



G.67 Engaging External Remuneration Consultants Policy

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1 Policy Intent

The intent of this policy is to set out the Board's policy with regards to the engagement of external remuneration consultants (ERCs).

Cash Converters International Limited (the Company) personnel, particularly directors and senior executives, need to be aware of those provisions of the Corporations Act that relate to engagement of external remuneration consultants (ERCs) to provide recommendations on remuneration for key management personnel (KMP).

The Corporations Act contains three sets of provisions that need to be considered in relation to engaging ERCs:

- those that govern the appointment of ERCs (section 206K),
- those that govern the provision of recommendations by an ERC (section 206L), and
- those that govern the declaration required by an ERC that will ultimately govern disclosures by the Board in the Remuneration Report (section 206M).

2 Definition of an ERC and of Remuneration Recommendations

As stated in the Corporations Act (Sect 206K), the definition of an ERC applies to the party that enters into a contract (a *remuneration consultancy contract*) with the Company:

- (a) that is for services that include making a remuneration recommendation in relation to one or more members of the key management personnel for a Company that is a disclosing entity; and
- (b) that is between the Company and a person (the *proposed consultant*) who, by making the recommendation under the contract, will be a remuneration consultant.

The meaning of remuneration recommendation is defined in the Act (Sect 9B) as follows:

(1) A remuneration recommendation is:

- (a) (a) a recommendation about either or both of the following:
 - (i) how much the remuneration should be;
 - (ii) what elements the remuneration should have;

for one or more members of the key management personnel for a company; or

- (b) a recommendation or advice about a matter or of a kind prescribed by the regulations.

(2) None of the following is a remuneration recommendation (even if it would otherwise be covered by subsection (1)):

- (a) advice about the operation of the law (including tax law);
- (b) advice about the operation of accounting principles (for example, about how options should be valued);
- (c) advice about the operation of actuarial principles and practice;
- (d) the provision of facts;
- (e) the provision of information of a general nature relevant to all employees of the Company;
- (f) a recommendation, or advice or information, of a kind prescribed by the regulations.

(3) Subsection (2) does not limit the things that are not remuneration recommendations, nor does it mean that something specified in that subsection would otherwise be a remuneration recommendation within the meaning of subsection (1).

3 Only Board Approved ERCs may be Used

Before an ERC may be engaged to provide KMP remuneration recommendations, the ERC must be approved by the Board. The Company Secretary will maintain a list of approved ERCs.

4 Non-executive Directors to Receive KMP Remuneration Recommendations

When ERCs provide KMP remuneration recommendations they may only provide them to non-executive directors. However, the non-executive directors may share the ERC recommendations with Executive Directors and Senior Executives and would typically do so with the Chief Executive Officer (CEO) in relation to KMP.

5 Independence of ERCs to be Maintained

Interactions between executives and ERCs should be kept to a minimum and should be conducted so as not to compromise the independence of the ERC. Where possible, a non-executive director should have oversight on any interactions between management and the ERC that are not limited to the provision of factual data and information that may be required as inputs to a project. It should be noted that the Board needs to declare in the Company's Remuneration Report that it is satisfied that ERCs who provided KMP remuneration recommendations during the year did so without undue influence. The Board also has to explain why it was so satisfied, as required by the Corporations Act. The application of policy is intended to provide the justification for the Board's view that the advice was independent, due to the ERC and management complying with this policy.

6 Recording of Approved ERC Fees

Once an ERC has been approved by the Board, the Company will record all fees payable to the ERC for work performed during the year and shall separate the fees between those that relate to KMP Remuneration Recommendations and those that relate to other work. This information needs to be disclosed in the Company's Remuneration Report.

7 Definitions of Terms

Following are definitions of terms used in this policy.

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including a director (whether executive or non-executive) of the Company.

In addition to the directors of the Company, the KMP of the Company include:

- Chief Executive Officer
- Executive Deputy Chairman
- Chief Operating Officer – Stores
- Chief Operating Officer – Financial Services
- General Counsel and Company Secretary
- Chief Technology Officer
- Chief Risk Officer
- Chief Manager Digital and Marketing
- Head of Transformational Change
- Chief Human Resources Officer

External Remuneration Consultant means a person:

- a) who is not an officer or employee of the Company, and
- b) who makes a remuneration recommendation under a contract for services with the Company to whose KMP the recommendation relates.

This definition is wide and brings within its scope a number of advisors who would not generally be regarded as “remuneration consultants” but nevertheless are contracted by the Company to provide services which include KMP “remuneration recommendations” e.g. recruitment and search consultants.

KMP Remuneration Recommendation is a recommendation in regard to one or more members of the KMP of the Company about either or both of:

- a) how much the remuneration should be, and
- b) what elements the remuneration should have.

It should be noted that the following are not “remuneration recommendations”:

- a) advice about the operation of:
 - a. law,
 - b. accounting principles, and
 - c. actuarial principles and practice,
- b) the provision of:
 - a. facts, and
 - b. information of a general nature relevant to all employees of a Company.

8 Version Control

Updated By	Version	Date	Summary of Changes
Company Secretary	1	01 July 2015	Policy creation and effective date
Myrrhine Cutten	2	30 June 2017	Minor amendments to align with practice Board approval