



Non-Executive Director Remuneration Policy

Version No. 2016.1

February 2016

Document Control

Date	Version No.	Prepared By	Change Details	Approval Details
April 2013	2013.1	I Rogerson	<ul style="list-style-type: none"> • Apply Policy Template • Update references to ME Bank and related entities • Update Committee Fees (as approved by the Board 3 May 2012) 	Approved by the Board at its meeting dated 2 May 2013
May 2014	2014.1	I Rogerson	Annual review	Board minutes of meeting on 3 July 2014
December 2014	2015.1	I Rogerson	Update to reflect new Committee structure Update base and committee fees	Board: minutes of meeting on 4 December 2014
February 2016	2016.1	I Rogerson	Annual review – change for brand refresh; clarify fees remain same as from 01.01.15	Board: minutes of meeting on 4 February 2016

Once approved, an updated version of this policy must be immediately provided to the Compliance Department for inclusion on the Policy Central site.

1. Summary Information

Policy Objective:

To set an appropriate level of remuneration that allows ME to retain the services of a suitable number of well qualified directors.

Application:

This Policy applies to ME and its non-executive directors.

Effective Date:

4 February 2016.

Review Requirements:

This policy will be reviewed on an annual basis.

Approval:

The Board is authorised to approve this policy.

Document Owner:

This policy is owned by the Company Secretary,

Contact:

Any queries about this policy should be directed to Company Secretary.

Conflicts with Other Policies:

Should this policy conflict with any other ME policy, the Chief Risk Officer will resolve the discrepancy.

Confidentiality:

All ME policies are confidential documents. Only the document owner can approve the release of this document to third parties.

Applicable Legislation:

Not applicable.

Related Policies and Documents:

ME Authorities and Delegations Policy
Constitution of ME
People and Remuneration Committee Charter

Penalties for Non-Compliance (organisation):

A breach of this policy may create a contractual liability for the Bank. Non-compliance may also expose the Bank to damage to its shareholder relationships and possible shareholder action.

Record Keeping:

The Company Secretary will keep the final version of this policy.

2. Policy terms

2.1. Appropriate Remuneration – Not based on ME Performance

There is no direct link between non-executive directors' remuneration and the annual results of ME or its related entities.

2.2. Appropriate Remuneration - Base Fee

Non-executive directors of the ME Board will be remunerated by way of one base fee (inclusive of the "Superannuation Guarantee Contribution" (SGC) payment) (**Base Fee**) that is approximately half the median average paid by Bendigo Adelaide Bank and the Bank of Queensland.

This approach to determining the Base Fee is based on the following:

- a) The valuation of and scale of operations of ME is smaller than those of Bendigo Adelaide Bank and the Bank of Queensland, but the type of activity undertaken is comparable.
- b) As listed entities, Bendigo Adelaide Bank and the Bank of Queensland are subject to rigorous disclosure standards around directors' remuneration imposed by the Australian Securities and Investment Commission and the Australian Securities Exchange.
- c) Paying half the amount paid by the Bendigo Adelaide Bank and the Bank of Queensland is unlikely to be an excessive amount, yet is also seen as fair and reasonable given the valuation of ME and scale of operations.

From 1 January 2015 the Base Fees are, and continue to be:

Service Provided	Chair	Member
Board	\$168,000.00 (including SGC)	\$84,000.00 (including SGC)

2.3. Appropriate Remuneration - Committee Fees

In addition to the Base Fee, non-executive directors who participate on Board Committees receive compensation for the additional responsibilities and workload incurred in those roles (**Committee Fees**).

From 1 January 2015 the Committee Fees are, and continue to be:

Service Provided	Chair	Member
Audit & Governance Committee	\$13,500 (including SGC)	\$6,750 (including SGC)
Risk & Compliance Committee	\$13,500 (including SGC)	\$6,750 (including SGC)
People & Remuneration Committee	\$13,500 (including SGC)	\$6,750 (including SGC)
Technology Committee	\$13,500 (including SGC)	\$6,750 (including SGC)
Nominations Committee	Nil	Nil

2.4. Appropriate Remuneration - Subsidiary Board Fees

Non-executive directors who participate on the board of a ME subsidiary will receive the following compensation for the additional responsibilities and workload incurred in those roles:

Service Provided	Chair	Member
Subsidiary Board	75% of Base Fee	75% of Base Fee

2.5. Aggregate Remuneration and Fee Cap

Notwithstanding the compensation amounts payable by way of Committee Fees, the Board (advised by the People and Remuneration Committee) will strive to set aggregate yearly remuneration levels as near as is appropriate to 50% of the average of non-executive directors' fees paid by Bendigo Adelaide Bank and the Bank of Queensland.

All non-executive director fees and SGC payments are determined within the aggregate limit approved by shareholders (**Fee Cap**). The current Fee Cap, approved by shareholders in 2011, is \$1,000,000.00 per annum.

2.6. Setting Annual Fees

The People and Remuneration Committee is responsible for making recommendations to the Board in respect of the remuneration for non-executive directors, within the limits of the remuneration pool for non-executive directors.

The Board is authorised to determine the fees for directors within the Fee Cap and other parameters of this policy on an annual basis.

The People and Remuneration Committee will review the Board and Committee fees at least annually, by the end of each calendar year.

2.7. Reimbursement for Expenses

Non-executive directors are entitled under the ME Constitution to be reimbursed for reasonable business related expenses.

Reimbursed expenses are outside of the Fee Cap.

2.8. Termination Payments

Non-executive directors are not entitled to retirement benefits other than in respect of any superannuation entitlements.

3. Roles & Responsibilities

3.1 Board

It is the responsibility of the Board to approve this policy.

3.2 Senior Management

It is the responsibility of the Company Secretary to ensure the non-executive directors are paid in accordance with this policy.

3.3 Other Employees

Not applicable.