

Straker Translations Limited

Corporate Governance Statement

(for the year ended 31 March 2018)

The board of directors of Straker Translations Limited (**Straker**) is committed to upholding a high standard of corporate governance. Following its listing on the Australian Securities Exchange (**ASX**), Straker intends to comply as far as possible with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) which came into effect on 1 July 2014 (**ASX Corporate Governance Principles and Recommendations**) having regard to the nature and size of Straker's operations.

This corporate governance statement outlines Straker's commitment to achieving compliance with the central principles of the recommendations set by the ASX Corporate Governance Council based on:

- an overview of Straker's implementation of the ASX Corporate Governance Principles and Recommendations during the year ended 31 March 2018;
- an explanation of the ASX Corporate Governance Principles and Recommendations with which Straker does not currently comply and the reasons for any non-compliance; and
- a statement of Straker's intention to take certain actions and adopt certain policies and processes in order to achieve compliance with the ASX Corporate Governance Principles and Recommendations from the time of its listing on the ASX.

Straker's board charters, corporate governance principles and policies will be available on Straker's website at www.strakertranslations.com from the time of its ASX listing.

This Corporate Governance Statement was approved by the Board on 3 September 2018.

Principle 1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

The respective roles and responsibilities of Straker's board and management

Straker's board of directors is the body responsible for the overall corporate governance and decision making within the company. While Straker's senior executive management team (being employees of Straker who report directly to Straker's Chief Executive Officer) deal with and supervise the day-to-day operational issues and processes experienced by Straker in carrying out its business, the role of the board is to direct and supervise the management of Straker's business by its senior executive team, and to ensure that the longer term strategic objectives of the company continue to be met.

Matters typically dealt with by Straker's board of directors include but are not limited to:

- the composition of Straker's board, including the appointment, retirement and re-election of directors as necessary;
- the appointment (and removal if required) of Straker's Managing Director, the appointment of Straker's chairperson of the board, and the ratification of the appointment or removal of the Chief Financial Officer (**CFO**) and other members of the senior executive management team;
- determination of the conditions of service of the Managing Director and other members of the senior executive management team, and the relevant performance monitoring procedures to be applied in respect of these roles;
- approval of Straker's business strategy and key performance targets and subsequent monitoring of management's implementation and achievement of such strategy and targets;
- oversight of Straker's compliance with applicable laws, its constitution, its Board Charter and generally accepted standards of corporate citizenship and governance from time to time;
- the review and oversight of the operation and integrity of Straker's accounting and corporate reporting systems, as well as its systems of risk management, internal compliance and control;
- approval of Straker's annual budget and monitoring of Straker's financial performance;
- oversight of Straker's process for making timely and balanced disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price of Straker's securities;
- oversight of Straker's board committees and the effectiveness of Straker's corporate governance practices; and
- the annual review and approval of delegations of authority within Straker's board and senior executive management team.

In order to promote efficiency, Straker's board of directors may from time to time delegate certain functions to its senior executive management team. As outlined above, actions delegated to the senior executive management team typically involve management of Straker's resources to deal with day-to-day operations of the business in a way that contributes to Straker's overall strategic direction as set by the board of directors. Straker's board has delegated to the Managing Director all the powers and authorities required to manage the day-to-day operations of Straker's business, except those expressly reserved to the board or one of its committees.

Straker's Board Charter sets out the role and responsibilities of Straker's board of directors, and regulates internal board procedures. Straker's Board Charter will be adopted at the time of Straker's listing on the ASX and will be available on Straker's web site at www.strakercommunications.com from this time.

Selection and recommendation of director candidates

Before appointing or putting forward to shareholders any candidate for election or re-election as a director of Straker, the board of directors of Straker will undertake appropriate checks on that candidate, including checks as to that candidate's character, experience, education, criminal record and bankruptcy history. If Straker is satisfied with the results of such checks and determines that the candidate be put forward to

shareholders for election, Straker will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect that director candidate.

