

**E&A Limited  
ACN 088 588 425  
("Company")**

## **Remuneration Policy**

This policy has been ratified by the Board of Directors of E&A Limited on 24 October 2007



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Chairman

Next due for review October 2008

Revision History  
Version No  
1

Date Approved by the Board  
24 October 2007

### **1. BACKGROUND**

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from directors right through to support staff.

### **2. OBJECTIVE**

The objectives of this policy are:

- 2.1 to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;
- 2.2 encourage people to perform to their highest level;
- 2.3 allow the Company to compete in each relevant employment market; and
- 2.4 provide consistency in remuneration throughout the Company; and
- 2.5 align the performance of the business with the performance of key individuals and teams within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, remuneration committee and management in determining the appropriate remuneration strategy.

### **3. CONTRACT**

Each Director, executive and senior management employee will enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment. The Remuneration Committee and the Board must approve all contracts for senior management and

Directors. The Board must disclose the details of any contract in accordance with the law and the Continuous Disclosure Policy.

#### 4. **FORMS OF REMUNERATION**

With the assistance of the Remuneration Committee, the Board will approve the forms of remuneration to be offered to executive directors, executives, senior management and other employees ("**Employees**"). At the time of writing this policy the following forms of remuneration may be available.

##### 4.1 **Fixed Remuneration**

The Board in consultation with the Remuneration Committee and the Human Resources Manager, will from time to time determine the fixed remuneration level for each Employee within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits such as company cars.

##### 4.2 **Performance Based Remuneration**

In addition to fixed remuneration the Company will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

##### 4.3 **Equity Based Remuneration**

To motivate directors, executives and management to pursue the long term growth and success of the Company the Company will include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.

##### 4.4 **Termination payments**

Each contract will set out in advance the entitlement to payment upon termination of employment for each Employee. The Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of director, executive or senior management to ensure such payments reflect the Company's remuneration policy.

##### 4.5 **Employee Entitlements**

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, sick, parental and maternity leave.

#### 5. **NON-EXECUTIVE DIRECTORS**

The Company will remunerate non-executive directors in a manner designed to attract and maintain high quality board members. Non-executive directors will receive a set fee (including superannuation) for their service and shall not be entitled to any options, bonus payments or retirement benefits. The remuneration of non-executive directors must be consistent with and supportive of maintaining the non-executive director's independence.

## 6. REVIEW AND DISCLOSURE

### 6.1 Performance Appraisal

The Company's human resources division will conduct annual performance appraisals for all employees to monitor and review the appropriateness of each remuneration package.

### 6.2 Board

The Board will be responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board will consider the recommendations from the Remuneration Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company.

The Board will disclose the remuneration of senior levels in the Annual Report.

### 6.3 Remuneration Committee

The remuneration committee is responsible for the monitoring, implementation and review of this policy. The remuneration committee will provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

### 6.4 Human Resources

The Human resources division of the company will monitor the day to day compliance with this policy.

## 7. MONITORING AND REVIEW

7.1 The Board has approved this Policy and each year will summarise and as necessary update the key principles of the Policy in the annual report.

7.2 At least once in each financial year, the Board must consider the suitability of and compliance with this Policy, and amend and redistribute the policy accordingly.