

1. OVERVIEW

This Framework is designed to provide a formal, consistent and transparent framework that aligns executive remuneration arrangements with shareholder interests (both short and long term), while ensuring that remuneration remains competitive. This will enable SCA to attract and retain talented people, who are vital to delivering a sustainable and prosperous future, and therefore to achieve its strategic objectives and maximise shareholder value.

2. OBJECTIVE OF THE EXECUTIVE REMUNERATION FRAMEWORK

The Framework aims to ensure that reward for performance is competitive and appropriate for the results delivered. The Framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, consistent with market practice for delivery of reward. Executive reward will be aligned with:

- strategic objectives
- competitiveness and reasonableness
- expectations and interests of shareholders
- executive performance.

There will be a focus on:

- sustained growth
- consistent shareholder returns
- promoting diversity in SCA's workforce
- attracting and retaining high calibre executives.

The Framework will deliver:

- rewards for capability and experience
- a clear structure for earning reward
- recognition for contribution.

3. GUIDELINES FOR EXECUTIVE REMUNERATION

3.1 Gender neutrality

Using the Mercer International Position Evaluation (**IPE**) system, SCA aims to ensure that all employees are remunerated fairly for the work that they do. SCA uses the Mercer IPE system to evaluate roles and to compare the remuneration of individuals in similarly rated roles in the business. The Mercer IPE system considers the following factors associated with

each role: impact, influence and contribution; communication and decision making; innovation; knowledge; team management; and risk.

Where practicable, action is taken promptly to address any pay gaps between males and females in the same role. Where this is not practicable, any such pay gaps will be progressively addressed in future recruitments and in annual reviews of remuneration.

The Mercer IPE system will be used to set remuneration bands for similarly rated roles to improve the consistency of remuneration practices throughout the business.

3.2 Executive tiers

This Framework applies to executives who are a member of the National Executive Team, as set out in the table below.

The National Executive Team includes SCA’s Senior Leadership Team, which is made up of the Chief Executive Officer (**CEO**) and leadership executives reporting to the CEO, comprising the Chief Financial Officer, the Chief Operating Officer, the Chief Sales Officer, the Chief Content Officer, the Chief Technology Officer, the Chief Communications and Marketing Officer, and other leadership executives approved by the Board. These Leadership Executives are SCA’s executive Key Management Personnel (**KMP**) for the purposes of Accounting Standard AASB 124 being those persons “having authority and responsibility for planning, directing and controlling the activities of SCA, directly or indirectly, including any director (whether executive or otherwise) of that Company”.

The executive roles included in the National Executive Team are reviewed annually having regard to the contribution and impact of each role in SCA’s national executive structure. This includes consideration of the rating of executive roles under the Mercer IPE system.

Executive tier	Role
Leadership Executives	Chief Executive Officer Chief Financial Officer Chief Operating Officer Chief Sales Officer Chief Content Officer Chief Technology Officer Chief Communications and Marketing Officer
Management executives	Head of Hit Network Head of Triple M Network Head of Music, Triple M and Hit Networks National Head of Radio Sales Head of Digital Product and Innovation Head of Legal and Corporate Affairs

Executive tier	Role
	Executive General Manager, Queensland
	Executive General Manager, WA, SA & NT
	Executive General Manager, Victoria and Tasmania
	Executive General Manager, NSW
	General Manager, Sydney
	General Manager, Brisbane and Head of Sales, Queensland
	General Manager, Perth
	General Manager, Regional WA
	General Manager, Finance
	National Head of TV Sales
	Head of Audio Operations
	Head of Information Technology Services
	Head of Sales Platforms and Development
	Head of Research and Insights
	Head of News and Current Affairs
	Head of Commercial Finance
	Head of Strategy
	Head of Digital Content
	Head of Digital Commercial
	Head of Podcasting
	Head of Digital Audio Sales
	Head of Radio Sales, Melbourne
	Head of Sales, Adelaide, SA and NT
	Head of Sales, Perth and Western Australia
	People and Culture Operations Manager
	National Head of Strategy and Insights
	Senior National Marketing Manager
	Head of Revenue Operations

3.3 Components of executive remuneration

Remuneration packages for executives are set in accordance with the following considerations:

- Composition:** Executive remuneration packages should include an appropriate balance of fixed remuneration and at-risk performance-based remuneration.
- Base remuneration:** An executive's base or fixed remuneration should be reasonable and fair, taking into account SCA's obligations at law and labour market conditions, and should be relative to the scale of SCA's business. It should reflect core performance requirements and expectations.
- At-risk remuneration:** An executive's at-risk remuneration should be linked to clearly specified personal and corporate performance targets. These targets should be aligned to SCA's short and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite.

