

TASSAL GROUP LIMITED

ABN 15 106 067 270

Remuneration Policy

(Approved by the Board 28 June 2017)

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1. Introduction and Purpose

The Remuneration and Nominations Committee (**Committee**) shall review and make recommendations to the Board on Tassal's remuneration policy and practices.

Tassal's philosophy for the remuneration of its employees is premised on providing a strong nexus between shareholder value creation, employee remuneration and productivity improvement.

The Board and the Committee recognise that to prosper, the Company must be able to attract, appropriately reward, motivate and retain a stable and talented team.

2. Policy Objectives

The primary objectives of Tassal's remuneration policy and practices are to:

- (a) provide a flexible and competitive remuneration structure which is:
 - referenced to appropriate market benchmarks;
 - reflects market best practice; and
 - is tailored to the specific circumstances of Tassal;so as to attract, motivate and retain highly skilled Directors and employees;
- (b) be fair and appropriate having regard to the performance of Tassal and the relevant Director or employee; and
- (c) motivate employees to pursue the long term growth and success of Tassal within an appropriate control framework.

3. Non-Executive Director Remuneration

3.1 Determination of Non-Executive Director remuneration

Remuneration of Non-Executive Directors is determined:

- within a maximum aggregate annual pool limit approved by shareholders (legislated superannuation contributions made in respect of Non-Executive Directors will be included in determining the shareholder approved maximum aggregate annual pool limit),
- with regard to the Company's need to maintain appropriately experienced and qualified Board members; and
- in accordance with competitive pressures in the marketplace.

3.2 Review

Each year, the Committee reviews and makes recommendations to the Board in relation to Non-Executive Director remuneration.

In doing so, the Committee may seek independent professional advice in relation to the remuneration of Non-Executive Directors.

From time to time, the Committee also reviews and makes recommendations to the Board with respect to amendments to the shareholder approved aggregate pool limit. Within this limit, the Board seeks to set aggregate annual Non-Executive Director remuneration at a level which provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

3.3 Remuneration composition

Each Non-executive Director receives a fee for being a Director of the Company.

The Chairman of any Board Committee receives an additional fee for Chairing that Committee unless that Chairman is also Chairman of the Board.

The members of Board Committees also receive an additional fee for being a Committee member.

The Chairman of the Board shall not receive any additional fees for being a Committee Member.

The payment of these additional fees recognises the additional time commitment required by Directors who serve on those Committees.

3.4 Extra duties and expenses

From time to time, the Board may ask individual Directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts.

Directors are also to be reimbursed for reasonable out of pocket expenses directly attributable to performing their duties as a Director, in accordance with Tassal's relevant policies which, at the date of adoption of this Remuneration Policy, are the Work Related Expenses Policy and Travel Policy.

3.5 Retirement benefits

The Company will also pay Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost. No other benefits are paid.

4. Executive Remuneration

4.1 Remuneration composition

The Company aims to reward the Managing Director and CEO and his direct reports (the **Executives**) with a level and mix of remuneration commensurate with their position and responsibilities within the Company, and so as to:

- (a) apply demanding key short term and long term performance indicators (KPIs) including financial and, possibly, non-financial, measures of performance;
- (b) demonstrate a clear relationship between individual performance and remuneration;
- (c) apply an appropriate balance between fixed and variable remuneration, reflecting the short and long term performance objectives appropriate to Tassal's circumstances and goals;
- (d) link rewards to the creation of value to shareholders;
- (e) ensure remuneration arrangements are equitable and effectively facilitate the deployment of human resources around the Group;
- (f) limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance; and
- (g) comply with all relevant legal requirements.

In determining the level and make-up of the Managing Director and CEO's and Executive's remuneration, the Committee may obtain independent advice on the appropriateness of remuneration packages, given remuneration trends in other companies, from which the recommendations are made to the Board.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component consists of a Short-term Incentive Plan ("STI") and a Long-term Incentive Plan ("LTI").

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) is established for the Managing Director and CEO and each Executive by the Committee.

The Managing Director and CEO's and Executives' remuneration packages are all respectively subject to Board approval.

Remuneration packages may contain any or all of the following:

- (a) Fixed annual remuneration:

- which is based on conditions and the relevant market;
- with provision to recognise the value of the individual's personal performance and their ability and experience; and
- structured so the Managing Director and CEO and Executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits such as a motor vehicle and car parking. The total employment cost of any remuneration package, including fringe benefits tax, is taken into account in determining this fixed annual remuneration.

