basis for your remuneration, what "at risk" incentives are available, how and when these are paid, and various legal compliance obligations with respect to hedging "at risk" remuneration components and engaging with remuneration consultants.

### **What else does the policy cover?**

- Sign-on allowances
- Termination and redundancy payments
- Hedging of "at risk" remuneration components
- Principles for the remuneration of Non-executive Directors
- Remuneration consultants

### **Where can I find a copy of the policy?**

Human Resources personnel

### **Where can I get more information?**

Copies of the Short Term Incentive Scheme and Employee Awards Scheme are all available from the Human Resources personnel.

If you have a question, in the first instance, please speak with your Manager. Otherwise email your query to: [Info@firefinchltd.com](mailto:Info@firefinchltd.com)



# REMUNERATION POLICY

BY BOARD – 27 MARCH 2019

Firefinch Limited (“Company” or “Firefinch”) seeks to provide competitive remuneration to attract, motivate and retain high quality individuals in order to deliver Firefinch’s strategy. Our remuneration and incentive programs are structured to reward employees for their individual and collective contribution to our success, for appropriate risk-taking, for outperformance, and for creating and enhancing value for shareholders.

We will maintain relevant listing and regulatory requirements related to remuneration, benefits and incentives disclosure, and will seek to maintain the integrity of our practices through equality, consistency and transparency (as appropriate) across the Company. We will align our remuneration and incentive programs with that of comparable organisations for roles at all levels of the Company.

## 1. Remuneration structure

Firefinch’s remuneration and incentives structure comprises both fixed remuneration and performance-based or “at risk” remuneration. The key elements of this structure is outlined below

### FIXED

| Remuneration   |  |
|--|--|
| Based on:  | <ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Experience</li> <li>• Market conditions</li> <li>• Qualifications</li> <li>• Location</li> <li>• Comparable organisations</li> </ul>  |
| Purpose / Objective:                                     | To achieve role requirements including key competencies through the demonstration of value led behaviours.   |
| Time horizon:  | 1 year   |
| Delivered as:  | Cash   |
| Rules:   | <ul style="list-style-type: none"> <li>• Australian employees &amp; Senior Executive - External Remuneration Report as appropriate</li> <li>• Managing Director - At the direction of the Board</li> </ul> <p>Changes based on: market movements, company performance (incl. ability to pay) &amp; individual performance.</p>         |
| Paid / allotted:   | 1 July   |
| Authorisation for amendments / allocations / allotments: | <ul style="list-style-type: none"> <li>• Managing Director &amp; Senior Executives – Approved by Board.</li> <li>• All other employees – Approved by Managing Director and confirmation as to whether payments are in accordance with Remuneration Policy to Board where a Remuneration Committee has not been established.</li> </ul> |

## PERFORMANCE BASED / AT RISK

| Short term incentive ("STI")                             |  |
|--|--|
| Based on:  | <ul style="list-style-type: none"> <li>Achievement of annual individual key performance indicators ("KPI")</li> <li>Market conditions</li> <li>Continuous employment</li> </ul>  |
| Purpose / Objective:                                     | To encourage a high performance culture through employee ownership & accountability.<br>To reward performance based on achievement of KPIs.  |
| Time horizon:  | 1 year   |
| Delivered as:  | Cash   |
| Rules:   | <ul style="list-style-type: none"> <li>Australian employees, Senior Executive, Managing Director - Australian STI Rules. Calculated as a % of an employee's TFR.</li> </ul>  |
| Paid / allotted:   | August / September   |
| Structure:   | KPIs measured against Key Result Areas weighted to 100%: <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Delivering results</li> <li>Being Commercial</li> <li>Environmental</li> <li>Engaging People</li> </ul>   |
| Authorisation for amendments / allocations / allotments: | <ul style="list-style-type: none"> <li>Managing Director &amp; Senior Executives – Approved by Board (through the R&amp;N where one has been established)</li> <li>Other employees - Approved by Managing Director and notification to either the Board or R&amp;N whether payments are in accordance with Remuneration Policy.</li> </ul> |

