

AUSTRALIAN VINTAGE LIMITED

REMUNERATION POLICY

Audience

This policy applies to all directors and staff members of Australian Vintage Ltd (AVL) located anywhere in the world.

AVL staff are expected to be familiar with, and to comply with this policy and any related/ancillary policies that apply to their business unit.

Objectives

The aim of this policy is to provide remuneration principles and guidelines for AVL executive and non-executive directors and members of staff.

Scope

This document outlines the policy that is approved by the Board of Directors.

Related documentation:

- Code of conduct
- Remuneration Committee Charter / Board Charter
- Diversity Policy
- Performance and Salary Appraisal process

Next Review

- AVL will monitor and review this policy as required to assess its effectiveness and compliance with the law at the time.
- This policy is reviewed annually by the Remuneration Committee or otherwise as the Board may request from time to time.
- The UK and Hong Kong branches of AVL and any other international branches or internationally based staff may have additional requirements to ensure compliance with local requirements.

1 Policy Statement

Generally

- 1.1 The key objectives of this policy are to ensure that AVL:
- (a) Appropriately compensates employees for the services they provide to AVL;
 - (b) Provides a flexible and competitive remuneration structure which is:
 - (i) referenced to appropriate benchmarks;
 - (ii) reflects market practice;
 - (iii) is tailored to the specific circumstances of AVL, so as to attract, motivate and retain highly skilled directors, executives and staff generally;
 - (c) Motivates employees to perform in the best interests of AVL and its stakeholders;
 - (d) Determines remuneration in a way that ensures a level of equity and consistency across AVL; and
 - (e) Complies with all relevant legal requirements.

Executives and Senior Managers

- 1.2 Specifically, with respect to Executives and senior management the objectives of AVL's remuneration policy are wherever possible to:
- (a) Apply demanding key short term and long term performance indicators (KPIs) including financial and non-financial measures of performance;
 - (b) Demonstrate a clear relationship between individual performance and remuneration;
 - (c) Apply an appropriate balance between fixed and variable remuneration, reflecting the short and long term performance objectives appropriate to AVL's circumstances and goals;
 - (d) Link rewards to the creation of value to shareholders; and
 - (e) Limit severance payments on termination to the amounts required under applicable statute or pre-established contractual arrangements (as applicable) that do not commit the business to making unjustified payments in the event of non-performance and ensure that AVL complies with the requirements of the relevant law.

2 Decision making Responsibilities

- 2.1 The shareholders in general meeting approve the aggregate remuneration for non-executive Directors.
- 2.2 The Remuneration Committee is responsible for making decisions in respect to the remuneration of directors and, in particular the CEO.
- 2.3 The CEO is ultimately responsible for:
- (a) Making recommendations to the Remuneration Committee relating to the remuneration of senior Executives; and
 - (b) Decisions relating to the remuneration of all staff.
- 2.4 The CEO:

- (a) Delegates responsibility for decisions relating to remuneration to line managers / supervisors; and
- (b) May only make decisions relating to remuneration which are consistent with approved budgets (unless the Board approves otherwise).

3 Non-executive directors' remuneration

3.1 This section of this policy applies to the determination and review of the remuneration of non-executive directors of Australian Vintage Ltd.

3.2 Non-executive directors receive fees (including statutory superannuation /pension / national insurance etc. as applicable) for their services plus the reimbursement of reasonable expenses.

Non-executive directors' fees are reviewed annually and are determined by the Board (following consultation with the Remuneration Committee) having regard to fees paid to non-executive directors of comparable companies, and where considered necessary the Board may seek external advice on this subject.

3.3 The Board aims to set the aggregate remuneration at a level which provides AVL with the ability to attract and retain highly competent non-executive Directors. The aggregate remuneration level is determined from time to time by shareholders in general meeting, in accordance with AVL's Constitution and the ASX Listing Rules. An amount not greater than the aggregate amount is then apportioned between the non-executive directors as agreed, taking into account market comparisons, the director's responsibilities, and the time spent by the non-executive directors on AVL matters.