- **Equity-based remuneration:** Well-designed equity-based remuneration, including options or performance rights, is an effective form of remuneration, especially when linked to hurdles aligned to SCA's longer-term performance objectives. Care needs to be taken in the design of equity-based remuneration schemes, however, to ensure that they do not lead to "short-termism" on the part of executives or the taking of undue risks. For this reason, disposal restrictions may be imposed on equity granted to executives.
- **Termination payments:** Termination payments, if any, for executives should be agreed in advance and the agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct.

Having regard to these considerations, remuneration packages for SCA's executives may include the following components.

- **Base:** An executive's base remuneration is a mix of cash salary and allowances (to be paid monthly), motor vehicle (where appropriate), car parking, and the provision of work related technology. The base includes the minimum superannuation contribution under the superannuation guarantee legislation.
- **At-risk:** The more senior the executive, the greater the at-risk component of remuneration should be. In FY21, an executive's at-risk remuneration included one or more of a Short Term Incentive (**STI**) and a Long Term Incentive (**LTI**). In FY22, a new Executive Incentive Plan (**EIP**) has been introduced. The EIP combines the elements of the former STI and LTI plans.
- **EIP:** The EIP is an at-risk annual bonus linked to appropriate financial, strategic and behavioural measures. It is payable in a combination of cash and equity. The cash component is payable within three months after the end of each financial year. The equity component is subject to further conditions regarding continuity of employment, subsequent performance testing, and restrictions on disposal. SCA's Senior Executive Share Ownership Policy also applies to shares allocated to Leadership Executives on vesting of performance rights under the EIP.
- **Short Term Incentive:** An STI is an at-risk annual bonus linked to appropriate financial, operational and behavioural measures, payable within three months after the end of each financial year. STI payments are made in cash. SCA will not operate an STI program for Leadership Executives in FY22.
- **Long Term Incentive:** An LTI is an at-risk equity-based performance incentive plan linked to hurdles that are aligned to SCA's longer-term performance objectives for executives. The objective of an LTI is to align the interests of executives and shareholders by encouraging executives to have some "skin in the game" by being rewarded for long term corporate performance and holding shares in SCA. SCA operated an LTI plan for Leadership and Management Executives in FY21. Performance rights granted under the FY21 LTI plan are eligible for vesting based on performance up to 30 June 2023. (Leadership Executives who have not accumulated the target shareholding under SCA's Senior Executive Share Ownership Policy will be required to retain 25% of the shares allocated to them on vesting of performance rights under the LTI plan while they remain employed by SCA.)

- **Termination payments:** Termination periods are included in each employment contract. These are typically six months for Leadership Executives and three months for other executives. Executive employment contracts do not allow for payment for removal for misconduct.

3.4 Composition of executive remuneration

The table below summarises the typical composition of an executive’s remuneration package. The remuneration package of all new executive appointments should adopt this composition. The remuneration package of incumbent executives in these roles whose remuneration package is differently structured should be adjusted to this structure over an appropriate transition period.

Executive tier	Base	EIP	EIP		
			Cash	Equity	
FY22				Tranche 1	Tranche 2
Chief Executive Officer	40%	60%	40%	30%	30%
Leadership Executive	50%	50%	50%	25%	25%
Management Executive	70%	30%	50%	25%	25%

The composition of remuneration shown in the table above for Management Executives is indicative only and subject to individual variations around that indicative composition.

3.5 External benchmarking

SCA will perform external remuneration benchmarking for the Leadership Executives every 24 months, where appropriate.

4. EXECUTIVE INCENTIVE PLAN

The key terms of the EIP are summarised below. The EIP will operate for the first time in FY22.

