

Annual Incentive Scheme Policy and Procedure

Purpose

The purpose of the Annual Incentive Scheme Policy and Procedure (hereafter referred to as the “Policy”) is to outline the conditions, eligibility and processes for the award of bonuses under RightShip's Annual Incentive Scheme (hereafter referred to as the “Scheme”) whose primary intent is to:

- reward employees for their performance and contribution to RightShip;
- increase employee motivation in meeting RightShip's goals and reward them outside of the normal remuneration for achieving or exceeding targets; and
- provide ownership through a clear correlation between key performance measures that influence reward and the employee's ability to influence those measures.

Scope

The Policy and the Scheme applies to:

- all full-time and part-time RightShip employees hired before 1 April of the calendar year; and
- who meet the other eligibility criteria set out in this Policy
- who are not under an existing sales incentive scheme or equivalent
- who are not fixed term employees unless special provisions have been approved to include them in this Scheme at the time of contracting at management discretion.

The Scheme and the terms of this Policy do not form part of an employee's contract of employment and the Scheme and this Policy may be varied, replaced or terminated at any time without notice at RightShip's discretion. Employees will be informed if any such decision is taken by RightShip. If the Scheme is amended, cancelled or withdrawn, RightShip may exercise its discretion to make a pro-rata payment to affected employees.

General Principles

- Any incentive payment (and the determination of the amount of any such incentive amount) under the Scheme is at the sole and absolute discretion of RightShip.
- To be eligible for an incentive payment under the Scheme, an employee must be hired before 1 April of the calendar year.
- Incentive payments will be based on performance during the performance year under review, from 1 July to 30 June.
- Incentive payments will be calculated on an employee's gross base annual salary as on 30 June of the performance year. Any other employee entitlements or benefits (including, but not limited to, overtime payments, payment for accrued long service leave and annual leave, allowances, reimbursement for expenses, etc) will not be included for the purposes of calculating an employee's bonus payment entitlement.
- To be eligible to receive an incentive payment, employees must be employed by RightShip on the day the bonus is to be paid and not, at that time, be under any notice of termination.
- In the event that an employee's role is made redundant, or the employee has retired from all paid employment prior to the completion of a full calendar year, eligibility to receive an incentive payment will be considered on a case by case basis.
- The payment of performance bonuses will be made after final approval is obtained from the Board and will normally occur in September of the year following the review period.

Responsibilities

Managers and Supervisors

- Line Managers will conduct regular meetings to review and document progress against planned goals, our values and development plans. These meetings ensure that any issues are addressed in a timely manner and that there are no surprises for an employee during the end of year review.
- Line Managers will use the performance grid to drive discussions and provide regular feedback to employees. This feedback will mandatorily be captured in the performance management system twice a year, but it is highly recommended that managers document other key conversations or feedback in the system throughout the year outside of these two (mid-year and end-year) checkpoints.

- Each department will receive a provisional incentive payment pool, which will then be disbursed by the manager to their teams based on the performance grid that have been had, and then be approved by the relevant LT member. HR will conduct checks for parity, equity and alignment with talent discussions to ensure the incentive payment amount is a fair representation of the employee's overall performance and demonstrated potential throughout the year.
- Final incentive payment amounts will be communicated to employees after this process is complete and letters shall be shared by HR to all managers to cascade to their teams. Managers should set up a separate 1:1 discussion with their teams to communicate the final incentive outcome, linking it back to previously held performance discussions to conclude the performance cycle.

All Employees

- Managers and employees will ensure that clear and measurable goals and objectives are set and documented in RightShip's performance management system at the beginning of the performance year.
- Employees will document their self-assessment and capture any comments in the performance management system on a regular basis. This will be mandatory at the mid-year and end-year checkpoints but is highly encouraged to be done as a regular exercise throughout the year.
- For new employees commencing after the company-wide annual goal setting process, goals and objectives are to be set and documented in RightShip's performance management system within six weeks from their start date. This includes employees that are moving into a new position during the course of the year.
- All goals should be reviewed on a periodic basis and amended in the system should there be a shift in strategy or performance outcomes after discussion between the manager and the employee.
- At the mid-year and end-year checkpoints, the annual performance review form should be completed in RightShip's performance management system by the employee first and then by their manager prior to the review meeting. It should be signed off by both the manager/supervisor and the employee at the end of the review meeting or shortly after the meeting.

The HR team will administer the annual performance review process.

Incentive Payment calculation

Group performance is measured against agreed goals and priorities which are set on an annual basis and agreed by the Board. Meeting expectations of group performance objectives will result in multiplier of 100%, with movement below or above that number in the event of not meeting or exceeding expectations. The company multiplier will vary yearly depending on business results for the financial year, and the multiplier % applied will be the same for all employees.

Individual performance is measured against agreed goals. The assessment process takes into consideration objective measures wherever possible.

Leaders will be granted an incentive payment pool for disbursement amongst the team.

Bonus Pool Calculation

The bonus pool will be determined as a percentage of the total base salary component of labour spend. The group performance multiplier is then factored in to determine pool size.

The calculation will then be (assuming group targets are met for illustration purposes):

$$\text{Total Base salary} \times \text{Bonus Pool Multiplier} \times \text{Group Performance Multiplier} \\ (\text{ex.meets expectations} - 100\%)$$

Individual Incentive Calculation:

$$\text{Individual Base Salary} \times \text{Individual's Award \%} \times \text{Pro-rata (for incomplete year of service, if applicable)}$$

Employees will be assigned to the Target Award Program relevant to their role.

General Staff	<p>Employees working within their job function.</p> <p>General Staff may include non-managerial positions such as "team lead," which provide guidance to other non-managerial employees.</p>
Management	<p>Those with responsibility for leading, controlling and/or influencing a department within RightShip.</p> <p>Those in the management band have decision making responsibility and will make or influence decisions for groups of employees or a department.</p> <p>They may or may not have people reporting to them.</p>
Executive	<p>Executives have functional responsibility and control.</p> <p>Reporting directly to the CEO, executives are accountable for implementing Board strategy decisions, plans and policies.</p> <p>Executives set the goals and objectives for their function and are responsible for overseeing the administration of their function within RightShip.</p>

References

RightShip documents

- Performance Management Policy

This Policy is owned by the Chief Executive Officer.

Procedural Version Control

No.	Date approved	Date effective	Section amended	Authorised by
1.	May 2018	May 2018	Initial release	Board
2.	September 2108	September 2018	Review of Policy	Board
3	June 2020	June 2020	Full redraft and rebranding of Policy	Board
4	November 2022	November 2022	Shift from bell curve methodology to bonus pools. Introduction of performance grid	Board