Terms of appointment of directors and senior executives

All newly appointed directors of Straker are provided with a letter of appointment setting out the term of appointment, remuneration, the director's roles and responsibilities and the entity's expectations of that director (including with regard to time commitments, the requirement to disclose directors' interests and matters affecting the director's independence, the requirement to comply with key corporate policies, and ongoing confidentiality obligations). Existing non-executive directors of Straker also have their terms of appointment formalised in a written letter of appointment setting out the above items.

All senior executive employees of Straker have their terms of employment (including a description of their position, duties and responsibilities, remuneration arrangements, the role to which they report, termination obligations and entitlements, and ongoing confidentiality obligations) contained in a written agreement with Straker.

The company secretary role

Straker is a limited liability company incorporated in New Zealand. As there is no requirement under New Zealand law for a limited liability company to appoint a company secretary, Straker has not appointed a company secretary as at the date of this Corporate Governance Statement.

Straker recognises that the appointment of a company secretary will be necessary for Straker once it is listed on the ASX. Accordingly, Straker's board intends to appoint a Sydney-based company secretary as soon as practicable following completion of the Company's listing on the ASX. It is intended that the company secretary will perform the following functions for which they will be accountable directly to Straker's board:

- advising the board and its committees on governance matters;
- ensuring compliance with the Company's continuous disclosure obligations;
- monitoring that the board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of board and committee papers;
- ensuring that the matters discussed at board and committee meetings are accurately captured in the minutes of those meetings; and
- helping to organise and facilitate the induction and professional development of directors.

Diversity

Straker understands that diversity and inclusivity in the workforce is a strategic asset, and that a workplace with a genuine balance of employees by gender, age and background will strengthen Straker's business performance and create opportunities to access the best people for Straker's business.

Straker has developed a formal Diversity and Inclusion Policy which will be adopted at the time of Straker's

listing on the ASX and will be available on Straker’s website from that time at www.strakertranslations.com
 Under the Diversity and Inclusion Policy, Straker’s board of directors is required to set a number of measurable objectives for achieving gender diversity at Straker, and to assess annually both the objectives and Straker’s progress in achieving them.

As Straker is yet to adopt the Diversity and Inclusion Policy, no measurable objectives have been set by the board as at the date of this Corporate Governance Statement. However, in order to demonstrate Straker’s commitment to compliance with the ASX Corporate Governance Principles and Recommendations, Straker’s board of directors intends to set a number of measurable objectives by no later than the date of Straker’s Annual Report for the year ended 31 March 2019. Straker intends that the measurable objectives set by the board will include appropriate and meaningful benchmarks that are able to be measured and monitored for effectiveness in addressing any gender imbalance issues that may be present in Straker’s business.

After the measurable objectives have been adopted for at least a 12 month period, Straker’s board of directors will conduct a review of Straker’s progress against the stated measurable objectives over the preceding 12 months and will disclose an overview of such progress in the Corporate Governance Statement for that year.

As at the year ended 31 March 2018, the respective proportions of men and women within Straker were as follows:

	Female	Male
Board of directors*	0	6
Senior executive team	2	4
All other employees (not including senior executive staff)	39	40

* On 3 July 2018, Straker appointed Katrina Johnson to the Board

Performance Management

From the time of its listing on the ASX, Straker intends to undertake formal evaluation processes on an annual basis to review the performance of Straker’s board, various board committees, individual directors and senior executive employees. These evaluation processes will be conducted as follows:

- **Board performance and board committee performance:** Straker’s board will conduct an annual self-review and evaluation of its own performance (with assistance from the Nominations and Remuneration Committee and the company secretary), including the board’s performance against the requirements of the Board Charter, the performance of the board’s committees, and

the performance of individual directors.

