



HUMAN HABITATS

PROFIT SHARE

Executive Policy
November 2024

Policy Summary

Policy Name: HH Profit Share Policy

Attributable to: Accounting & Operations Staff

The aim of the Profit Share Policy (Policy) is to acknowledge the efforts of the entire team in the business's success.

This policy is in two parts and at its heart is a team-based Profit Share and as such is an opportunity for the business to treat the entire HH team as if they are shareholders in the business.

This policy has been built to ensure that our reward system is connected to company profit, respects our one-team approach, and is linked directly to the Human Habitats business performance and success.

Human Habitats reserves the right to amend or vary the terms of this Policy according to operational and strategic needs of the business. This Policy is not contractual, and the content of this Policy is not incorporated into any employment or other contracts.

Profit Share General

Policy

Profit Share General will be distributed:

- To all employees¹ (distributed equally);
- On pro-rata terms² determined on hours worked over the relevant period (inclusive of paid annual and sick leave) minus periods of any other leave and probation period; and
- When the business records a net profit³ within the applicable financial year.

The Profit Share General profit share pool⁴ will be:

- 5%⁵ of the net profit for the previous financial year⁶;
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Executive Notes:

¹ All staff is inclusive of Directors and Equity Directors and Admin staff but will not include contractors.

² Pro-Rata will be worked out via an accountant report from Xero payroll.

³ Any Net Profit as determined and communicated by management using a method of calculation at the discretion of management.

⁴ The Profit Pool General will be split into fixed amounts. Balance amounts from staff who are part time do not go back into the Pool.

⁵ Payments are classified by ATO as a 'Salary/Bonus' and need to be paid from the HH Trust. The profit share will be a 'Bonus' without attracting Superannuation. For full transparency a separate payslip will be produced as part of an unscheduled pay run.

⁶ The Profit Share payments are considered by ATO as bonus salary payments but should be considered in business planning as part of the net profit. Further, a bonus payment doesn't accrue leave. HH need to ensure that the payroll template has additional line item and get correct allowance.



- Calculated to reflect the Board approved budgeted profit for the applicable FY; and
- Distributed before end of first quarter of the next FY.

Profit Share Additional

Policy

Profit Share Additional will be distributed:

- In addition to the Profit Share General;
- In years where the business makes a greater net profit than that budgeted for;
- To Associate level and above⁷; and
- On a pro-rata basis determined on hours worked over the relevant period (inclusive of paid annual and sick leave) minus periods of any other leave and probation period.

Profit Share Additional bonus pool⁸ will be:

- 20% of the net profit over and above that budgeted for in the applicable FY; and
- Distributed together with Profit Share General by the end of the first quarter of the next FY.

Eligibility

Profit Share will be distributed to:

- All current staff at profit share distribution; including
- All Shareholders, Directors and Equity Directors.

Profit Share will not be distributed to:

- Anyone who is no longer employed at the time when the profit share distribution is disbursed;⁹
- All employees that are within probation period; and
- Staff who have given or been issued with notice of termination.

Performance Hurdles

A Profit Share is distributed where staff:

- Meet their performance targets and business metrics in their PDs as determined by management; and
- Have worked in the business for greater than 6 months.

Exceptions

The HH Profit Share is distributed where staff meet eligibility, performance targets and other business metrics in their PDs.

Performance Hurdles

⁷ Associate level and above is inclusive of Shareholders, Directors and Equity Directors.

⁸ The Profit Pool Additional will be split into fixed amounts. Balance amounts from staff who are part time do not go back into the Pool.

⁹ This includes former employees who have worked for the majority or all of the period relevant for assessing net profit, if they are not employed when the profit share distribution is disbursed.



The HH CEO has the discretion to *not* pay a profit share where a staff member is demonstrably failing multiple PD targets. The HH CEO may also determine not to pay profit share in other cases at the discretion of the HH CEO. The HH CEO will act reasonably in determining not to pay profit share in specific circumstances.

Unprofitable Financial Year

At the HH CEO's discretion, no profit share will be payable where a profit is not made within a FY.