3.4 The maximum aggregate of non-executive director remuneration paid to non-executive directors of AVL must not exceed the amount approved by the shareholders.

3.5 Non-executive directors do not receive performance-based bonuses.

3.6 No separate director's fee will be paid to any executive director of AVL or any of its subsidiaries.

3.7 Directors' fee payments to Non-Executive Directors are determined on a basis which is fully inclusive of any legislated superannuation/pension /national insurance and other applicable statutory payment obligations.

3.8 The Company will pay the minimum superannuation/pension / national insurance and other applicable statutory contributions required under any applicable legislation to avoid any penalty, charge, tax or impost to non-executive directors.

3.9 Non-Executive Directors are not entitled to retain retirement benefits beyond the statutory obligations which are required to be met by AVL subject to any existing benefits that have been approved by the Board and / or shareholders as required .

4 Responsibilities of Managers/Supervisors in respect to remuneration for non-executive employees

4.1 The responsibilities of managers/supervisors in respect to remuneration for non-executive employees should wherever possible include:

- (a) Ensuring accurate role descriptions are in place, with sufficient detail on elements required to allow consistent assessments and comparison to be undertaken;
- (b) Conducting effective assessments of employee performance; and

- (c) To optimize alignment with AVL's remuneration practices and other employment matters.

4.2 Unless a position is not within the relevant budget / plan, approval for agreements will be through the relevant head of department. Approval to employ or create any position which is not within the relevant budget /plan must be obtained from the CEO who must seek the approval of the Board if the expense is outside the limits of the CEO's discretions as set from time to time by the finance/delegation policies.

5 Employee remuneration principles

- 5.1 In determining remuneration budgets / planning for staff resourcing etc. AVL takes into account the performance of the business and each business unit.
- 5.2 Remuneration may comprise elements of fixed remuneration and performance-based (at-risk) remuneration.
- 5.3 Generally those employees that have an element of their remuneration at-risk must complete the qualifying period i.e. the probation period, after which they are eligible to participate in any performance based (at risk) remuneration.
- 5.4 The proportion of an employee's total remuneration that is at-risk generally increases with seniority and with the individual's ability to impact the performance of AVL. At-risk elements of total remuneration may comprise both short-term incentives as a reward for performance and long-term incentives that align medium and long-term shareholder interests. The long-term incentive structure also encourages retention of high performance employees in the organisation.
- 5.5 There may be different methodologies for determining at-risk remuneration for different roles. In particular, the CEO's long and short term incentives will be determined by the Board with the advice of the Remuneration Committee.
- 5.6 An annual performance review process assesses the degree to which each employee is satisfying the requirements of his/her role and the degree to which established performance objectives have been achieved.
- 5.7 Total Remuneration Packages (TRP) comprise a combination of base salaries, super/pension and incentives. Accordingly in determining fixed and variable components of TRP, AVL may include elements of market and performance consideration as well as reflecting a principle strategy of discriminating for superior performance.
- 5.8 AVL operates on an August to July 'pay year'. Salary reviews are undertaken at the end of each 'pay year' for implementation (if applicable) in the following pay year.

6 Executive remuneration

Remuneration composition

- 6.1 The Company aims to reward the CEO and senior Executives with a level and mix of remuneration commensurate with their position and responsibilities within AVL, and so as to:
 - (a) Reward them for business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
 - (b) Align their interests with those of shareholders;
 - (c) Link their reward with the strategic goals and performance of AVL; and
 - (d) Ensure their total remuneration is competitive by market standards.