Key term	Description
What is the incentive?	The EIP is an annual “at risk” bonus designed to reward executives for meeting or exceeding financial and non-financial objectives.
How is each executive’s entitlement determined?	Each executive is allocated a dollar value target (which may be a fixed percentage of the executive’s total remuneration) representing the executive’s maximum EIP opportunity for the one-year performance period.
How is the incentive delivered?	The EIP operates over five years as follows: <ul style="list-style-type: none"> • a one-year performance period commencing on 1 July in the first year of the EIP, after which individual and corporate performance

Key term	Description
	<p>is assessed and an EIP award may be made partly in cash and partly in grant of performance rights;</p> <ul style="list-style-type: none"> • a two-year service period commencing on 1 July in the second year of the EIP, after which performance rights will be eligible for vesting and conversion to fully paid ordinary shares; and • a two-year retention period commencing on 1 July in the fourth year of the EIP, during which any shares allocated at the end of the service period are subject to a disposal restriction. <p>To the extent the EIP performance conditions for an executive are satisfied during the performance period, SCA will make an EIP award to the executive. SCA will satisfy the dollar value of the EIP award by:</p> <ul style="list-style-type: none"> • paying the executive the cash component of the EIP award; and • granting the executive performance rights with a face value equal to the equity component of the EIP award in two equal tranches. <p>The number of performance rights granted to the executive is calculated by dividing the dollar value of the equity component of the EIP award by the face value of a performance right at the end of the applicable performance period. The face value of a performance right is:</p> <ul style="list-style-type: none"> • the volume weighted average price of SCA’s shares for the five trading days commencing seven days after SCA’s results for the performance period are announced to ASX; less • the amount of any final dividend per share declared as payable in respect of the performance period. <p>These performance rights will be eligible for vesting at the end of year 3, two years after their grant to the executive. This two-year period is referred to as the service period.</p>
<p>What are the performance measures and hurdles?</p>	<p>The Board sets the annual goals for the CEO near the beginning of each financial year. The goals are allocated to three categories having regard to SCA’s business strategy: financial performance (60%), strategic execution (30%) and culture and behaviour (10%).</p> <p>The CEO determines the annual goals for other Leadership Executives in the same three categories and having regard to their areas of responsibility.</p> <p>Financial performance (60%)</p> <p>The financial performance metrics that apply under the EIP in FY22 are summarised below.</p> <ul style="list-style-type: none"> • Group EBITDA compared to budget: This is a core measure of operational profitability. This metric is relevant for all Leadership Executives. • Earnings per share (EPS) compared to budget: This uses net profit after tax (NPAT) as the core profitability driver while also taking

Key term	Description										
	<p>account of any capital management initiatives that increase or reduce the number of shares on issue. This metric is relevant for all Leadership Executives.</p> <ul style="list-style-type: none"> Revenue: Targets may be set for total revenue or for specific categories of revenue, such as digital audio revenue. This metric is relevant for several Leadership Executives including the Chief Sales Officer. Non-revenue-related costs: These controllable costs exclude costs such as agency commissions and television affiliation fees that are variable with revenue. This metric is relevant for all Leadership Executives. <p>Achievements against financial metrics are based on SCA’s audited annual financial report. The Board has discretion to adjust targets and outcomes to ensure executive reward is appropriately linked to corporate performance. For this purpose, the Board may consider matters including SCA’s overall corporate performance and progress against strategic objectives; significant non-cash items (for example impairment losses); acquisitions, divestments and one-off events; and abnormal or non-recurring items.</p> <p>Strategic execution (30%)</p> <p>Goals for strategic execution are tailored to the individual responsibilities of each executive. These goals focus on implementation of strategic initiatives, major projects, and material operational improvements designed to deliver growth, improved and sustainable business performance, and shareholder value.</p> <p>Culture and behaviour (10%)</p> <p>Goals for culture and behaviour are tailored to the individual responsibilities of each executive. These goals focus on maintaining a positive corporate culture, effective leadership and development, retaining talent, and building effective external relationships to improve and sustain long-term business performance and shareholder value.</p>										
<p>Is there a gateway?</p>	<p>The following gateways and vesting schedules apply for EIP awards based on financial metrics:</p> <table border="1" data-bbox="544 1702 1441 2022"> <thead> <tr> <th data-bbox="544 1702 863 1780">EBITDA – percentage of budget</th> <th data-bbox="863 1702 1441 1780">Vesting percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 1780 863 1836">Below 95%</td> <td data-bbox="863 1780 1441 1836">Nil</td> </tr> <tr> <td data-bbox="544 1836 863 1892">95%</td> <td data-bbox="863 1836 1441 1892">50%</td> </tr> <tr> <td data-bbox="544 1892 863 1971">Above 95% to 102.5%</td> <td data-bbox="863 1892 1441 1971">Straight-line vesting between 50% and 100%</td> </tr> <tr> <td data-bbox="544 1971 863 2022">Above 102.5%</td> <td data-bbox="863 1971 1441 2022">100%</td> </tr> </tbody> </table>	EBITDA – percentage of budget	Vesting percentage	Below 95%	Nil	95%	50%	Above 95% to 102.5%	Straight-line vesting between 50% and 100%	Above 102.5%	100%
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	<p>There is no gateway for non-financial measures.</p> <p>Individual performance must be at a “meets expectations” level before any EIP award will be made.</p>										
What is the maximum amount payable?	The maximum award under the FY22 EIP is 100% of an executive’s EIP target opportunity if all vesting conditions are fully satisfied over the one-year performance period.										

