

Remuneration Philosophy

Rubicor Group Limited

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Remuneration Philosophy

1 Executive Remuneration

The objective of the company's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

1. Alignment of Shareholders' Interest

- Focus on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- Attracts and retains high calibre executives

2. Alignment to Program Participants' Interests

- Rewards capability and experience
- Provides a clear structure for earning rewards
- Provides recognition for contribution

The framework provides a mix of fixed and variable pay, and blend of short and long-term incentives.

The Board has established a Remuneration and Human Resources Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for senior executives and directors. The Corporate Governance Statement provides further information on the role of this committee.

3. Executive Pay

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation
- Short-term performance incentives

- Long-term incentives through participation in the Rubicor Senior Executive Share Plan

The combination of these comprises the executive's total remuneration.

BASE PAY

Base Pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualification and experience, the broad objective being to pitch fixed remuneration at median market levels.

Base Pay is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion.

There are no guaranteed base pay increases in any senior executives' employment contract.

SHORT-TERM INCENTIVES

The Board believes that well designed and managed short-term plans are important elements of remuneration, providing tangible incentives for executives to strive to improve the company's performance for the benefit of shareholders.

If the Company achieves predetermined earnings targets (based on Earnings before Interest, Taxation and Amortisation – EBITA), return on net asset (RONA) and other additional targets, the short-term incentive (STI) is payable to certain executives. Cash incentives are paid in September each year. Using EBITA targets ensures the STI is only available when value is created for shareholders and when profit is consistent with the business plan. The STI is weighted for performance above the threshold to provide an incentive for executive out performance.

Each executive eligible for an STI has STI targets depending on individual accountabilities and overall organisational performance. The maximum STI target bonus is 40% of the base salary.

Each year, the Remuneration and Human Resources Committee considers the appropriate targets and key performance indicators (KPIs) to link to the STI plan and the level of payout as targets are met. This includes setting the maximum payout under the STI plan, and minimum levels of performance to trigger payment of the STI.

The Remuneration and Human Resources Committee is responsible for assessing whether STI KPIs are met. To assist in making this assessment, the committee receives detailed reports.

The STI target annual payment and targets are reviewed annually.

LONG-TERM INCENTIVES

Long-term incentives are provided to certain employees via the Senior Executive Share Plan.

2 Non Executive Director Remuneration

Non-executive directors' fees are reviewed annually and are determined by the Board based on recommendations from the Board Remuneration and Human Resources Committee. In making its recommendations, the Board Remuneration and Human Resources Committee takes into account fees paid to other non-executive directors of comparable companies and where necessary will seek external advice. Fees for non executive Directors are not linked to performance.

The Company does not operate equity plans for non-executive directors.

Non-executive directors are entitled to statutory superannuation. Amounts paid for statutory superannuation are included as part of the directors' fees. There are no other schemes for retirement benefits for non-executive directors.