



# Remuneration Policy

MotorCycle Holdings Limited (ACN 150 386 995) (the **Company**)

**Revised | 1 December 2022**

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## 1 Authority

- 1.1 This Policy is authorised by the Board and forms part of the Board's risk management framework.

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## 2 Purpose

- 2.1 The purpose of this Policy is to ensure that remuneration across the Company and its wholly owned subsidiaries (the **Group**) is set at levels sufficient to recruit and retain capable, qualified, and experienced staff while taking into account factors such as market relativity, affordability, and risk to the Company. The Policy describes the responsibilities of the Board, the Nomination and Remuneration Committee, and the Managing Director in setting and implementing remuneration policy and provides a clear framework within which issues of remuneration can be considered on a consistent, logical, and fair basis.

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## 3 Scope

- 3.1 In this Policy remuneration refers to all benefits employees are entitled to under the terms of their employment agreements that incur a current or future cost to the Group. Thus, remuneration includes base pay, non-cash benefits (e.g., phone, motor vehicle, fuel), cash and non-cash entitlements under performance-based incentive plans, company share and option schemes, superannuation, and benefits on retirement or termination.
- 3.2 This policy applies to the remuneration arrangements for all employees of the Group including the Managing Director, members of the Senior Management Team, and direct reports to the Managing Director.
- 3.3 This policy does not apply to the remuneration arrangements for Board members which are set out in a separate policy on Non-executive director remuneration.

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## 4 Responsibilities

- 4.1 The Board has established a Nomination and Remuneration Committee (NRC) to advise it on remuneration matters and has approved a Charter under which the NRC operates. The NRC is responsible for reviewing this Policy annually and for recommending any changes it considers appropriate to the Board. This policy is to be read in conjunction with the NRC Charter.
- 4.2 The NRC is responsible for recommending to the Board the remuneration of the Managing Director.
- 4.3 The Board has delegated to the Managing Director, the authority to set the management structure and allocate management functions for Motorcycle Holdings and the Group in such a way that best enhances the effectiveness of the organisation. The Board expects any proposals to make significant changes to the management structure would be discussed by the Managing Director with the NRC in advance.
- 4.4 Subject to the specific provisions of section 9 below the Managing Director is delegated authority to employ and remunerate staff within the general terms of this policy and the annual operating budget approved by the Board.

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## 5 Policy

- 5.1 It is the policy of the Group that:
- (a) Remuneration should be set at levels that reflect the relative size of the position, the remuneration range for positions of equivalent "size" in the relevant market, the performance of the person holding the position, and any position-specific factors such as location or strategic importance of the role to the Group.
  - (b) Remuneration levels must reflect what the Group can afford. The Board through the NRC will provide the Managing Director with advice on affordability, and this must be factored into the Managing Director's annual review of remuneration.

- (c) Remuneration packages may comprise a mix of base pay, performance related pay, and other benefits where this is consistent with the structure of packages for similar sized roles in the market. Such mixed remuneration packages must take into account the value of all elements of the package.
- (d) Remuneration packages, including any performance-based component, must not compromise the independence of any risk and financial control officers of the Group.
- (e) Where a package includes a variable performance-based component the package must be structured to:
  - (i) Motivate the employee to achieve corporate and personal key performance indicators that demonstrably contribute to the Group's overall strategic direction and medium to long term financial performance objectives.
  - (ii) Encourage the employee to work within the Group's risk management framework.
  - (iii) Specify measurable, objective, verifiable performance targets which have to be met or exceeded before any additional payment is due.
  - (iv) Specify a measurement period that takes into account the time to observe the real outcomes of the employee's business activities and efforts.
  - (v) Not motivate the employee to take extreme risks to achieve short term performance targets that could jeopardise the financial stability and viability of the Group in the medium to long term.
  - (vi) Provide for the Board to set aside part or all of the performance-based payments due if in its judgment this is necessary to protect the financial soundness of the Group or address unintended and unforeseen consequences when the performance-based measures were originally formulated.
- (f) Where a package includes equity or equity linked deferred remuneration the package must be structured to forbid the employee leveraging the equity in any way until it is fully vested. The Group will cancel the vested equity and rights to future equity of any employees found to be in breach of this provision of the Policy.

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## **6 Implementation**

- 6.1** The Board has delegated implementation of the Remuneration Policy to the Managing Director.
- 6.2** It is the responsibility of the Managing Director to determine the number of positions required in the Group according to the needs of the Group
- 6.3** It is the responsibility of the Managing Director to establish the size of each position so that the remuneration range of equivalent sized positions can be determined by reference to the relevant market.
- 6.4** Size is to be determined by application of a formal job evaluation methodology which includes reference to objective factors such as number of staff reporting to the position, amount of the

budget managed by the position, level of expertise or qualifications required to perform the functions of the position, extent of management discretion in the position, etc.

- 6.5** The Managing Director is authorised to engage specialist Job Evaluation advisors to assist him to establish the size of positions where he considers it necessary.
- 6.6** The particular market against which a position is to be referenced must take into the account the sector and subsectors in which the Group operates such as the banking or financial services sector – accounting, IT, risk management, credit control, etc.
- 6.7** It is the responsibility of the Managing Director to ensure that there is a formal Performance Assessment procedure in place for all employees with variable performance-based elements included in their remuneration.
- 6.8** It is the responsibility of the Managing Director to present to the NRC each year the approach he wishes to take to in setting remuneration for the next year. The Committee will consider the presentation and make a recommendation to the Board for a final decision.
- 6.9** The Managing Director’s presentation must cover:
- (a) The increase in remuneration sought across the entire Group with the rationale for the level of increase and taking into account the latest financial reports and year end forecasts.
  - (b) The adjustments to remuneration the Managing Director proposes for the Senior Management Team, including:
    - (i) The current remuneration level for each position presented as components of remuneration including fixed base pay and variable performance pay.
    - (ii) The proposed increase in remuneration for each position.
    - (iii) The assessed performance of each employee against the performance indicators for their position.
    - (iv) The employee’s contribution to their specialist function and to the collective team effort.
    - (v) Any alteration in the market against which the positions are benchmarked.
  - (c) Subject to board approval of the Managing Director proposal’s, the Managing Director has delegated authority to implement the increases.
  - (d) By way of guidance the Board generally expects that remuneration for new appointees should be pitched at between 80% and 90% of the market-related remuneration range for the position, for employees with 5 years’ service or more and whose performance meets expectations 90% to 100% of the range, for employee with 5 years’ service or more and whose performance exceeds expectation 100% to 110% of the range and for long serving employees who consistently perform at levels far exceeding expectations 110% to 120% of the range.

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## **7 Other**

- 7.1** It is the responsibility of the Managing Director to establish procedures to address complaints from individual employees in relation to the administration of this policy.
- 7.2** Consistent with the general provisions of this policy the Board expects the Managing Director to provide training and development opportunities for staff and ensure that staff showing potential are prepared for promotion to higher roles as vacancies occur across the Group.