Sirtex Medical Limited
General Employee Remuneration
Policy and Procedure
1 POLICY

1.1 Purpose

This policy seeks to document Sirtex Medical Limited’s (Sirtex’s or the Company’s) approach to setting the quantum and elements of remuneration for General Employee roles. It is to be applied by the Company to all reviews and adjustments of General Employee remuneration.

1.2 Context

It is the Company’s intention to observe:

- high ethical standards;
- the laws of the countries in which the staff are employed;
- the Sirtex Diversity Policy which ensures that all staff are treated equally; and
- good corporate governance.

The views of stakeholders will also be taken into account in seeking to remunerate all staff responsibly.

1.3 Who this Policy Applies to

This policy is intended to guide the setting of remuneration for General Employees. These comprise those in M2 roles (Senior Management reporting to Executive (M1) Management Personnel) and positions ultimately reporting to them.

This Policy is to be read in conjunction with “The Sirtex Medical Remuneration Guidelines”.

1.4 Approach

Total remuneration structures and packages (TRPs) will be based on relevant market practice in companies having characteristics similar to those of the Company. Such characteristics shall include to the extent possible: market capitalisation, industry sector and geographic location.

1.5 Elements of Remuneration

TRPs can be made up of the following elements:

- **Base Package** which comprises salary and any other benefits provided as part of remuneration, where required by employment legislation in the relevant location (e.g. superannuation in Australia);
- **Short Term Incentives (STI) or Commissions** being variable, at-risk remuneration related to individual performance over a financial year; and
- **Performance or Service Equity Rights (LTI)** being variable, at-risk remuneration based on Company performance over a measurement period of three or more years or rights to Sirtex shares that vest on completion of a period of service, if certain hurdles are achieved, over a measurement period of three or more years.

The total of these elements will constitute the total remuneration package (TRP).

Other benefits, facilities and expense reimbursements will not be counted as part of remuneration.
1.6 Individual Service Equity Rights

Service Rights are awarded to staff in positions ultimately reporting to M2 managers, who demonstrate loyalty, commitment and role effectiveness over a term of 3 years or more.

The period of service for vesting of Service Equity Rights ensures that only those employees who serve sufficiently long to contribute to the Company's success will benefit from grants of Service Equity Rights. Such service is seen as evidence that the employee has been performing at a level consistent with the Company's requirements.

Employees who are subject to counselling aimed at improving inadequate performance will have their Service Rights held over until their performance is acceptable.

1.7 Guiding Principles

TRPs are to be fair to staff and responsible from a stakeholder perspective.

They are to support the attraction of the highest calibre staff and foster ongoing loyalty and commitment to the Company, reinforce leadership accountability and innovation, and reflect remuneration and conditions of the local market/region, whilst balancing these practices with global teams.

The intent is for all staff to feel valued and their efforts appreciated.

1.8 Superannuation Inclusive Remuneration

All elements of General Employee remuneration in Australia shall be expressed as inclusive of Company superannuation contributions. For purposes of this policy, superannuation contributions include Company contributions to superannuation plans, pension plans and other plans that provide retirement benefits for employees of the Company. This ensures that the relative remuneration levels are not affected by the extent, if any, to which the Company is obliged to make superannuation contributions for the staff member.

1.9 Market Positioning of Remuneration

Remuneration levels will be linked to market-practice with particular reference to the 50th percentile (P50) of relevant market practice, and the 75th percentile (P75) levels, for each TRP component for the relevant role classification. Accordingly, remuneration will reflect market practice, the scope of the role and internal relativities.

1.10 Determining Individual TRPs

Remuneration components will be set to achieve P50 TRPs as a minimum and P75 as a target. The Base Package component will reflect individual competence in fulfilling role responsibilities while the Short Term Incentives or Commissions and any Performance or Service Equity Rights will depend on the degree to which hurdles set by management are achieved.

The Board has discretion to adjust thresholds and other hurdles and parameters where unforeseen circumstances occur.

1.11 Red Circle Situations

In specific situations, Base Packages and/or TRPs may be above or below the range for the current role (red circle situations). This may arise when a reorganisation occurs and the individual’s role is downsized or increased to a different strata, or on recruitment in anticipation of a larger role. Such occasions are to be managed so that the duration of the anomaly is limited.
1.12 Frequency of Review of Remuneration

Unless otherwise dictated by Company circumstances or market practice, staff remuneration is to be benchmarked annually and reviewed annually, and reflect up-to-date market data, individual performance and increases in responsibility or the scope of the role.

This approach recognises that for the Company to remain well positioned to attract, retain and motivate its staff, it needs to ensure that it is market-competitive in all regions in which it operates.

1.13 Termination Benefits

Termination benefits will not normally be provided to staff. Exceptions include payments in lieu of notice and other severance payments that arise under employment contracts or are required by local law.

It is also Company policy for termination of employment for any reason not to trigger or accelerate payment of Short Term Incentives or Commissions. Performance or Service Equity Rights are governed by the rules of the Performance or Service Equity Rights Plan. Accordingly, such payouts in respect of the year of termination of employment will not be viewed as termination benefits or subject to the Corporations Act limit.

Pro-rata STI’s may be made to recognise work undertaken during the year prior to a termination of employment and results achieved but not in anticipation of future results. As such, pro-rata STI amounts are not regarded as termination payments.

1.14 Clawback of Overpaid Bonuses/Commissions and/or Performance/Service Rights

See separate Clawback Policy.

1.15 Administration and Amendment

This policy will be overseen by the Remuneration Committee and the Board with its authority and management delegated to the Managing Director/CEO.

It may be amended from time to time with the approval of the Board.
2 PROCEDURES

2.1 Annual Review Guidelines
The Remuneration Committee will meet as part of the Company’s annual budget preparations to review global salary movement data and submit to the Board for approval, general staff salary movement parameters to be used to determine budget salary figures. Amounts may include allowances for broad market movements, job family movements and progression of Packages toward their relevant targets.

Company HR will ensure that it has up-to-date relevant market data and that all staff have participated in performance discussions (via the Company’s Performance Development Framework).

2.2 Annual Review Increases
Individual increases are to be tailored to reflect contributions made and be within the budget salary parameters approved by the Board. Significant anomalies that may have arisen, as indicated by the market data, are to be addressed within the budget salary parameters or brought to the attention of the Board.

2.3 Communication
The CEO will ensure that:

a) The remuneration policy, TRP structure and its intent is understood by all affected staff; and

b) Annual increases are explained.

2.4 Board Reporting
The CEO will provide a report annually to the Board summarising the Company’s General Employee TRP structures and positioning with regard to actual versus P75 targets, noting the effectiveness of those structures in achieving the Policy’s Guiding Principles.

It will also update the Board regarding relevant trends and areas likely to warrant future attention.

2.5 Document Change History
Effective date: 26 April 2016.