



Policy No.:	LSH Group Australia AUA.2020.00001
Policy Name:	Remuneration Policy
Attention:	All LSH Auto Australia Employees
Version:	1.0
Last Reviewed:	1 st January 2022
Effective From:	1 st January 2022
Approved By:	MD and CFO

Remuneration Policy

Scope:

This policy is to ensure that remuneration is appropriate and aligns with the Company's goals, objectives and performance. To achieve this, the Company has taken into consideration several relevant factors such as remuneration paid by companies with whom the Company competes considering job responsibilities and complexity, employment conditions elsewhere in the Company, market practices, financial and non-financial performance, and desirability of performance-based remuneration.

It is also the Company's policy that no employees should determine his or her own remuneration.

Salary Reviews:

Guideline:

1. For non-commission/bonus roles the Company sets an Annual Review increase percentages each year based on The Company performances, CPI Index, current market conditions, forecast and affordability.
2. The percentage rewarded is based on employee performance rating and the employee's current salary position in the market.
3. Total increment should not exceed salary increase budget for the Company.

Eligibility:

1. It applies to all full-time and part-time regular employees who have completed their probationary period satisfactorily.
2. Employees who have less than full year employment prior to the annual salary review are eligible to the annual merit increase on a pro-rata basis.

Procedure

1. HR distributes performance appraisal/goal agreement forms to respective departments in December. Department heads complete performance review with employees and return the forms to HR.
2. HR recommends annual salary review guidelines based on market data and overall employees' performance for approval by the Department Head, Dealer Principal, Financial Controller, Chief Financial Controller and HK.



3. HR prepares individual notification letter and distributes to employees.

Annual Discretionary Bonus (Bonus):

Eligibility

1. It applies to all active, full-time and part-time regular employees of the Group who had received an Annual Discretionary Bonus while employed by Mercedes-Benz Australia Pacific, except the following categories of employees:
 - 1.1 Sales employees under sales incentive/commission scheme;
 - 1.2 Temporary employees;
 - 1.3 Employees who have joined the Group after transition.
- 2 The bonus payment is paid annually, normally in March.
3. Employees who leave the Company before the payment date of the Bonus, either voluntarily or involuntarily, are not eligible to any bonus payment. Any exception requires written justification from the Director and approval from the Chief Financial Controller and HK.

Eligibility for Discretionary Bonus is impacted as specified below if employment is terminated.

1. Normal Retirement / Early Retirement
 - 1.1 Current year Discretionary Bonus, not eligible.
2. Redundancy/Company-Initiated Terminations
 - 2.1 Current year Discretionary Bonus, not eligible.
3. Resignation
 - 3.1 Current year Discretionary Bonus, not eligible.

Performance Commission/Bonus Structure:

Eligibility

1. It applies to all active, full-time and part-time regular employees of the Group who fall under the following categories of employees:
 - 1.1 Dealer Principals;
 - 1.2 Department Managers;
 - 1.3 Product Executives, Advisors and Associates;
 - 1.4 Retails Business Managers;
 - 1.5 Retention Specialists;
 - 1.5 Service Advisors;
 - 1.6 Handover Specialists;
 - 1.7 Technicians;
 - 1.8 Parts Personnel.
2. The commission/bonus payment is paid in the month following the applicable period except in the case of a Dealer Principal where payment is paid two months in arrears.



3. Employees who leave the Company before the date of payment, either voluntarily or involuntarily, are eligible to a pro-rata payment based on the days worked within the applicable period.
4. Sales Executives who leave the Company will receive two thirds of the commission owed for vehicles delivered up to two months after their last employment date.
5. All commission/bonus KPIs are determined by the Remuneration Committee in line with the objectives of the Company and authorized by the Managing Director.

Award / Agreement Application:

1. In locations where an Enterprise Bargaining Agreement exists or a role is covered by an Award, the regulations governing the Enterprise Bargaining Agreement and/or Award shall prevail.

Out-of-Cycle Remuneration Reviews:

Applicable Review Period

1. Reviews of remuneration packages will not be considered between January – June, consideration should have been given within the End of Year remuneration proposal presented to HK.
2. In the event that market alignment is required, the requesting manager must submit:
 - a. ECA Promotion Application
 - b. Supporting market evidence
 - c. Business case proposal

All documentation must be submitted for review by the Financial Controller and HR. Upon their approval, the application will be forwarded to the MD and CFO for approval and support by HK.