- **Individual director performance:** Straker's chairperson of the board will conduct performance reviews with individual directors on an annual basis. In addition, as stated above, Straker's board will conduct a review of the performance of individual directors as part of its self-review process;
- **Senior executive employee performance:** the Nominations and Remuneration Committee will periodically evaluate the performance of Straker's senior executives in accordance with the provisions of Straker's Nominations and Remuneration Committee Charter, which will be available on Straker's web site at: www.strakertranslations.com from the date of Straker's listing on the ASX.

As Straker is yet to adopt and implement the above evaluation processes, performance evaluations were not conducted in accordance with the abovementioned processes for the reporting period ended 31 March 2018. However, in order to demonstrate Straker's commitment to compliance with the ASX Corporate Governance Principles and Recommendations, Straker's board of directors intends to conduct its first formal performance review in accordance with the abovementioned processes by no later than the date of Straker's annual report for the year ended 31 March 2019, and will conduct a similar review at or around the end of each following year. After conducting such performance reviews, Straker will disclose an overview of any substantive issues arising from that year's performance reviews in its Corporate Governance Statement for each year.

Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Straker understands the importance of a high performing and effective board of directors in ensuring proper governance of a listed entity. Straker has structured its board of directors in accordance with the recommendations set out in the ASX Corporate Governance Principles and Recommendations to ensure that the board is of a sufficient size, independence level, and skill set composition to enable it to manage the requirements of Straker's business and the industry and market in which it operates.

Nominations and Remuneration Committee

Straker's Nominations and Remuneration Committee will be formed at the time of or shortly prior to Straker's listing on the ASX. Straker's Nominations and Remuneration Committee will be tasked with overseeing and making recommendations to Straker's board of directors on the nomination, selection and appointment of directors to Straker's board, the re-election of incumbent directors, and the remuneration strategies and policies of the company, including recommendations on the fees to be paid to directors.

The Nominations and Remuneration Committee will have at least three members, with current members being Tim Williams, Paul Wilson and Katrina Johnson (a majority of whom are independent non-executive directors) and will be chaired by Tim Williams who is an independent director of Straker, in accordance with the requirements of the ASX Corporate Governance Principles and Recommendations. The

Nominations and Remuneration Committee Charter sets out the board's policies and practices regarding the nomination, selection and appointment of new directors and the re-election of incumbent directors, as well as the board's policies regarding the remuneration of non-executive directors and other senior executives, and will be adopted by Straker at the time of its listing and made available on the Company's web site at www.strakertranslations.com

Once formed, when assisting Straker's board of directors in reviewing candidates for board appointment and assessing retiring directors standing for re-election, the Nominations and Remuneration Committee will have regard to a number of factors, including:

- the most appropriate board size for Straker;
- the skills, experience, and personal attributes that will best complement the skill set and characteristics of Straker's existing board members, to enhance the board's effectiveness;
- the diversity of Straker's board composition;
- the capability of the candidate to devote the necessary time and commitment to the role; and
- potential conflicts of interest and independence.

Recommendations will be made to Straker's board based on the assessment by the Nominations and Remuneration Committee of a potential candidate against the above considerations, as well as other criteria deemed appropriate by the Nominations and Remuneration Committee at that time.

Board composition and independence

As at the year ended 31 March 2018, Straker's board comprised the following five non-executive directors:

Name	Position	Date appointed to Straker's board
Phil Norman	Chairperson and independent non-executive director	13 January 2014
Grant Straker	Executive director	21 December 1999
Steve Donovan	Non-executive director	1 December 2004
Paul Wilson	Non-executive director	22 September 2015
James Johnstone	Non-executive director	21 October 2016
Tim Williams	Independent non-executive director	24 June 2015

The board of directors notes that James Johnstone will resign from Straker's board shortly prior to the date of Straker's listing on the ASX. Katrina Johnson was appointed to the board as an independent non-executive director on 3 July 2018 (after the close of the relevant reporting period).

Three directors on Straker's board when the Company lists on the ASX (including Phil Norman, the current chairperson of the board) will be considered to be independent non-executive directors. Straker supports and follows the recommendation of the ASX Corporate Governance Principles and Recommendations that the chairperson and the CEO/Managing Director of a listed entity should not be the same person, in

order to maintain independence of the chairperson's role.

