



**PPK GROUP LIMITED
ACN 003 964 181**

**REMUNERATION POLICY FOR DIRECTORS &
EXECUTIVES**

1. INTRODUCTION

- 1.1 This is the Remuneration Policy for Directors and Executives of the Company (“**Remuneration Policy**”). The Remuneration Policy:
- 1.1.1 outlines the general terms and conditions of remuneration of directors and executives;
 - 1.1.2 was developed by the Board, with input from an external remuneration consultant; and
 - 1.1.3 is maintained and updated by the Remuneration and Nomination Committee of the Company.
- 1.2 Disclosure of specific entitlements and benefits of directors and executives will continue to be made by the Company as required by the Listing Rules and the law.

2. POLICY OBJECTIVE

- 2.1 The Company is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance statement in its annual report and pursuant to continuous disclosure requirements.
- 2.2 This Remuneration Policy has been:
- 2.2.1 established by the Board as a means of promoting transparency and understanding of its approach to director and executive remuneration;
 - 2.2.2 designed by the Board to reflect the different roles and responsibilities of non-executive directors, executive directors and executives; and
 - 2.2.3 designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, specific short-term incentives based on key performance areas affecting the Company and long-term incentives based on achieving specific metrics (ordinarily including shareholder value).

3. DIRECTOR & EXECUTIVE REMUNERATION

Remuneration of non-executive directors

- 3.1 Remuneration of non-executive directors is ultimately determined by the Board from the maximum amount available for distribution to the non-executive directors as approved by shareholders. The Board will duly consider any recommendation on this allocation by the Remuneration and Nomination Committee.
- 3.2 In determining the recommended appropriate level of directors' fees, data from surveys undertaken of other public companies similar in size or market sector to the Company and input from an external remuneration consultant are taken into account by the Remuneration and Nomination Committee.
- 3.3 Non-executive directors are:
- 3.3.1 remunerated by means of cash benefits or being granted service rights in lieu of those cash benefits; and
 - 3.3.2 not entitled to participate in performance-based remuneration practices unless approved by shareholders of the Company.
- 3.4 The Company may remunerate non-executive directors for past performance undertaken or for future service by the payment of additional cash benefits or the granting of additional service rights to reflect exceptional time commitments or responsibilities, but these would be approved by shareholders. The Company will not generally use options as a means of remuneration of non-executive directors.
- 3.5 The Company does not provide retirement benefits for its non-executive directors.
- 3.6 Non-executive directors are not required to hold any minimum shareholding in the Company.

Remuneration of executive director and executives

- 3.7 Executive directors do not receive directors' fees but are instead paid cash benefits as disclosed in the annual report.
- 3.8 The Company has a formal remuneration and nomination committee, responsible to the Board of the Company pursuant to the Remuneration and Nomination Committee Charter.
- 3.9 The Remuneration and Nomination Committee undertakes analysis and makes recommendations to the Board on remuneration of executive directors and executives. Accordingly, the Board of the Company remains ultimately responsible for approving the size and make-up of remuneration packages.
- 3.10 The broad remuneration policy objective is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and are designed to attract, retain and motivate executives of the highest quality and standard to enable the organisation to succeed.
- 3.11 A review of the compensation arrangements for executive directors and executives is conducted by the Remuneration and Nomination Committee on an annual basis each May, with due input from external advisers (such a remuneration consultants) where appropriate to ensure the compensation arrangements are reasonable and fair. Ultimately those recommendations are then considered by the Board of the Company each June.

- 3.12 The Board of the Company considers those recommendations based on established criteria including:
- 3.12.1 the individual's actual performance during the relevant period;
 - 3.12.2 reference to market data for broadly comparable positions or skillsets in similar organisations or industry sectors;
 - 3.12.3 the Company's financial and strategic performance during the relevant period; and
 - 3.12.4 the broad objectives of the Company, as set out in this Remuneration Policy.

4. COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR & EXECUTIVE REMUNERATION

- 4.1 A key aspect in the design of the Remuneration Policy is that it is intended to promote and achieve goal congruence between shareholders, directors and executives.
- 4.2 The two methods employed in achieving this aim are:
- 4.2.1 a performance-based short-term incentive bonus for executives, based on clearly specified key performance indicators (KPIs) which include achievement of short-term objectives; and
 - 4.2.2 the issue of performance rights or service rights as a means of long-term incentive, ordinarily with vesting conditions designed to encourage the alignment of personal and shareholder interests through a focus on medium and long-term objectives and strategic goals.
- 4.3 The measures selected as KPIs or vesting conditions for an individual are chosen by the Remuneration and Nomination Committee to ensure they directly align the individual's reward to the strategy and performance of the Company.
- 4.4 Eligible executives may be entitled to receive short-term incentive payments of no more than 50% of their remuneration package during each financial year in which they meet the KPIs pre-determined in consultation with the Board. If the executive departs the Company prior to payment, the short-term incentive is lost in full unless the Board resolves otherwise.
- 4.5 A significant proportion of eligible short-term incentive payments to an executive of the Company is:
- 4.5.1 linked to the financial management and delivery of the Company's financial objectives; and
 - 4.5.2 relate to non-financial performance measures which may include, for example, people, safety, strategy and risk measures having overall benefits for the consolidated entity.
- 4.6 Eligible executives (other than directors) may also be entitled to receive performance rights with a value equivalent to no more than 60% of their remuneration package during each full year of employment. Such performance rights are assessed by the Remuneration and Nomination Committee against the vesting conditions at the end of the measurement period (ordinarily three years). If the executive departs the Company prior to the end of the measurement period, the Remuneration and Nomination Committee will conduct an ad hoc assessment against the vesting conditions on a pro rata basis. All performance rights are subject to a clawback or malus provision.

- 4.7 Participating executives are prevented from hedging against the economic risk of participating in the long-term incentive plan.
- 4.8 The Board considers this broad policy to be appropriate and effective in:
 - 4.8.1 its ability to attract and motivate directors and executives of the highest quality and standard to manage the affairs of the Company; and
 - 4.8.2 increasing shareholder wealth through the retention of quality employees committed to the long-term objectives of the Company.

Amended: December 2021