| Long term incentive ("LTI")  |   |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
|--|---|--|--------------|--|--|--------------|--|-------------|------------------|--------------|--|-------------------|------------------------------------|--|
| Based on:  | <ul style="list-style-type: none"> <li>Achievement of annual individual KPIs each year for 3 years and total shareholder return ("TSR")</li> <li>Market conditions</li> <li>Continuous employment</li> </ul>  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Purpose / Objective:   | <ul style="list-style-type: none"> <li>To recognise the ongoing ability of employees &amp; their expected efforts &amp; contribution in the long term to the Company's performance and success.</li> <li>To provide an incentive to remain in employment in the long term.</li> <li>To attract persons of experience &amp; ability &amp; to foster &amp; promote loyalty between the Company &amp; employee.</li> <li>To provide employees with the opportunity to ultimately acquire shares in the Company.</li> </ul> |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Time horizon:  | 3 years (measured annually)   |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Delivered as:  | Equity over a 3 year period: Performance share rights, and/or options, and/or other similar securities  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Rules:   | <table border="0"> <tr> <td>Australian employees</td> <td>Pool C = 20%</td> <td rowspan="3">Awards Plan<br/>(% is applied to TFR &amp; market conditions &amp; increases with employee seniority)</td> </tr> <tr> <td></td> <td>Pool D = 10%</td> </tr> <tr> <td></td> <td>Pool E = 5%</td> </tr> <tr> <td>Senior Executive</td> <td>Pool B = 35%</td> <td></td> </tr> <tr> <td>Managing Director</td> <td>Pool A = 45% with approved formula</td> <td></td> </tr> </table>   | Australian employees   | Pool C = 20% | Awards Plan<br>(% is applied to TFR & market conditions & increases with employee seniority) |  | Pool D = 10% |  | Pool E = 5% | Senior Executive | Pool B = 35% |  | Managing Director | Pool A = 45% with approved formula |  |
| Australian employees   | Pool C = 20%  | Awards Plan<br>(% is applied to TFR & market conditions & increases with employee seniority) |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
|  | Pool D = 10%  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
|  | Pool E = 5%   |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Senior Executive   | Pool B = 35%  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Managing Director  | Pool A = 45% with approved formula  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Paid / allotted:   | <ul style="list-style-type: none"> <li>Managing Director – Upon shareholder approval</li> <li>All other employees – July/August</li> </ul>  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
| Quantum of Share Rights incentives to be calculated in accordance with formulae: | $2 \times \frac{\text{Total fixed remuneration} \times \% \text{ of TFR as set out above}}{20 \text{ day VWAP of Birimian quoted shares}}$  |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |
|  |   |  |              |  |  |              |  |             |                  |              |  |                   |                                    |  |

|  |   |
|--|---|
| Structure / Performance hurdles:                         | <ul style="list-style-type: none"> <li>• Employees: <ul style="list-style-type: none"> <li>- The delivery of TSR; &amp;</li> <li>- The delivery of specific goals.</li> </ul> </li> <li>• Managing Director &amp; Senior Executive: Roughly equal weight given to: <ul style="list-style-type: none"> <li>- The delivery of TSR; &amp;</li> <li>- The delivery of specific goals and outcomes extracted from Firefinch's Strategic Plan.</li> </ul> </li> </ul> |
| Authorisation for amendments / allocations / allotments: | <ul style="list-style-type: none"> <li>• Managing Director – Shareholders (By recommendation of the Board at the recommendation of the R&amp;N where one has been established)</li> <li>• All other employees – Board (through R&amp;N [if established] at the recommendation of the Managing Director)</li> </ul>  |

Fixed remuneration for executives and eligible senior employees is to be provided on a total cost basis providing flexibility to receive remuneration as cash, payments to superannuation or non-cash benefits such as novated lease vehicles. Where fringe benefits tax (“FBT”) is payable by the Company, the amount of FBT is to be included in determining the amount allocated to the total cost package.

Fixed remuneration will be set recognising the need to maintain flexibility to take into account an individual's experience, specialist skills and market demand for particular roles.

