

Clawback Standard

Index

1.	Definitions.....	2
2.	Standard Statement	2
3.	Clawback quantum.....	2
4.	Circumstances under which the Standard may apply	3
5.	Application of the Standard.....	3
6.	Governance	3
7.	Administrative Matters	3
8.	Availability of this Policy.....	4



1. Definitions

Executives: This standard applies to the Managing Director, Executive General Managers and General Managers.

Clawback: Allows companies to demand payback of all or part of an individual's STI that has already been paid, to take into account adverse developments that occur post payment and are provided for in section 4.

Malus: Allows companies to adjust all or part of an individual's variable remuneration prior to payment (in the case of an STI) and prior to vesting (in the case of an LTI), taking into account adverse developments prior to vesting.

2. Standard Statement

The underlying principle of the PanAust Clawback Standard is that an Executive should not receive performance based remuneration if the Board considers that such remuneration would be an “inappropriate benefit” in the circumstances detailed in section 4. In such instances, the Board reserves the right to forfeit or clawback some or all of the Executive’s proposed, unvested and paid or unpaid performance based remuneration.

Remuneration covered by this standard is performance based remuneration and includes any STI reward, LTI reward (unvested) and any other performance based component of remuneration. Remuneration may have been paid or not yet paid. This standard does not cover fixed remuneration, including salary, superannuation and other fixed entitlements except to the extent that the Company and Executive agree that the clawback may be effected through deductions to future fixed remuneration.

The Board will determine what constitutes an “inappropriate benefit” and how to apply the malus or clawback where the standard may be applied in accordance with section 4, subject to compliance with the law, the conditions set out in the standard and taking into account all relevant circumstances. This discretion can be applied at any time.

3. Clawback quantum

Where the Board resolves that this standard is to be applied as a result of misstatement of financial statements, in the absence of misconduct which is proven to be deliberate or reckless by the Executive, the amount to be forfeited/clawed back shall be the difference between the amount paid or due and the amount that would have been have been paid or due based on the corrected financial statements.

In the case of misconduct by the Executive, the Board may apply discretion to forfeit/clawback any amount which the Board considers reasonable taking into account all relevant circumstances.

4. Circumstances under which the Standard may apply

The Board may elect to apply this standard so that an Executive does not receive an “inappropriate benefit” where:

- (a) the Executive has been terminated for cause; or
- (b) where PanAust becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

5. Application of the Standard

The Board may:

- Cancel or require the forfeiture of some or all of the Executive’s unpaid STI or unvested LTI awards or other performance based remuneration;
- Adjust the Executive’s future performance based remuneration or at the discretion of the Company some other repayment schedule as agreed between the Company and the Executive;
- Require payback or withhold pay from the Executive of STI awards received over the amount that would have been received had a misstatement not been made or other unacceptable action not been committed;
- Initiate legal action against the Executive; or
- Any other action the Board considers reasonably appropriate in the relevant circumstances.

For the avoidance of doubt this standard is not intended to stop the Company from taking any other legal action which may be available as a matter of law, including arising from any acts of fraud, theft or dishonesty.

Where there has been a material misstatement or omission in the financial statements of a Group company or the Group, leading to an executive having received a benefit less than the amount which would have been due based on the corrected financial statements, then an upwards adjustment may be made to an executive’s STI providing the executive is not the primary person responsible for such misstatement or omission.

6. Governance

The Board will refer any prospective malus or clawback action to the Remuneration Committee. If the Remuneration Committee recommends that there is a basis for applying the standard, the Board will then make a determination as to the action to be taken.

7. Administrative Matters

The standard applies to STI and LTI awards beginning with the FY2015 performance period. Performance-based remuneration in respect of years prior to FY2015 is not covered by this standard even if it vests or becomes payable in FY2015 or later. In the event of conflict between this standard, the STI rules, the LTI plan rules and associated documentation, or a clawback provision in an Executive’s employment agreement, the more stringent provisions will apply.

8. Availability of this Policy

This policy will be made publicly available on the Company's website. The Company is also committed to providing its employees with appropriate training and education with respect to this policy.

This Clawback Standard was approved by the Board of Directors of PanAust Limited on 28 January 2015.