

**Healius Limited**  
**Non-Executive Director**  
**Remuneration**  
**Policy and Procedure**

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## **1 POLICY**

### **1.1 Purpose**

This policy seeks to document Healius Limited's (the Company's) approach to setting the quantum and elements of remuneration for non-executive director (NED) roles.

The aim of this policy is to enable the Company to attract, retain and motivate the high calibre of NEDs required to adhere to high levels of corporate governance with the objective of achieving strong growth and sound returns for shareholders.

### **1.2 Overriding Intent**

It is the Company's intention to observe:

- high ethical standards,
- the laws of the countries in which the NEDs reside, and
- good corporate governance.

The views of stakeholders will also be taken into account in seeking to remunerate NEDs in a reasonable way, including taking into account the perspectives of shareholders and the NEDs themselves.

### **1.3 To Whom This Policy Applies**

This policy is intended to guide the setting of remuneration for the following roles:

- Board Chair,
- Other NEDs,
- Committee Chairs, and
- Committee members.

It does not cover executive roles or other service providers to the Company.

### **1.4 Elements of Remuneration**

NED remuneration may be composed of the following elements:

- Board fees,
- Committee fees,
- Superannuation contributions,

- Other benefits (if applicable), and
- Grants of Company equity (if and when considered appropriate).

Facilities such as directors insurance, expense reimbursements and parking provided to NEDs will not be counted as part of remuneration.

NED remuneration will not contain any performance related remuneration such as bonuses and performance rights. This aspect is to comply with the ASX Listing Rules and to ensure independence when making determinations in relation to executive incentive plans.

### **1.5 Aggregate Fees Limit**

The total amount of remuneration payable to NEDs in any financial year shall not exceed the amount approved by shareholders for such purposes. The amount is referred to as the fees cap or Aggregate Fees Limit (AFL).

Shareholders will be asked to approve higher AFLs when:

- a) The current total fees payable to NEDs is approaching the AFL and scope is needed to accommodate future increases in fees;
- b) Consideration is being given to appointing one or more additional NEDs and the current AFL will not allow additional NEDs to be remunerated at the levels currently applicable to the NED roles they will fill; and/or
- c) Consideration may need to be given to compensating NEDs for board work substantially in excess of the work levels normally expected, e.g. in considering or making a takeover offer.

In c) above, shareholder approval may be sought for a temporary increase in the AFL to address a specific circumstance.

### **1.6 Frequency of Review**

Unless otherwise dictated by Company circumstances or market practice, NED fees will be reviewed and adjusted to reflect market practice on an annual basis. This approach recognises that small regular adjustments are more likely to be acceptable to stakeholders than large irregular adjustments.

The shareholder approved AFL is the annual limit within which NED remuneration must be managed, pursuant to ASX Listing Rule 10.17. Approval of increases in the AFL will be sought from shareholders when needed so as to maintain sufficient headroom to allow the Board to continue to set reasonable market competitive remuneration levels for all NEDs.

### **1.7 Superannuation Inclusive Remuneration**

Board and committee fees shall be expressed as inclusive of company superannuation contributions. This ensures that the remuneration levels received by different NEDs are not affected by the extent, if any, to which the Company is obliged to make superannuation contributions for the NED. It also ensures that when required rates of superannuation are increased by the Government it does not result in additional cost for the Company or breach of the AFL.

### **1.8 Termination Benefits**

Termination benefits other than those accrued through superannuation contributions will not be provided to NEDs. This policy recognises the guideline contained in Principle 8 of the ASX Corporate Governance Council's publication Corporate Governance Principles and Recommendations.

### **1.9 Recognition of Work Variances**

It is recognised that the Board Chair and members of committees undertake additional board work to that undertaken by NEDs who are not members of committees. Accordingly, the Board Chair, Committee Chairs and Committee members may be paid additional remuneration (relative to other NEDs who do not fulfil these functions). The additional remuneration will take account of the additional work typically required of the role and comparable market remuneration practices.

Multiples may be applied to fees set for Board and Committee members, to determine fees for Chair roles, that is reflective of the additional workload expected of the roles, and which may take consideration of market practices.

### **1.10 Market Positioning of Remuneration**

Market rates of remuneration for NEDs will be determined by reference to companies having characteristics similar to those of the Company. Such characteristics shall include to the extent possible: companies that are listed on the ASX, company size as measured by market capitalisation, industry sector and geographic spread etc.

The policy level of cash-based remuneration (inclusive of superannuation) will be set by reference to P50 (50<sup>th</sup> percentile) of market practice. A fixed fee (Board Fee) should be paid for board participation for two classes of roles being Board Chair and other NEDs. Committee fees may be used to position the total fees paid to NEDs who contribute more to the work of the Board above P50 of the market, but less than P75.

In the circumstances that it becomes common market practice or is otherwise appropriate to the circumstances of the Company, equity may also form part of the remuneration of NEDs. Any package inclusive of equity should be set with reference to P75 of the market, so as to align with the policy applied to executives. Generally the amount of equity, if

offered, should be set with reference to the gap between P50 and P75 positioning. Equity will be provided on a fee sacrifice basis and will be counted towards the AFL.

### **1.11 Mix of Elements of Remuneration**

Superannuation contributions related to fees will be agreed between each NED and the Company, subject to those contributions being consistent with government regulations.

Any equity will generally be in the form of rights to shares in the Company and they will either:

- a) vest after a specified period of service and then be subject to disposal restrictions which will apply to both the rights and to shares acquired on exercise of the rights (service rights that become restricted shares) or
- b) be restricted rights which are not subject to vesting conditions but which are subject to disposal restrictions with disposal restrictions applying to the resulting shares (restricted rights that become restricted shares).

Vesting will not be related to performance so as to distinguish them from grants to executives and avoid possible conflicts of interest.

NEDs will not participate in the same equity plan as executives, since to do otherwise would be seen as compromising the independence of NEDs.

## **2 PROCEDURES**

### **2.1 Annual Review**

The Remuneration Committee will meet prior to the commencement of each remuneration year to determine whether:

- a) an increase in fees should be considered; and/or
- b) a thorough market benchmarking review should be undertaken.

### **2.2 External Information and Advice**

If b) above is to be decided upon, then the Remuneration Committee Chair will be charged with the responsibility to engage an external remuneration consultant (ERC) to provide the necessary information on relevant market practices and recommendations on adjustments that should be considered by the Board. The engagement will need to be in accordance with the Company's policy for engaging external remuneration consultants whensoever such a policy is in force.

### **2.3 Company Circumstances and Background**

The Remuneration Committee Chair will engage with other directors and executives of the company so as to:

- a) ensure that NED remuneration policies and practices are completely understood,
- b) determine the influences that may lead to any changes to NED remuneration practices (e.g. Corporations Act, ASX Listing Rules, ASX Corporate Governance Council Guidelines & Recommendations, Tax Act or ASIC Class Order changes),
- c) confirm the company circumstances in so far as they may impact a decision to adjust NED remuneration, and
- d) ascertain the views of proxy advisors and other stakeholders on remuneration for NEDs of the Company, from time to time.

### **2.4 Recommendations for the Board**

Once the Committee has received and considered the necessary remuneration information, referred to above, recommendations will be made by the Committee to the Board in relation to NED remuneration for the forthcoming year.

## **3 Document Change History**

Effective date 1 July 2015.