(b) Variable remuneration - STI payments:

- comprising special targeted short term incentive payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- with the objective to link the achievement of annual operational targets with the remuneration received by the Managing Director and CEO and Executives charged with meeting those targets;
- the total potential STI available is set at a level so as to provide sufficient incentive to the Managing Director and CEO and Executives to achieve the operational targets such that the cost to the Company is reasonable in the circumstances;
- actual STI payments granted to the Managing Director and CEO and each Executive depend on the extent to which specific operating targets, set at the beginning of the year, are met. The operational targets consist of a number of KPIs covering both financial and non-financial measures of performance;
- typically, KPIs and assessment criteria include:
 - meeting of pre-determined growth in consolidated entity net profit after tax over the prior year;
 - meeting strategic and operational objectives;
 - assessed personal effort and contribution; and
- the Company applies predetermined benchmarks which must be met in order to trigger payments under the STI, with the measures chosen so as they directly align the individual's STI reward to the KPIs of the Company and to its strategies and performance.

(c) Variable remuneration - LTI awards:

- The Company's LTI Plan is designed to link the Managing Director and CEO and Executives' reward with key performance indicators that drive sustainable growth in shareholder value over the long term.

- The objectives of the LTI Plan are to:
 - align the Managing Director and CEO's and Executives' incentives with shareholders interests;
 - balance the short term with the long term Company focus; and
 - retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Company mindset.
 - Under the LTI Plan, the Managing Director and CEO and Executives are granted performance rights which will only vest on the achievement of certain performance hurdles and service conditions. An offer is made under the LTI Plan to the Managing Director and CEO and Executives each financial year and is based on individual performance as assessed by the annual appraisal process. If an Executive does not sustain a consistent level of high performance they will not be nominated for LTI Plan participation.
 - The Committee reviews the proposed participation of all nominated Executives, with participation subject to Board approval.
 - In accordance with the ASX Listing Rules approval from shareholders is obtained before participation in the LTI Plan commences for the Managing Director.
 - Each grant of performance rights is subject to specific performance hurdles. The extent to which the performance hurdles have been met will be assessed by the Board at the expiry of a three year Performance Period.
 - The Board has retained the discretion to vary the performance hurdles and criteria.
- (d) Other remuneration
- other benefits such as holidays, sickness benefits, superannuation payments, long service benefits and motor vehicles.

4.2 Setting remuneration and establishing review protocols

(a) Managing Director and CEO

Each year the Committee will:

- review the remuneration package of the Managing Director and CEO (including base pay, STI payments and LTI awards, superannuation and all other components);
- make recommendations to the Board as to any changes to his remuneration package; and
- recommend proposed STI and / or LTI awards after performance evaluation procedures.

(b) Executives

The Committee will work with the Managing Director and CEO to determine the appropriate level and structure of the respective remuneration packages of the Executives.

Each year the Committee will:

- review the remuneration packages of Executives (including base pay, STI payments and LTI awards, superannuation and other components);
- make recommendations to the Board for any changes to those remuneration packages; and
- recommend proposed STI and / or LTI awards after performance evaluation procedures having regard to the recommendation of the Managing Director and CEO.

- (c) The Committee's review will consider individual performance, comparative remuneration in the market and where appropriate, external advice.

The Committee will provide a recommendation to the Board for consideration.

4.3 General remuneration across the Tassal Group

The Committee also:

- reviews and notes annually the remuneration trends across the Group;
- ensures they are aware of and advise the Board on any major changes in employee benefit structures throughout the Group;
- recommends to the Board for approval remuneration arrangements outside of policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.

5. Review of Policy

The Committee will regularly review and consider whether to recommend that the Board update this Policy.

6. Best Practice Governance

The Committee will have due regard to all relevant guidelines (eg the provisions of the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations) with a view to ensuring that the Group seeks to adhere to the highest standards of corporate governance.

7. Disclosure

The Board will make appropriate disclosure of the details of the Company Remuneration Policy to shareholders in the Remuneration Report which is included within Tassal's Annual Report.

8. Who to Contact

Any questions relating to the interpretation of this policy should be forwarded to the Company Secretary.