

Remuneration Policy

This Policy is in accordance with Kathmandu Corporate Governance Standards and outlines ethical values and principals applied to the Group's remuneration methodology. The principles outlined are essential to our continued success and reflect the direction and approach in how we conduct our business activities.

1.0 Purpose

The purpose of the Remuneration Policy is to:

- 1.1 Seek to ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of high calibre individuals who contribute positively to the achievement of our strategy and objectives and will create value for shareholders;
- 1.2 Fairly and responsibly reward Executive Directors, Senior Executives and all Employees having regard to the Group's performance, the performance of the individual and the general pay environment;
- 1.3 Fairly and responsibly reward Non-Executive Directors by way of fixed remuneration which reflects the time commitment and responsibility of the role; and
- 1.4 Comply with all relevant legal and regulatory provisions.

2.0 Policy

Remuneration reviews are held annually, completed in July of each year. All remuneration reviews are submitted to the Remuneration Committee (the "Committee") for review and processed in accordance with the Committee guidelines.

3.0 Responsibility

The Committee's responsibilities are set out in the Remuneration Committee Charter which can be found on the Kathmandu Holdings Limited Investor Relations Website.

4.0 Principles

In order to fulfil the responsibilities of the Committee, the members shall be guided by the following principles when developing recommendations to the Board regarding remuneration practices:

- Be clearly aligned with Kathmandu's values, culture and corporate strategy;
- Support the attraction, retention and engagement of Employees;
- Be equitable and flexible;
- Ensure equality of pay between genders for comparable roles;
- Appropriately reflect market conditions and organisational context;
- Recognise individual performance and competency, rewarding individuals for achieving high performance; and
- Recognise team and Group performance and the creation of shareholder value.

5.0 Remuneration Packages

5.1 Remuneration for Executive Directors, Senior Executives and Employees may incorporate fixed and variable pay performance elements with both a short term and long term focus. Remuneration packages may contain any or all of the following:

- Annual base salary – based on the complexity of the role with provision to recognise the value of the individuals' personal performance and their ability and experience;
- A discretionary Short Term Incentive may be offered for permanent Employees, at the discretion of the CEO. The structure of such incentives is approved by the Board and may vary from year to year;
- Share participation via a Long Term Incentive Scheme may be offered, as approved by the Board;
- Other benefits such as holidays, sickness benefits, superannuation payments and long service benefits; and
- Reimbursement for any expenses incurred in the course of duties.

In addition special payments and other measures may be available to reward individuals and teams following a particular outstanding Company contribution.

- 5.2 Remuneration for Executive Directors and Senior Executives will generally contain an element that is dependent on the Group's performance and the performance of the individual. The weighting of each component of remuneration (fixed vs performance based) shall reflect the complexity and responsibility of the relevant role. Any performance-based remuneration will be assessed based on distinct KPIs which are linked to the Group's performance objectives.
- 5.3 Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of the role and does not involve any element of performance-based remuneration. The total remuneration pool available annually to Directors is approved by Kathmandu shareholders.

Approved by the Board on 23 November 2017.