Straker intends that its Nominations and Remuneration Committee will re-assess the independence of each non-executive director on an annual basis and in cases where a specific need for an independence assessment is identified due to a change in the interests, positions, associations or relationships of one or more non-executive directors. If Straker's board of directors determines that a director's status as an independent director has changed, the board will disclose and explain that determination to the market in a timely manner.

Skills and experience of Straker's board of directors

Straker recognises that its board of directors should represent a diverse range of skills, experience and attributes in order to ensure effective decision-making and governance of the company. Straker's board of directors is currently comprised of members with skills and experience in the following areas:

- information technology;
- investment banking;
- corporate governance;
- technology commercialisation;
- product development;
- sales and marketing; and
- finance.

There are also a range of qualifications currently represented across Straker's board of directors, including in the fields of finance and accounting, business management, sales and marketing, and software development. In addition, the recent appointment of non-executive director Katrina Johnson to Straker's board (albeit after the close of the reporting period ended 31 March 2018) has filled a gap previously identified by the board in the area of legal qualifications and experience.

Straker's board of directors review on an annual basis the skills, experience and attributes held by the directors and whether the board group as a whole possess the skills and experience required to fulfil their role on the board and relevant board committees. Where any gaps are identified, the board will consider what training or development could be undertaken to fill those gaps provide resources or access to resources to help develop and maintain the skills and knowledge of its directors.

Induction of new directors and ongoing professional development

Where a new director is appointed to Straker's board, Straker's chairperson will arrange induction sessions with the new director in order to brief them on the background and growth story of the company and advise the new director on Straker's board procedures, constitutional documents, corporate governance policies and procedures.

Due to the current size and growth stage of Straker's business, the director induction and professional

development processes of the company are largely informal. However, as Straker grows in size and market significance, Straker will consider providing directors with appropriate formalised professional training and development opportunities to allow new and existing directors to develop and maintain the skills and knowledge needed to perform their roles effectively.

Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

Straker is committed to complying with its legal obligations and to acting with honesty, integrity and in a manner consistent with the reasonable expectations of its investors and the wider community.

Code of Conduct

Straker expects that all of its directors, senior executives and employees will also act ethically and responsibly, in strict compliance with all applicable laws, regulations, and in accordance with accepted principles of good corporate citizenship. In order to demonstrate Straker's commitment to acting ethically and responsibly, Straker's board of directors has developed a Code of Conduct that clearly defines Straker's core values, articulates what Straker regards as acceptable business practices, and sets out the standards and expectations required of Straker's board of directors, senior executives and employees in performing their duties. Straker's Code of Conduct will be adopted at the time of Straker's listing on the ASX and will be available on Straker's web site from this time at www.strakertranslations.com

Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Audit and Risk Management Committee

Straker's Audit and Risk Management Committee will be formed at the time of or shortly prior to Straker's listing on the ASX. Straker's Audit and Risk Management Committee will be tasked with reporting to Straker's board of directors on the integrity of Straker's financial reporting process, its internal and external audit functions, and its internal control and risk management process. In accordance with the requirements of the ASX Corporate Governance Principles and Recommendations, the Audit and Risk Management Committee will comprise at least three non-executive director members, being Steve Donovan, Katrina Johnson and Phil Norman (a majority of whom are independent directors).

The ASX Corporate Governance Principles recommend that the Audit and Risk Management Committee will be chaired by an independent director. Straker's board of directors have had regard to the skills and experience of the board, and have determined that despite not being considered an independent director, Steve Donovan is the most appropriate member of the board to act as chair of the Audit and Risk Management Committee given his knowledge of Straker and its history of audit and risk issues, as well as his expertise and qualifications in the area of finance.

