



TOPTUNG LIMITED

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8. REMUNERATION CHARTER

1.0 ORGANISATION AND ROLE

Due to the size and nature of the Company, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the Remuneration Committee. The Company has adopted a Remuneration Charter setting out the Board processes that would otherwise be considered by the Remuneration Committee.

In addition all matters of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is, no Director will participate in deliberations regarding their own remuneration or related issues.

The role of the Remuneration Charter (**Charter**) is to assist the Board of Directors (**Board**) in establishing policies and practices which:

- (a) enable TopTung ("the Company") to attract and retain capable Directors and employees who achieve operational excellence and create value for shareholders; and
- (b) reward employees fairly and responsibly, regard being had to the results of the Toptung Group, individual performance and general remuneration conditions.

2.0 DUTIES

2.1 THE DUTIES OF THE BOARD WITH REGARD TO THE REMUNERATION CHARTER ARE:

- (a) review the Company's remuneration policies, including short-term incentives and equity awards;
 - (b) oversee the formulation and review of the Company's organisational development, and succession planning for any appointed Chief Executive Officer (**CEO**) and senior executives;
 - (c) consider whether, and if so when, shareholder approval of aspects of the remuneration policy is required; and
 - (d) ensure that the Company meets its disclosure obligations in respect of remuneration matters as required under the ASX Listing Rules and the Corporations Act.
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2.2 DIRECT REPORTS TO THE EXECUTIVE CHAIRMAN OR CEO

The Board will approve:

- (a) the appointment and the removal of executives who report directly to the Executive Chairman or CEO; and
- (b) the specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments, services contracts) of the executives who report directly to the CEO.

In approving any incentives for executives the Board will ensure that these have been designed to encourage the pursuit of growth and success of the Company without taking undue risks.

2.3 EXECUTIVE DIRECTORS/CEO

The Board will review:

- (a) the specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments, services contracts) of any appointed CEO and any other Executive Directors;
- (b) the criteria for, and the evaluation of, the performance of any appointed CEO; and
- (c) succession plans.

In approving any incentives for executive directors/CEO the Board will ensure that these have been designed to encourage the pursuit of growth and success of the Company without taking undue risks

2.4 EMPLOYEE EQUITY-BASED PLANS

The Board will:

- (a) monitor and consider recommendations in respect of the design and implementation of all equity-based plans, including performance hurdles and incentive pool amounts vesting terms and company contributions (if any);
- (b) review these plans at least annually; and
- (c) in relation to each equity-based plan, consider from time to time whether awards should be made under it and the amount thereof.

The Company has determined that any participants in an equity-based remuneration plan of the Company will not be permitted to enter into transactions (through derivatives or otherwise) which limit the economic risk or participating in the plan.

2.5 REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Board will:

- (a) review annually the compensation of the Chairman and non-executive Directors and for that purpose consider obtaining external advice either directly or through management on market practice for the remuneration
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of Directors;

- (b) consider whether there are circumstances in which compensation or additional remuneration may be appropriate in the case of any particular Director;
- (c) ensure that the total remuneration paid to Directors each year inclusive of superannuation contributions does not exceed the fee ceiling limit approved by shareholders in general meeting; and
- (d) ensure that the remuneration of Directors and disclosure relating to that remuneration complies with the requirements of the ASX Listing Rules and the Corporations Act;
- (e) ensure that any incentives granted to non-executive directors do not conflict with their obligation to bring an independent judgement to matters before the Board.

Non-executive directors will not be entitled to retirement benefits other than any unpaid superannuation entitlements under the Superannuation Guarantee Levy.

2.6 OTHER DUTIES

The Board will:

- (a) at least annually review this Charter and will then consider whether any changes are appropriate;
- (b) review the Company's annual Remuneration Report to ensure it complies with the ASX Corporate Governance Principles and Recommendations;
- (c) review all reporting by the Company of its remuneration policies and practices including valuations applied to equity plans.

Approved by the Board

29 June 2015