- 6.2 In determining the level and make-up of the CEO's and senior Executive's remuneration, the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given remuneration trends of other companies, from which the recommendations are made to the Board.
- 6.3 Remuneration consists of both fixed and variable remuneration components.
- 6.4 The variable remuneration component consists of a Short-term Incentive Plan ("STIP") and may include a Long-term Incentive Plan ("LTIP"). The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) is established for the CEO and each senior Executive.
- 6.5 The CEO's remuneration package is subject to Board approval.
- 6.6 Senior Executive remuneration packages must be approved by the CEO within the budgetary limits determined by the Board from time to time.
- 6.7 Remuneration packages may contain any or all of the following:

(a) Fixed annual remuneration:

- (i) which is based on conditions and the relevant market;
- (ii) with provision to recognise the value of the individual's personal performance and their ability and experience; and
- (iii) structured so the CEO and senior Executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits such as a motor vehicle and car parking. The total employment cost of any remuneration package, including fringe benefits tax, is taken into account in determining this fixed annual remuneration.

(b) Variable remuneration - short term incentive plan ("STIP"):

- (i) comprising special targeted short term incentive payments and other measures available to reward individuals and teams following a particular outstanding business contribution; and
- (ii) with the objective to link the achievement of annual operational targets with the remuneration received by the CEO and senior Executives charged with meeting those targets.
- (iii) the total potential STIP available is set at a level so as to provide sufficient incentive to the CEO and senior Executives to achieve the operational targets such that the cost to AVL is reasonable in the circumstances.
- (iv) actual STIP payments granted to the CEO and each senior Executive depend on the extent to which specific operating targets, set at the beginning of the year, are met.

The operational targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial measures of performance.

(v) typically, KPI's and assessment criteria include:

- meeting of pre-determined growth in revenues /consolidated net profit after tax over the prior year;
- meeting strategic and operational objectives; and

- assessed personal effort and contribution.
- (vi) AVL applies predetermined benchmarks which must be met in order to trigger payments under the STIP, with the measures chosen so as they directly align the individual's STIP reward to the KPI's of AVL and to its strategies and performance.
- (c) Variable remuneration - long term incentive plan ("LTIP"):
- (i) AVL's LTIP shall be designed to link the CEO and senior Executives' reward with key performance indicators that drive sustainable growth in shareholder value over the long term.
- (ii) The objectives of the LTI Plan are to:
- align the CEO's and senior Executives' incentives with shareholders' interests;
 - balance the short term with the long term Company focus; and
 - retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of AVL mindset.
- (iii) Under the LTIP, the CEO and senior Executives may at the Board's discretion and in accordance with the LTIP be granted performance rights or share options. An offer may be made under the LTIP to the CEO and senior Executives each financial year and is based on individual performance as assessed by the annual appraisal process.
- (iv) The Remuneration Committee reviews all nominated senior Executives with participation subject to final Board approval.
- (v) In accordance with the ASX Listing Rules approval from shareholders is obtained before participation in the LTIP commences for any Executive Director (including the CEO).
- (vi) Each grant of performance rights is subject to specific performance hurdles. The extent to which the performance hurdles have been met will be assessed by the Board at the expiry of a four year Performance Period.
- (vii) The Board has retained the discretion to vary the performance hurdles and criteria.

6.8 Other benefits such as additional holidays in excess of statutory requirements may be utilised from time to time with the consent of the CEO

7 Setting remuneration and establishing review protocols for the CEO

7.1 Each year the Remuneration Committee will:

- (a) Review the remuneration of the CEO (including base pay, STIP and LTIP payments, equity based awards, superannuation and other retirement rights, employment contracts);
- (b) Make recommendations to the Board for any changes to the CEO's remuneration package; and
- (c) Recommend proposed STIP and / or LTIP performance awards after performance evaluation procedures.