Total fixed remuneration comprises all components of an employee's salary excluding short and long term incentives.

## 2. Sign-on allowances

In order to attract certain exceptional candidates, it may be appropriate from time to time to pay a ‘Sign on’ or ‘Attraction’ allowance. Such allowance may be paid by way of performance rights or options. The Managing Director is to seek the approval of the Chairman of the Board or Chairman of the Remuneration Committee if one is established in advance of making any such offer to prospective employees.

## 3. Termination and redundancy payments

Termination and redundancy payments will be based on contractual obligations (where applicable), terms and conditions of employment or relevant statutory requirements, whichever affords the greater payment. The Managing Director may make additional discretionary redundancy payments to reflect the Company's goodwill in the separation of the relationship.

Where a termination payment is above one year's average annual base salary for Non-executive Directors, Senior Executives and any other person who holds a managerial or executive office in the Company during the current financial year and whose details were included in the Directors' report for the previous financial year, shareholder approval is required for those payments.

## 4. Hedging of “at risk” components

No employee or Director is permitted to hedge any unvested components of their equity based remuneration or any unexercised but vested option or share right.

## 5. Principles for the remuneration of Non-executive Directors

The total quantum available for the annual payment of non-executive Director fees is approved by shareholders in accordance with the requirements of the Company's Constitution and Corporations Act (“the Act”). The Board decides on the actual fees to be received by individual directors within the quantum approved by shareholders.

In setting the fees, the Board will have regard to market rates and the circumstances of the Company and consequent expected workloads of the directors.

Non-executive directors are remunerated by way of fees paid, including fees paid in recognition of membership on Board committees, superannuation and, in certain circumstances, participation in shareholder approved Non-executive Director incentive plans.

Participation of Non-executive Directors in the Company's LTI scheme will occur where the Board believes it is in the best interests of the Company, in particular where such inclusion may reduce the amount of cash remuneration that would otherwise be required to be paid to attract the appropriate calibre of directors.

## **6. Remuneration consultants**

In engaging a remuneration consultant<sup>1</sup> ("Consultant") for the purpose of providing a remuneration recommendation<sup>2</sup> to the Board regarding the remuneration arrangements for key management personnel<sup>3</sup> ("KMP") (including Senior Executives, Managing Director, and Non-executive Directors), the Board (through the Remuneration and Nomination Committee ("Committee")) will ensure that:

- a. the engagement of a Consultant is at the request of the Board or Committee [ if one is established];
- b. upon engagement, the Board / Committee and the Consultant will agree in writing the specific terms of reference for the engagement and the parameters around the consultant's interaction with employees and Non-executive Directors;
- c. any remuneration recommendations for KMP will be provided in writing directly to the Non-executive Chairman of the Board / Committee;
- d. arrangements are made to ensure that the Consultant is free from any undue influence by the KMP to whom the remuneration recommendation relates; and
- e. the information required in section 300A(1)(h) of the Act is included in the annual Directors' Report if a Consultant makes a remuneration recommendation in relation to any KMP during the financial year.

A Consultant engaged by the Board or Committee must not be contracted to provide services required by the Senior Executive, without prior approval from the Committee.

Engagement by the Company of its external auditor to provide remuneration recommendations requires the prior approval of the Committee.

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<sup>1</sup> A person who makes a remuneration recommendation under a contract for services with the Company to whose key management personnel the recommendation relates; and who is not an officer or employee of the Company. (CLs9)

<sup>2</sup> A recommendation about either or both of how much the remuneration should be and/or what elements the remuneration should have for one or more members of the key management personnel. None of the following is a remuneration recommendation:

- advice about the operation of the law (including tax law);
- advice about the operation of accounting principles (for example, about how options should be valued);
- advice about the operation of actuarial principles and practice;
- the provision of facts eg. market data;
- the provision of information of a general nature relevant to all employees of the company eg. designing a short-term incentive plan applicable to all employees of the Company. (CLs9B)

<sup>3</sup> Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. (AASB124)