

Remuneration Policy

Document Description

Field Solutions Holdings Limited (Field Solutions, Company, or Group) has a remuneration committee, and is responsible for and including the performance evaluation and remuneration of the CEO.

The primary function is to consider and recommend compensation arrangements for the CEO and senior executives, remuneration policies and practices, retirement termination policies and practices, company share schemes and other incentive schemes, company superannuation arrangements and remuneration arrangements for members of the Board.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is the basis for this policy and is set out with the following parts:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Share-based compensation
- d) Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for key management personnel (KMP) performance is competitive and appropriate for the results delivered. The framework aligns executive reward for with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- a) competitiveness and reasonableness
- b) acceptability to shareholders
- c) performance linkage / alignment of executive compensation
- d) transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives.

The remuneration policy of Field Solutions has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and having regard to the current incentive to achieve and earnings milestones pursuant to the acquisition of Field Solutions Group Pty Ltd where short term incentives (STI's) are offered.

The Board intends to establish an employee share option plan (ESOP) as part of the reverse takeover transaction and will present this for review and ratification at the 2017 AGM. The Board believes that the current remuneration policy, together with the planned ESOP to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group, as well as to provide goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

- a) All KMP receive a base salary (based on factors such as length of service and experience), superannuation, STI and become eligible to participate in the Company ESOP (subject to Board invitation).
- b) Other performance incentives (such as STI's) are generally only paid once pre-determined key performance indicators have been met.
- c) Incentives in the form of ESOP options and shares are intended to align the interests of KMP and the Company with those of shareholders.
- d) The remuneration committee reviews KMP packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based on individual and by reference to the consolidated Group's performance. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance / results leading to long term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE).

Other than the entitlements provided under the Group's defined contribution superannuation arrangements, KMP do not receive any other retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate KMP (including non-executive directors) at market rates for time, commitment and responsibilities. The board currently determines payments to KMP and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Options granted under the ESOP do not carry dividend or voting rights. The board is responsible for determining any conditions attaching to the options (including issue price, exercise price, vesting conditions, and conditions of exercise).

Engagement of Remuneration Consultants

The Board did not engage any remuneration consultants during the financial year. The Board will consider the appropriateness of appointing a remuneration consultant during FY18 to review the elements of KMP remuneration and to provide appropriate recommendations.

Performance based Remuneration

KPIs are to be set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and, in some instances, relevant industry standards.

Performance in relation to the KPIs is assessed annually, with any KPI related bonuses being awarded based on achievement of the relevant KPIs (see below for further information regarding cash bonuses). Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Field Solutions Holdings Limited bases the assessment on audited figures and quantitative and qualitative data.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance based bonus based on KPIs, and the second being the establishment of an ESOP (under which KMP are eligible participants, subject to Board invitation) to encourage the alignment of personal and shareholder interests.

The Board believes the above remuneration policy will enhance company performance going forward.

Performance Conditions Linked to Remuneration

The Group seeks to emphasize reward incentives for results and continued commitment to the Group through the provision of cash bonus reward schemes, in particular, the incorporation of incentive payments based on the achievement of Group budgets. The Group does not currently have any cash bonus rewards schemes tied to the company's share price, preferring at this stage to align such cash bonus rewards to operational performance.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the KPIs is based on a review of the audited financial statements of the Group.

The primary responsibilities and functions of the Board in relation to the Remuneration policy are to:

- a) make specific decisions for remuneration of directors and senior officers;
- b) resolve the terms and conditions of employment for the CEO;

- c) undertake a review of the CEO's performance, at least annually, including setting with the CEO goals for the coming year and reviewing progress in achieving those goals;
- d) report on the decisions for the CEO and senior employees' remuneration to the CEO; and
- e) develop and facilitate a process for board and director evaluation.

Objectives

The Group will support our staff to maintain our level of excellence and reach our strategic goals by having a remuneration policy and procedures that attract the right people, motivates them to stay and rewards them fairly and consistently. These are:

- a) to attract and retain the best staff;
- b) to be competitive within the employment market;
- c) to improve the performance of the Group against agreed targets, including continuing financial viability;
- d) to be fair and consistent; and
- e) to ensure gender pay equity.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, our statutory obligations, the level of accountability (responsibility, objectives, goals etc.) assigned and the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

Access

The Board may invite any executive director, executive, other staff member or external advisers to attend all or part of a meeting when remuneration is being considered. The Board may consult independent experts if it considers it necessary in order to fulfil its responsibilities.