



APIAM ANIMAL HEALTH LIMITED

ACN 604 961 024

REMUNERATION POLICY

1. BACKGROUND

1.1 Overview

This is the remuneration policy (**Policy**) established by the board of directors (**Board**) of Apiam Animal Health Limited ACN 604 961 024 (**Company**). The Company is committed to attracting and retaining the best people to work in the organisation, including directors and senior management.

1.2 Policy Objectives

- Ensure that the mix and balance of remuneration is appropriate to attract, motivate, reward and retain senior executives;
- Provide a fair and competitive (internal and external) fixed annual remuneration for all positions;
- Ensure that the mix of fixed and variable remuneration is appropriate and aligned with market expectations;
- Align executive rewards to shareholder value accretion by providing appropriate equity (or equivalent) incentives to selected senior executives and employees linked to long-term company performance and core values;
- Provide competitive total rewards to attract and retain appropriately skilled executives in the relevant markets that Apiam operate;
- Have a meaningful portion of remuneration at risk, dependent upon meeting pre-determined, appropriate performance benchmarks for both short (annual), and long-term incentives; and
- Ensure alignment with the Company's values and diversity targets.
- Ensure compliance with all relevant legal and regulatory provisions.

2. SCOPE

This policy applies to non-executive directors, executive directors and senior executives.

3. KEY CONCEPTS

3.1 Responsibility

The Remuneration and Nomination Committee (the **RNC**) is responsible, amongst other things, for assisting the Board to determine the appropriate reward structure and remuneration for the executive directors and senior executives.

3.2 Executive Remuneration Structure

Remuneration for the executive directors and senior executives may incorporate fixed and variable pay performance elements with both a short term and long term focus.

The remuneration framework comprises of **three** principal elements:

- a fixed component, consisting of a base salary (fixed annual remuneration, FAR);
- a performance-based variable 'at risk' component, comprising of cash or shares earned

annually as short-term incentives (STI);

- a performance and service based, variable 'at risk' component, comprising of cash or shares earned over three-year periods as long-term incentives (LTI);
- other benefits – such as holidays, sickness benefits, superannuation payments and long service benefits;
- expense reimbursement – for any expenses incurred in the course of the executive's duties; and
- termination payments – any termination payments should reflect contractual and legal obligations and will not be made when an executive is removed for misconduct.

3.3 Fixed Annual Remuneration

Fixed annual remuneration is reviewed annually in line with the approved budget.

To be eligible for an annual review of fixed remuneration, executive directors and senior executives must have at least six months of continuous service prior to the effective date, have received a minimum on target performance rating, not received an out of cycle remuneration increase in the previous six months and not given notice of termination or resignation.

A review of fixed annual remuneration would generally not take place outside of the annual salary review process. However, in exceptional circumstances the remuneration of the executive directors or senior executives may be reviewed to ensure retention and market competitiveness.

Fixed annual remuneration will be competitive with the external market. Apiam aims to compensate executive directors and senior executives at the market median.

3.4 Short Term Incentives

Short term incentives (STI) will be utilised to reward senior executives for meeting performance criteria set by the Board at the beginning of the annual performance period.

When establishing the annual key performance indicators (KPI's), consideration will be given to targets that are aligned to the business strategy and include an appropriate mix of financial and non-financial KPI's utilising a modified Balanced Scorecard approach.

The STI payment will be made in cash and/or shares (inclusive of any superannuation components) after finalisation of the Company's audited results.

3.5 Long Term Incentives

Long term incentives (LTI) will be utilised to encourage retention and to align the interests of senior executives with shareholders. LTI's also provide an incentive and reward for performance over a sustained period.

LTI's will be offered on an annual basis and will be granted following a minimum three-year service restriction and after delivery of three years' performance.

The Board will establish the performance targets which can be reviewed annually.

3.6 Remuneration Reviews

Remuneration for the Managing Director will be reviewed by the Board each year.

The Managing Director will review remuneration for all senior executives each year in line with the annual performance cycle. The **RNC** will make any recommendation to the Board in consideration of company results, individual performance, relevant comparative remuneration in the external market and any recommendations made by remuneration consultants.

3.7 Remuneration for non-executive directors

Remuneration for non-executive directors may contain any or all of the following:

- (a) annual fees - reflecting the value of the individuals' personal performance, time commitment and responsibilities of the role;
- (b) equity based remuneration - issues of shares or securities, reflecting the contribution of the Director towards the Company's medium and long term performance objectives;
- (c) other benefits – superannuation payments, but not including retirement benefits that are additional to the individual's superannuation.

3.8 Economic risk management for equity participation schemes

If a participant in an equity-based remuneration scheme established by the Company enters into any transactions (whether through the use of derivatives or otherwise) which is designed to limit the economic risk of participating in the equity based remuneration scheme:

- (a) the participant must disclose details of the transaction to the Company Secretary;
- (b) the Company Secretary will disclose to the Board all details of any such economic risk management transactions; and
- (c) the Board will consider:
 - (i) whether the participant is a key management personnel and if so whether there has been a breach of any law;
 - (ii) whether the equity based remuneration scheme should be amended; or
 - (iii) whether future participation of the senior executives in the equity based remuneration scheme should be amended in any way.

4. OTHER MATTERS

4.1 Amendment of policy

This Policy can only be amended with the approval of the Board.

4.2 Adoption of Policy and Board review

This Policy was updated by the Board on 28 April 2022.