Key term	Description								
How is performance assessed?	<p>The Board will calculate the financial measures under the EIP at the end of the performance period. SCA may engage an independent consultant to review or carry out these calculations. The Board has discretion to adjust targets and outcomes to ensure executive reward is appropriately linked to corporate performance.</p> <p>CEO: At the end of each financial year, with the assistance of the Board’s People & Culture Committee, the Board assesses the performance of the CEO against the applicable non-financial measures and determines the extent to which the CEO has achieved applicable targets. In doing so, the Board may consider the CEO’s achievements in the context of SCA’s overall performance.</p> <p>Other Leadership Executives: At the end of the financial year the CEO assesses the performance of the other Leadership Executives against the applicable non-financial measures and determines the extent to which each Leadership Executive has achieved applicable targets. In doing so, the CEO may consider each Leadership Executive’s achievements in the context of SCA’s overall performance. The CEO provides these assessments to the People & Culture Committee for review.</p>								
Vesting of performance rights after service period	<p>If the executive remains employed by SCA at the end of the service period:</p> <ul style="list-style-type: none"> • Tranche 1 of the executive’s EIP award will vest at that time; and. • Tranche 2 of the executive’s EIP award will be eligible for vesting according to the following scale. <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="border-top: 1px solid black; border-bottom: 1px solid black;">3-year EPS CAGR</th> <th style="border-top: 1px solid black; border-bottom: 1px solid black;">% of Tranche 2 that vests</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">1.5% or below</td> <td style="border-bottom: 1px solid black;">Nil</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Above 1.5% - 8.0%</td> <td style="border-bottom: 1px solid black;">Straight-line vesting between 0% and 100%</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Above 8.0%</td> <td style="border-bottom: 1px solid black;">100%</td> </tr> </tbody> </table> <p>SCA will allocate one fully paid ordinary share for each of the executive’s performance rights that vests at the end of the service period. An executive will receive an additional allocation of fully paid ordinary shares with a value equal to the dividends paid on vested rights over the service period. The Board has discretion to settle vested awards in cash.</p> <p>Any performance rights that do not vest at the end of the service period will lapse.</p> <p>The Board has discretion to fulfil SCA’s obligation to allocate shares on vesting by issuing new shares or acquiring shares on market. The Board has decided that any shares to be allocated on vesting of performance rights under the FY22 EIP grant will be acquired on market.</p> <p>Shares allocated under the EIP to Leadership Executives will be subject to disposal restrictions for two years (until the end of year 5) or cessation of</p>	3-year EPS CAGR	% of Tranche 2 that vests	1.5% or below	Nil	Above 1.5% - 8.0%	Straight-line vesting between 0% and 100%	Above 8.0%	100%
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Key term	Description
<p>Cessation of employment</p>	<p>the Leadership Executive’s employment, whichever is earlier. These shares will be subject to further disposal restrictions under the Senior Executive Share Ownership Policy unless the Leadership Executive has accumulated the target shareholding required under that policy.</p> <p>If an executive ceases employment with the company during the five year term of the FY22 EIP grant, the treatment of executive’s rights under the EIP will be determined by time and the circumstances of the cessation of employment.</p> <p>During performance period</p> <p>“Bad Leavers” (who resign or are terminated for cause) during the year 1 performance period will not be eligible for an award under the FY22 EIP.</p> <p>For an executive who ceases employment for other reasons during the performance period, the Board has discretion to make an award to the executive under the EIP on a pro-rata basis considering time and the performance to date against the applicable performance measures, to hold the EIP award to be tested against the applicable performance measures at the end of the original performance period, or to treat the EIP award in any other manner it considers appropriate.</p> <p>During service period</p> <p>“Bad Leavers” (who resign or are terminated for cause) during the two-year service period will forfeit any unvested performance rights, unless otherwise determined by the Board.</p> <p>For executives who cease employment during the service period for other reasons, the Board has discretion to vest any unvested performance rights on a pro-rata basis considering time and the performance to date against the EPS performance hurdle, to hold all or a part of any unvested performance rights to be tested against the EPS performance hurdle at the end of the original service period, or to treat the award in any other manner it deems appropriate.</p> <p>After service period</p> <p>If an executive ceases employment with SCA after the service period, SCA will release the executive’s shares from any remaining restrictions on disposal.</p>
<p>Change of control</p>	<p>If a change of control event in relation to SCA occurs before assessment of performance under an EIP award or before vesting of performance rights granted under an EIP award, the Board has discretion as to how to treat the unassessed award or unvested performance rights, including to forfeit or make an award in whole or in part and to determine performance rights will vest or lapse in whole or in part, or that performance rights will continue subject to the same or different conditions. In exercising its discretion, the Board may consider the proportion of the performance period and the service period that has passed at the time of the change of control, the performance to date of SCA and the executive against</p>

