



THE RPM GROUP

# REMUNERATION POLICY

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RPM AUTOMOTIVE GROUP LIMITED  
ACN 002 527 906



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# 1. INTRODUCTION

This policy sets out the general remuneration strategies of the Company.

The Remuneration Committee (or the full board where there is no Remuneration Committee) shall perform its duties and activities in line with these strategies and shall review and reassess the policy at least annually.

# 2. GENERAL DIRECTOR REMUNERATION

- (a) Shareholders approve the maximum aggregate remuneration that may be paid to non-executive Directors of the Company. The maximum aggregate remuneration approved for non-executive Directors is currently \$500,000.
- (b) The Board shall set individual non-executive Director fees within this defined limit.
- (c) Shareholder approval must be obtained in relation to any change to the overall limit set for non-executive Directors' fees.
- (d) Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a Director to participate in an equity scheme, that participation must be approved by the shareholders.
- (e) All Directors are entitled to have their indemnity insurance paid by the Company.

# 3. EXECUTIVE AND SENIOR MANAGEMENT REMUNERATION

The Company's remuneration policy for executive Directors (including the Chief Executive Officer/ Managing Director) and senior management is designed to promote superior performance and long term commitment to the Company.

Executives receive a base remuneration which is market related and may also be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and its shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee (or the full board where there is no Remuneration Committee) having regard to performance, relevant comparative information and, where necessary, expert advice and in line with the processes outlined in Annexure B – Performance Evaluation Procedures.

The Company's reward policy reflects the benefits of aligning executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- (a) remuneration is reasonable and fair, taking into account the Company's obligations at law, the competitive market in which the Company operates and the relative size and scale of the Company's business;
- (a) individual reward should be linked to clearly specified performance targets which should be aligned to the Company's short term and long term performance objectives; and
- (b) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive Directors (including the Chief Executive Officer/Managing Director) and other senior managers may consist of the following:

- (a) salary - executive Directors and senior managers may receive a fixed sum payable monthly in cash;
- (b) bonus - executive Directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - executive Directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- (d) other benefits - executive Directors and senior managers are eligible to participate in superannuation schemes.

## 4. NON-EXECUTIVE DIRECTOR REMUNERATION

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Remuneration Committee (or the full board where there is no Remuneration Committee) recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration for non-executive Directors is currently \$500,000.

The total remuneration of non-executive Directors may consist of the following:

- (a) fixed cash fees, the level of which reflect the time commitment and responsibilities of the role of a non-executive Director;
- (b) superannuation contributions in line with the relevant statutory requirements;
- (c) non-cash benefits in lieu of fees such as equity or salary sacrifice into superannuation; and
- (d) equity-based remuneration where the Committee and Board deem that the issue of securities will align the interests of the Company's non-executive Directors with those of other security holders. It is recognised that non-executive Directors' remuneration is ideally structured to exclude equity based remuneration with performance hurdles attached as it may lead to bias in decision making and compromise objectivity.

However, whilst the Company remains small and the full Board, including the non-executive Directors, are included in the day-to-day operations of the Company more than what may be the case with larger companies, the non-executive Directors are entitled to participate in equity based remuneration schemes.

Non-executive Directors of the Company are not entitled to any retirement benefits other than superannuation.

## 5. PROFIT PARTICIPATION PLAN

Performance incentives may be offered to executive Directors and senior management of the Company through the operation of a profit participation plan at the ultimate discretion of the Board of the Company.

# **RPM AUTOMOTIVE GROUP LIMITED**

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