

# Callide Incentive Bonus Scheme Policy

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## 1. INTRODUCTION

This document has been developed to provide structure for development, variation and implementation for the Callide Incentive Bonus Scheme.

## 2. PURPOSE

To Provide an Incentive Bonus Scheme via specific measures across Budget targets which are transparent. Specifically, it is designed to drive a focus on the achievement of production & cost targets and reward successful business performance.

## 3. DEFINITIONS

**Budget** – The approved Annual Budget

**“The Company”** – Batchfire Callide (Callide Management) Pty Ltd.

**FOR Cost per Coal Despatched** – Total mine cash costs, excluding royalties divided by total coal despatched.

**Department Manager** – Functional Department Head e.g. Manager Maintenance, Manager Mining.

**Prime BCM** – Prime waste removed and surveyed and as reported monthly.

**Coal Despatched** – Coal Leaving the Callide Mine by train, or conveyor belt to the power station.

**Workplace Representative** – The elected representative of the coal mine worker.

## 4. SCOPE

### 4.1 Resignations

Employees who resign or otherwise exit the business must be employed when the bonus is paid at the end of each quarter to receive the payment regardless of their service in any quarter.

### 4.2 Leave

Any type of fully paid leave is counted as service for the purposes of eligibility to receive the Bonus .

### 4.3 Pro-rata Adjustments

Individual payments will be calculated on a pro rata basis in the following circumstances:

- New Starters will have no pro rata entitlement based on their commencement date (they will become eligible in the first full quarter following their commencement as a Batchfire Callide employee at Callide Mine); and/or
- Unpaid leave (greater than or equal to 1 shift) will have a pro rata entitlement based on active paid shifts for the month (i.e. bonus payments will be reduced based on the number of unpaid leave shifts taken during the month). This does not apply to employees who are on unpaid leave due to a family and domestic violence matters.

## 4.4 Employee on Workcover

Clarification around the treatment of employees on Workcover and the Bonus entitlement is outlined below.

- If an employee is on Workcover and is attending 100% of their Workcover obligations or return to work plan, they will be entitled to the Bonus; or
- If an employee is on Workcover and is not attending 100% of their Workcover or their return to work plan, a pro rata payment will apply at management discretion

## 5. REVIEW

The following triggers have been identified to initiate a review of the Policy by a Committee of Workplace Representatives and the General Manager of Callide Mine or his/her Senior Leadership Team Representatives:

- Legislative changes of statutory compliance
- Environmental critical issues
- Safety critical issues
- Major change to budget levels of activity

### 5.1 Annual review of criteria and measures

On an annual basis (in the month of February), the criteria and measures used in this Policy and subsequent ratings will be reviewed in line with the new Budget. This review will take place by a Committee of Workplace Representatives and the General Manager of Callide Mine or his/her Senior Leadership Team Representatives.

## 6. ASSESSMENT: CRITERIA AND MEASURES

Each measure is calculated independently for the quarter.

\$380 paid for meeting Budget

\$430 paid for exceeding budget by 10%

With pro rata payments made for exceeding budget 1% to 9%.

The Bonus uses 3 measures:

1. Prime Waste measured in bcm
2. Coal Despatched measured in tonnes
3. FOR cost per tonne of Coal Despatched measured in \$ per tonne

Summary Payment Table			
	< Budget	Budget	Budget + 10% (max)
Prime Waste	nil	\$380	\$430
Coal Despatched	nil	\$380	\$430
FOR cost per Coal Despatched	nil	\$380	\$430
<b>Total Max Payment for QTR including Super</b>		<b>\$1,140</b>	<b>\$1,290</b>
<b>Total Max Payment for the year including Super</b>		<b>\$4,560</b>	<b>\$5,160</b>

For clarity, if the following occurred in a quarter:

- Prime Waste < Budget
- Coal Despatched 103% of Budget
- FOR costs 10 % below budget

Then the payment for that quarter would be, \$0 + \$395 + \$430 = \$825 including super.

**Annual Washup** - An annual washup is also calculated and paid following Q4. The washup looks at what the bonus payment would have been if the bonus was calculated annually rather than quarterly, takes off any quarterly payments made, and the difference is paid as an annual washup.

Using 2017 as an example, if there had of been a washup payment, the washup payment would have been \$769 as follows:

Measure	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Tot 2017	Annual Measure Achieved	Payment if measured annually	Washup Payment
Prime Waste	0	0	0	0	0	88%	0	0
Coal Desp	\$386	0	\$398	0	\$784	100.5%	380*4 + .05*200 = \$1,530	1,530 – 784 = \$746
\$/t Coal Desp	\$417	\$430	\$420	\$430	\$1,697	112%	380*4 + 200 = \$1,720	1,720 – 1,697 = \$23
Total	\$803	\$430	\$818	\$430	\$2,481		\$3,250	\$769

Note that if the annual calculation is an amount less than the payments already made during the quarters, then no payment is made.

## 7. PAYMENT SCHEDULE

Payments will be calculated quarterly, rounded to the nearest whole dollar, and paid quarterly. Quarterly Payments will be made as practicable within 4 weeks of the end of the quarter period. Annual washup to occur within 4 weeks of the end of Q4. The amount of bonus is determined inclusive of any superannuation that the Company is required to contribute pursuant to the Superannuation Guarantee Charge legislation.

## 8. ROLES & RESPONSIBILITIES

Designation	Responsibility
General Manager	Approval and maintenance of this policy.

## 9. DOCUMENT CONTROL

Revision	Reason for review	Review team	Summary of changes	Review approved (Department Manager)	Date	Authorised (Site Senior Executive)	Date
1	Development of Document	Management Team	N/A	Scott Haynes	24.04.2017	Colin Moffatt	24.04.2017
2	Change calculation to include annual washup		Clause 6, and 7	Scott Haynes		Colin Moffatt	