The relevant qualifications and experience of the members of the Audit and Risk Management Committee are as follows:

- Steve Donovan was Straker's former CFO and has been a director of Straker for more than 10 years. Previously, Steve Donovan was a partner of Ernst & Young in New Zealand, and has significant experience as a director and investor in the SME sector in New Zealand, including a Finance Director role at accounting software provider, Greentree Software Group, which was sold to MYOB in 2016. Steve holds an honours degree in Economics from the University of Lancaster in the United Kingdom and is a qualified Chartered Accountant and a current member of the Institute of Chartered Accountants in England and Wales.
- Phil Norman is the Managing Director of Nortek Management Services Limited, a boutique business advisory firm providing investment banking, strategy and governance services for growth companies. He has over thirty years' experience working with small and mid-sized companies in a number of industry sectors and has been an owner, manager, director and investor in a number of New Zealand and international businesses. Phil is a past Chairman of the New Zealand Venture Capital Association and was for six years a member of New Zealand Trade and Enterprise's New Zealand Beachheads Advisory Board. Phil holds an MBA from the University of Auckland and is a Chartered Member of the New Zealand Institute of Directors.
- Katrina Johnson (who was appointed after the close of the relevant reporting period) is Associate General Counsel and Head of Legal, Asia-Pacific for Uber.
Katrina joined Uber in April 2015, after spending 12 years with the eBay group of companies in Australia and the United States. Katrina has over 15 years of specialist in-house legal experience within technology companies, including executive leadership and board member roles. Katrina is also an independent non-executive director of Trade Me Group Limited, and a member of its Audit and Risk Management Committee. Katrina holds a BA and an LLB (Hons) from Macquarie University, Sydney, New South Wales, Australia.

The Audit and Risk Management Committee Charter sets out the policies and practices of Straker's board of directors regarding the financial audit and risk management processes of Straker, and will be adopted by Straker at the time of its listing and made available on the Straker's web site at www.strakertranslations.com

Declaration of Managing Director and CFO on financial statements

As a New Zealand incorporated company, Straker is not subject to section 295A(4) of the Corporations Act 2001 (Cth) (which requires that the CEO/Managing Director and CFO of a listed entity provide certain declarations regarding the financial statements for that entity in each financial year). However, in accordance with the ASX Corporate Governance Principles and Recommendations, once Straker is listed on the ASX, Straker's Managing Director and CFO will provide to Straker's board of directors (prior to the approval by the board of Straker's financial statements for a financial period) a written opinion to the board

of directors that, in their opinion:

- Straker's financial reports comply with the appropriate accounting standards;
- Straker's financial reports give a true and fair view of Straker's financial position and performance; and
- the opinion of the Managing Director and CFO has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Attendance of external auditor at Annual Meeting

In order to safeguard the integrity of Straker's corporate reporting process and to maintain free and open communication between the board of directors, shareholders and auditors, Straker requests that its external auditor attend Straker's Annual Meeting so as to be available to answer any shareholder questions raised at or prior to the Annual Meeting about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Complying with Continuous Disclosure Obligations

As an entity to be listed on the ASX, Straker must comply with the continuous disclosure obligations contained in the ASX Listing Rules. As part of these continuous disclosure obligations, where Straker becomes aware of any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the Straker's securities, Straker must immediately disclose that information to the market (subject to limited exceptions available under the ASX Listing Rules).

To encourage and assist compliance by Straker's board of directors and its employees with these continuous disclosure obligations, Straker's board of directors has developed a Continuous Disclosure Policy which will be adopted at the time of Straker's listing on the ASX and will be available on Straker's web site at www.strakertranslations.com. The Continuous Disclosure Policy has been developed with regard to ASX Listing Rules 3.1-3.1B and relevant ASIC regulatory guidance with respect to disclosure for investors. The company secretary will have primary responsibility for all relevant regulatory filings to ensure Straker's compliance with its continuous disclosure obligations.

Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Access to information about Straker and its governance

In accordance with the ASX Corporate Governance Principles and Recommendations, Straker has a "Corporate Governance" section of its website, from which all relevant corporate governance information

about Straker can be accessed by the general public. Such information includes:

- this corporate governance statement;
- Straker's constitution, board charter and board committee charters;
- the Straker code of conduct;
- various corporate governance policies; and
- names, photographs and summarised biographical information for each of Straker's directors and senior executives.

