

Memphasys Limited Remuneration Policy for Executive and Professional Staff

Overview

The remuneration policy for senior executive and professional staff aligns Memphasys Limited business objectives with individual key performance indicators (KPIs), the company's performance and its market position. The policy is underpinned by a number of principles designed to promote and further develop the interests of the company, its shareholders and employees by adopting good corporate governance practice in line with the recommendations of the Australian Securities Exchange.

Principles Underpinning the Memphasys Limited Remuneration Policy:

- *Remuneration should be fair and based on standards adopted by similar companies in Australia.*
- *Levels of remuneration need to be competitive so that the company can attract and retain quality people in a globally competitive environment.*
- *There is a clear relationship between the remuneration and performance for all senior executives and professional staff.*
- *Incentives should be available to create a strong performance-orientated environment and motivate executives to pursue the growth and success of the company.*
- *Rewards for the achievement of meaningful designated targets over the short and long-term should be fair and equitable.*
- *Where the strategic goals of Memphasys are not met, the Board will review annual incentive arrangements. Performance-based incentives will only be made should the Company's financial position provide for these payments to be made and not put undue strain on the company's financial position. Directors reserve the right to cancel and claw-back performance-based remuneration inappropriately paid to executive or professional staff.*

Oversight of Remuneration Policy

- The Board's Nomination and Remuneration Committee will determine, through comparison with similar industries and/or by obtaining external expert advice, the appropriate remuneration for senior executives and professional staff prior to Board approval. The Nomination and Remuneration Committee Charter can be viewed on the Memphasys' website at www.memphasys.com.

Remuneration Policy

Policy

- *The Board of Directors will have the final responsibility for all matters related to senior staff and professional staff remuneration as well as determining the level of non-executive director remuneration based on advice from the Nomination and Remuneration Committee.*
- *The contracts for senior executive staff and professional staff will include a fixed salary component as well as variable performance incentive components including short and longer-term incentives.*
- *The performance incentive component will be paid annually at the discretion of the Board depending on the company's financial position and an individual's performance against designated short and long-term key performance indicators.*
- *Employee Share Option Plans (ESOP) will be available to staff as a longer-term incentive. Employees intending to participate in the scheme will be responsible for obtaining independent tax advice based on their individual circumstances.*
- *The company may claw-back any bonus or incentive payments found to have been inappropriately paid.*
- *Non-executive directors will receive a fixed fee for their service and will not participate in the performance incentive program.*

Further Policy Detail:

Remuneration Package Components

The packages for senior executives and professional staff will comprise a balance between fixed and incentive pay, reflecting short and long-term performance objectives:

- The fixed component is the total remuneration specified in the contract of employment and reflects the core performance requirements and industry remuneration standards.
- The variable performance incentive payment components are included in contracts for senior executive and professional staff and include a component of remuneration linked to short-term and/or long-term performance benchmarks which are clearly defined and are of benefit to the company. An ESOP scheme is also available as a longer-term incentive. These performance-based payments are established by the Board's Nomination and Remuneration Committee and reviewed annually.

Individual Performance

The individual performance element of the remuneration policy for senior executives and professional staff is based on performance against KPIs set for the year under review. An individual's KPIs will be agreed at the commencement of employment and reviewed and updated annually thereafter to ensure alignment with the current goals and objectives of the company.

Company and Market Performance

A percentage component of the total remuneration package is based on the company's performance and the market position of Memphasys Limited. The remuneration packages are flexible to allow adjustment depending on company and market circumstances as determined by the Nomination and Remuneration Committee and approved by the Board.

Superannuation

Superannuation is paid in addition to the fixed remuneration specified in an individual's contract at the Superannuation Guarantee Contributions rate.

Non-Executive Director Remuneration Policy

Total remuneration for non-executive directors is ratified by resolution of shareholders.

A fee is paid to the non-executive directors for being a director. The attendance at Board meetings is included in this payment. Fees for out-of-pocket expenses, such as airfares where required, are to be paid.

Fees for non-executive directors are reviewed annually by the Nomination and Remuneration Committee and subsequently approved by the Board. In determining the remuneration, a non-executive director's responsibilities will be taken into account.

Remuneration Approval Process

Memphasys' Nomination and Remuneration Committee operates under a delegation of the Board to provide oversight of the company's remuneration and compensation plans, policies and practices on behalf of the board and shareholders. The Nomination and Remuneration Committee recommends remuneration levels to the Board for approval. The Committee has the responsibility to ensure that shareholder and employee interests are in alignment and that the compensation is fair and reasonable.