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## REMUNERATION POLICY

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The Board recognise that Department 13 International Limited (“D13” or “Company”) operates in a global environment. To prosper, the Company must be able to attract, motivate and retain internationally mobile executives.

The key principles that underpin the Company’s remuneration policy are:

- a) That rewards reflect the competitive global market in which the Company operates.
- b) That demanding key performance indicators apply to delivering results across the Company and to a significant portion of the total reward.
- c) That rewards to executives be linked to the creation of value to shareholders.
- d) That executives be rewarded for both financial and non-financial performance.
- e) That remuneration arrangements ensure equity between executives and facilitate the deployment of human resources.

D13’s reward structure combines base salary and short-term and long-term incentive plans. The cost and value of components of the remuneration package are considered as a whole and are designed to ensure an appropriate balance between fixed and variable performance-related components, linked to short-term and long-term objectives and to reflect market competitiveness. Details of the policy applied in each component are outlined below.

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### 1. BASE SALARY

Base salaries are quantified by reference to the scope and nature of an individual’s role, performance and experience. The remuneration committee actively seeks market data to benchmark salary levels. Particular consideration is given to competitive global remuneration levels.

Salary levels are reviewed on a minimum annual basis and increased according to employee performance and market levels.

## 2. INCENTIVE PLANS

An employee share option plan (ESOP) has been established where eligible persons are issued with options over the ordinary shares of D13. The object of the plan is to assist in the recruitment, reward, retention and motivation of employees of the Company.

The Board, acting in its absolute discretion, may:

- a) offer Options to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
  - (i) the Eligible Participant's length of service with the Group;
  - (ii) the contribution made by the Eligible Participant to the Group;
  - (iii) the potential contribution of the Eligible Participant to the Group; or
  - (iv) any other matter the Board considers relevant; and
- b) impose conditions, including performance-related conditions, on the right of a Participant to exercise any Option granted.

Other incentive plans including partly paid shares, share purchase loans or other schemes may be utilised to provide longer-term incentives and rewards to executives and directors. Shareholder approval will be obtained in each case as required by law.

Executives are paid according to market and experience.

In view of the significant contribution of the non-executive directors and advancing the interest in the company by international networking, D13 considers that the non-executives may continue to be rewarded with options. It is not considered that this will significantly affect their independence in light of their international

Eligible Participants must apply for permission from the Board before entering into transactions which limit the economic risk of participating in a Plan. The Board shall consider whether such transactions are appropriate based on the nature of the transaction and whether they are consistent with the purpose for which the incentive was initially provided.

The Board will continue to review trends in executive remuneration and may change the equity component of incentives to a different form such as share rights, should the Board consider this appropriate, subject to shareholder approval as may be required.