Other relevant information and documents about Straker, including but not limited to copies of Straker's annual reports and financial statements, copies of Straker's announcements to the ASX, and copies of notices of meetings of shareholders (and any accompanying documents) are currently or will also be able to be accessed on relevant areas of Straker's website from the time of Straker's listing on the ASX.

Shareholder relations

Straker has implemented a formal Shareholder Communications Policy to ensure that shareholders are provided with sufficient information to assess the performance of Straker at regular intervals, and are informed of all major developments affecting the state of affairs of Straker, in accordance with applicable laws. A copy of Straker's Shareholder Communications Policy will be adopted by Straker at the time of its listing on the ASX and will be available on Straker's web site at www.strakertranslations.com

Pursuant to Straker's Shareholder Communications Policy, Straker regularly provides information to shareholders:

- market releases to the ASX in accordance with Straker's continuous disclosure obligations;
- the investor relations section of Straker's website;
- Straker's annual and half-yearly reports; and
- Straker's Annual Meeting.

In addition to providing shareholders with information about the company, Straker also provides opportunities for two-way communication between shareholders and Straker by requesting that its external auditor and the relevant chairs of the various board committees attend Straker's Annual Meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report, or about the activities of the various board committees. Shareholders are encouraged to express to the relevant Straker representatives present at the Annual Meeting any matters of concern or interest to shareholders, with the understanding that these views will be communicated to Straker's board of directors for consideration.

Shareholders who are not able to attend the Annual Meeting and exercise their right to ask questions about, or make comments on the management of Straker will be given the opportunity to provide questions or comments ahead of the Annual Meeting. Where appropriate, these questions will be considered and answered at the Annual Meeting.

Electronic communications

Straker encourages its shareholders to receive information and communications from, and send communications to, Straker and its share registry electronically. Shareholders may elect to send and receive communications electronically by registering their email address online with Straker's share registry.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Straker is committed to the establishment and maintenance of a sound risk management framework encompassing oversight, management and internal control of risks within and facing Straker's business.

Audit and Risk Management Committee

As outlined above (see Principle 4), Straker's Audit and Risk Management Committee, once formed, will oversee and report to the board of directors on the integrity of Straker's financial reporting process and risk management process. Please see Principle 4 for further information on the membership structure and committee charter of Straker's Audit and Risk Management Committee.

Annual review of Straker's risk management framework

The Audit and Risk Committee, once formed, will regularly review and discuss the major risks affecting Straker's business and develop strategies to mitigate these risks throughout the year, and will review Straker's overall risk management framework at least annually to ensure that the framework continues to be effective and suitable to the risks involved in Straker's business.

Evaluating and improving risk management and internal control processes

While Straker does not have an internal audit function, Straker's board of directors ensures that the risk management and internal control processes of Straker are regularly evaluated and the effectiveness of these processes will be continually improved through review by the Audit and Risk Committee, once formed, and by the board of directors of Straker.

Where it considers necessary, Straker's board of directors will consider the recommendations of the external auditors and other external advisers in relation to Straker's financial reporting process and risk management framework, and appropriate action will be taken by the board of directors to ensure that key risks, as identified, are managed effectively.

Material exposure to risk

Key economic, environmental and social sustainability risks to which Straker is exposed will be disclosed in Straker's Prospectus document issued to investors at or around the time of Straker's listing on the ASX. Once Straker is listed on the ASX, Straker's board will ensure that any material exposure of Straker to economic, environmental and social sustainability risks will be disclosed in accordance with the requirements of ASX Listing Rule 3.1.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Nominations and Remuneration Committee

As outlined above (see Principle 2), Straker's Nominations and Remuneration Committee, once formed, will have as one its principal functions the oversight of the remuneration strategies and policies of the company. Please see Principle 2 for further information on the membership structure and committee charter of Straker's Nominations and Remuneration Committee.

