

Healius Limited
Short Term Incentive
Policy and Procedure

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1 POLICY

1.1 Purpose

The purpose of the short term incentive (STI) is to create a strong link between performance and reward by providing a variable/at risk element of executive remuneration that focuses on performance over a period of one year. Performance will generally relate to the company and/or business units and/or the individual. It will use goals to focus Senior Executives (defined as the Managing Director, other key management personnel (KMP) as defined under the Corporations Act who hold executive roles, direct reports to the Managing Director who are not KMP, if any, and others selected by the board) on achieving outcomes in specified areas that are expected to impact the performance of Healius Limited (the Company) in the short term.

1.2 STI Vehicle

The STI is effected through the Company's Short Term Incentive Plan (STIP). Company policy in relation to the STI is reflected in the Rules of the STIP and the following policy provisions.

1.3 Eligibility to Participate

Participants in the STIP will be Senior Executives and other employees from time to time selected to be offered participation.

Non-executive directors will not be eligible to participate in the STIP.

1.4 Invitation to Participate

Each year those Senior Executives selected to be offered participation in the STIP for a cycle will be provided with:

- a) An invitation to participate,
- b) A STIP statement indicating the key performance indicators (KPIs), their weightings, performance goals and award opportunities,
- c) An explanatory booklet, and
- d) A copy of the STIP Rules.

1.5 Measurement Period

The Measurement Period for each cycle will be aligned with the financial year of the company.

1.6 Performance Metrics

Short term incentives are intended to be a regular component of executive remuneration that create a link between performance and reward, over the short to medium term. The STIP is intended to reward Senior Executives for achieving outcomes that are expected to be strongly linked to increases in shareholder value through increasing the current or future value of the company. While personal effectiveness may be recognised as part of the individual performance metric the STI is mainly about delivering results that will increase company value and is less about effort, in the case of Senior Executives.

1.7 STIP Award Opportunities

STIP award opportunities will be expressed as percentages of Base Package (as defined under the Senior Executive Remuneration Policy) for delivering target performance. Target performance is a challenging but achievable level of performance in relation to a performance metric.

For non-binary metrics a range of outcomes may be recognised via the use of threshold and stretch performance outcomes. Threshold represents a near miss of a target level of performance that warrants a small STI award but below which no STI award will be payable.

Stretch represents an outstanding level of performance which will be aligned with a maximum award opportunity for the performance metric.

Pro-rata awards will apply for performance that falls between threshold and target and between target and stretch.

1.8 Entitlement to STIP Awards

Participants who are eligible for STI awards are those who:

- a) remain employees of the company up to the end of the Measurement Period, or
- b) ceased to be an employee during the Measurement Period and did not forfeit all of their award opportunity under the terms of the STIP Rules and/or offer.

1.9 Award Calculation

Soon after the end of the Measurement Period when the Company's accounts have been audited STI awards will be calculated having regard to actual performance relative to the performance goals set for each of the KPIs.

1.10 Board Discretion

The board recognises that with the benefit of hindsight the level of award calculated in relation to performance metrics may not be appropriate and therefore it reserves the right to adjust the level of awards after the end of the Measurement Period. In exercising this discretion the board will have regard to the circumstances that prevailed over the Measurement Period and the experience of shareholders.

1.11 Clawback

Any clawback policy may be applied to STI awards, as may be applicable from time to time.

1.12 Deferral

The board has discretion to determine, as part of any offer, that upon calculation of the awards some portion of the achieved STI is to be deferred into Deferred Rights (Rights which vest following the completion of a period of service, and which become Restricted Shares upon vesting) or Restricted Rights (Rights which are not subject to vesting conditions but which are subject to disposal restrictions and become Restricted Shares upon exercise). Should this occur the terms of the Rights will be advised to Participants at the time the deferral is effected.

1.13 Termination of Employment

Details as to the treatment of participants in the event of a termination of employment are dealt with in detail in the Rules of the STIP. Broadly, the policy is for a termination of employment to trigger a forfeiture of some or all of unearned STIP entitlements depending upon the circumstances of the termination. Amounts of unpaid STI that are not forfeited will be tested and potentially paid based on actual performance relative to the performance goals, following the end of the Measurement Period.

However the board retains discretion to trigger or accelerate payment or vesting of incentives, provided that the limitations on termination benefits as outlined in the Corporations Act are not breached (except in the case that shareholder approval has been obtained to do so).

1.14 Gate or Trigger

The board will consider when setting STI targets whether there should be a gate or trigger for any awards to become payable.

1.15 Review

The STI Policy and STIP Rules will from time to time be reviewed by the board for appropriateness to the then circumstances of the Company relative to comparable market

practices and best practice approaches as they evolve. As a guide, such a review may be undertaken every three years.

2 PROCEDURE

2.1 STI Award Opportunities

As part of the annual remuneration review process the board will confirm or change the target levels of STI award opportunities for Senior Executives.

2.2 Determination of KPIs, Weightings and Performance Goals

Close to the beginning of each Measurement Period the board will determine the KPIs, weighting and performance goals to apply to Offers to Participants for that period.

The Managing Director and other management roles may be involved in determining or advising on the KPIs, weighting and performance goals in relation to other participants, if any.

It would generally be the case that some adjustments to performance goals are required in each year, due to changing business circumstances, economic environment and forecasts, budgets and plans.

2.3 Invitation to Participate

Once the KPIs, weightings and performance goals are determined each eligible senior executive will be made and offer to participate in the next STIP cycle and acceptance of the offer will involve an agreement to be bound by the STIP Rules.

2.4 Determination and Payment of STIP Awards

Following audit sign-off of the Company's accounts and consultation with those parties that provide additional insight into Company, business unit and individual performance, the board will determine the awards to be paid. Payment will be via payroll and will have PAYG tax deducted if STI deferral does not apply, or may also include a grant of equity if STI deferral does apply to the Offer that the payment is being made in relation to (which may also necessitate shareholder approval in the case of executive directors). In some cases superannuation may also be deducted if appropriate (e.g. when the statutory contribution limit on superannuation that must be paid by the Company has not been met or is not being applied).

3 DOCUMENT CHANGE HISTORY

Effective 1 July 2016