- 7.2 The Remuneration Committee's review will consider individual performance, comparative remuneration in the market and where appropriate, external advice.
- 7.3 The Remuneration Committee will provide this information together with a recommendation to the Board for consideration.
- 7.4 The Remuneration Committee will work with the CEO to determine the appropriate level and structure of the respective remuneration packages of the senior Executive team.
- 7.5 Each year the Remuneration Committee will:
- (a) Review the remuneration of senior Executives (including base pay, STIP and LTIP payments, equity based awards, superannuation and other retirement rights, employment contracts);
 - (b) Make recommendations to the Board for any changes to those remuneration packages; and
 - (c) Recommend proposed STIP and / or LTIP performance awards after performance evaluation procedures on the recommendation of the CEO.
- 7.6 The CEO's review will consider individual performance, comparative remuneration in the market and where appropriate, external advice.
- 7.7 The Remuneration Committee will provide this information together with a recommendation to the Board for consideration.
- 7.8 The Remuneration Committee also:
- (a) Recommends to the Board for approval the size of bonus / incentive pools as part of AVL's annual plan based on consideration of pre-determined business performance indicators;
 - (b) Reviews and notes annually the remuneration trends across AVL;
 - (c) Ensures they are aware of and advise the Board on any major changes in employee benefit structures throughout AVL; and
 - (d) Recommends to the Board for approval remuneration arrangements outside of policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.

8 Termination payments

Termination payments are based on specific contractual arrangements as set out in each Employees Terms and Conditions of Employment and any relevant legislative industrial instruments. The basis for determining entitlements in the event of termination is consistent with the contractual obligations set out in those documents.

9 Disclosure of remuneration

- 9.1 AVL may use and disclose remuneration data:
- in accordance with this policy or an associated policy;
 - in accordance with any applicable law, regulation or listing rule;
 - to undertake the Performance and Salary Appraisal process; and
 - for other valid internal benchmarking, review and analysis purposes.

- 9.2 Other than as set out in clause 9.1, AVL will maintain confidentiality over remuneration data.
- 9.3 Employees will keep their own remuneration data confidential and will not share it with other employees at AVL.

10 Remuneration / Performance Measurement systems

- 10.1 In matters relating to remuneration, AVL must use systems which provide and ensure:
- (a) Consistent role evaluation and methodology to establish appropriate remuneration levels;
 - (b) Framework for assessing the performance of individual employees relevant to objectives and providing an ongoing program to train managers, supervisors, employees etc. in the effective application of the system;
 - (c) Structure designed to deliver fixed and performance based elements;
 - (d) Control procedures to ensure effective operation of the performance management and remuneration systems;
 - (e) Appropriate disclosure of remuneration information;
 - (f) Provision of adequate, accurate and timely market information to enable the person or group responsible for decision making to make informed decision; and
 - (g) Comply with the requirements of the applicable laws, such as workplace laws.
- 10.2 AVL has a Performance Management System (PMS) appropriate to each relevant jurisdiction which has been developed to assist management to determine whether an employee has effectively mastered a role and is performing at a fully satisfactory level. Where this is not the case, the PMS provides a structure for providing support to achieve the required level of performance and to comply with the applicable employment laws in each relevant jurisdiction.
- 10.3 The fixed component of TRP may be packaged to provide flexibility to receive remuneration as cash, payments to superannuation/pension plans or non-cash benefits such as vehicles, along with related expenses. Approval for packaging the fixed components of TRP shall not be given in circumstances where the administration costs and resources required to implement the request are considered disproportionate in the circumstances. Where FBT is payable by AVL for allowed items the amount of the FBT is included in determining the amount allocated to the TRP.

11 Payroll system

- 11.1 The Company's finance department shall be responsible for the administration of payroll. It may do so by outsourcing the administration of payroll to a reputable and secure provider of payroll services, and it shall from time to time as considered appropriate monitor to ensure that the outsourced provider:
- (a) Complies with the requirements of the applicable workplace and privacy laws;
 - (b) Meets the reporting requirements of all relevant and applicable privacy, superannuation / pension, taxation and employment laws; and
 - (c) Meets any agreed KPIs.