Board review and determination of remuneration structures

Straker's board of directors reviews the overall remuneration structure and policies and will consider recommendations from the Nominations and Remuneration Committee once this committee has been formed at the time of Straker's listing on the ASX. No individual director or senior executive is or will be involved in deciding his or her own remuneration.

The board of directors of Straker may seek the advice of external advisers from time to time in order to develop remuneration packages to retain and attract high quality non-executive directors and senior executives, and encourage these directors and executives to pursue the growth and success of the entity without taking undue risks.

Straker's non-executive directors are paid by way of fees for services up to a maximum aggregate sum of \$A600,000 per annum as approved by shareholders at the Company's Annual Meeting held on 25 September 2018. Only with prior shareholder approval in general meeting may fees be paid to non-executive directors in excess of this \$A600,000 fee cap.

At at 31 March 2018, non-executive directors were paid \$NZ40,000 per annum with the Chair receiving \$NZ50,000 per annum. At the time Straker lists on the ASX, non-executive directors' fees will be increased to \$A50,000 per annum with the Chair receiving \$A80,000 per annum. Grant Straker, who is an executive director, is not paid director's fees.

In addition, Straker's directors are entitled to participate in the Company's Employee Share Options Schemes, which post-listing will require approval by shareholders before further option issuances can be made to directors.

As at 31 March 2018, the following directors held options in Straker's legacy ESOP scheme:

- Grant Straker: 41,960 options issued at \$NZ0.596
- Steve Donovan: 41,960 options issued at \$NZ0.596

- Phil Norman: 41,960 options issued at \$NZ0.596

On 26 September 2018, additional options were issued to directors in Straker's new, LTI ESOP scheme:

- Grant Straker: 300,000 options issued at \$A1.51
- Phil Norman: 50,000 options issued at \$A1.51
- Paul Wilson: 50,000 options issued at \$A1.51
- Steve Donovan: 25,000 options issued at \$A1.51
- Tim Williams: 25,000 options issued at \$A1.51
- Katrina Johnson: 25,000 options issued at \$A1.51

Straker's executive director and other senior executives are paid by way of cash salaries and in relation to the year ending 31 March 2019, and are entitled to participate in a bonus pool of \$NZ210,250 to be paid at the discretion of the Board provided the pro-forma FY19 revenue and EBITDA forecasts set out in the Company's prospectus are achieved. The Company's CEO and Managing Director is paid \$NZ290,000 per annum.

In addition, Straker's senior executives are entitled to participate in the Company's Employee Share Options Schemes.

Aligning remuneration and performance to the creation of value for shareholders

As at the year ended 31 March 2018, Straker had in place an employee share option plan (**ESOP**) entitling certain directors, senior executive staff and other employees to the issue of options over ordinary shares in Straker, according to the terms of the plan.

In order to ensure that Straker's incentive strategies are appropriate for an ASX listed entity and continue to align the interests of directors and senior executives with the creation of value for shareholders, Straker's board of directors intends to take the following actions shortly prior to Straker's listing on the ASX:

- retain the current ESOP with some minor amendments to ensure compliance of the ESOP with the relevant ASX listing rule requirements; and
- establish a new ESOP scheme to provide long-term incentives for qualifying employees, senior executives and directors of Straker, under which options over the ordinary shares of Straker may be issued to such qualifying employees, senior executives and directors of Straker. Straker intends that the new ESOP scheme (which will operate on substantially similar terms to the current ESOP scheme), will be approved by Straker's board and shareholders and adopted shortly prior to Straker's listing on the ASX.

Under Straker's Securities Trading Policy, participants in either or both of Straker's ESOP schemes are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risks of participating in the relevant scheme (or schemes, as the case may be).

Any options offered to directors and/or senior executives after Straker is listed on the ASX will be subject to board and/or shareholder approval as required by applicable law, the ASX listing rules and Straker's constitution.