Key term	Description
	applicable performance conditions, and any other matters the Board considers to be relevant.
Clawback	The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an EIP award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to SCA.
Other features	<p>Treatment of dividends: There are no dividends payable to executives on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the executive will be entitled to dividends on these shares. In addition, upon vesting of an executive’s performance rights, the executive will receive an additional allocation of fully paid ordinary shares with a value equal to the dividends paid on vested rights over the service period.</p> <p>Sourcing of shares: The Board has discretion to purchase shares on market or to issue new shares in respect of vested performance rights. The Board typically chooses to purchase shares on market for this purpose and will do so for any performance rights that vest under the FY22 EIP.</p> <p>Retention of shares: Participants must retain any shares allocated to them upon vesting of performance rights for two years or cessation of employment, whichever is earlier. SCA’s Senior Executive Share Ownership Policy also applies to shares allocated to Leadership Executives on vesting of performance rights under the EIP.</p>

5. SHORT TERM INCENTIVE PROGRAM

SCA will not operate an STI program for Leadership Executives in FY22. A summary of the taxation consequences relating to shares allocated to Leadership Executives under the STI program in FY21 is provided in Attachment 2. Executives should seek their own professional advice in relation to their personal circumstances.

6. LONG TERM INCENTIVE PLAN

The key terms of the LTI plan are summarised below. The LTI plan has been discontinued for periods after FY21. The summary below relates to the FY21 LTI plan which is eligible for vesting based on performance up to 30 June 2023. The full terms are set out in the Rules of the LTI plan, which prevail in case of any inconsistency with the summary below.

Key term	Description
What is the incentive?	The LTI plan provides executive KMP and about 20 other executives with grants of performance rights over ordinary shares, for nil consideration. Performance rights granted under the LTI plan are subject to a three year performance period.

Key term	Description
<p>How is each executive's entitlement determined?</p>	<p>Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum LTI opportunity for the year.</p> <p>The number of performance rights granted to the executive is calculated by dividing the dollar value of the executive's LTI opportunity by the face value of a performance right on the applicable grant date. The face value of a performance right is:</p> <ul style="list-style-type: none"> • the volume weighted average price of SCA's shares for the five trading days commencing seven days after SCA's results for the prior financial year are announced to ASX; less • the amount of any final dividend per share declared as payable in respect of the prior financial year. <p>The face value of performance rights for FY21 has been calculated as \$0.1623.</p> <p>Because of the severe impacts of the COVID-19 pandemic on the Australian economy and the financial performance and market capitalisation of SCA, the dollar value of each executive's entitlement under the LTI plan in FY21 will be discounted by 76%, subject to each executive receiving a minimum grant of 61,614 performance rights (which is the number of Rights that has a total face value of \$10,000).</p>
<p>How is the incentive delivered?</p>	<p>To the extent that the applicable vesting conditions are satisfied at the end of the three year performance period, LTI awards are delivered by allocation to executives of one fully paid ordinary share for each performance right that vests. The Board has discretion to settle vested awards in cash.</p> <p>Shares allocated under the LTI plan to Leadership Executives may be subject to retention under the Senior Executive Share Ownership Policy until the Leadership Executive has accumulated the minimum shareholding required under that policy.</p>
<p>What are the performance measures and hurdles?</p>	<p>In FY21, each grant under the LTI plan will have a single performance hurdle over a three-year performance period: Absolute Total Shareholder Return (TSR).</p> <p>Absolute TSR (100%): The Absolute TSR performance hurdle considers share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in SCA's capital structure. The share price at the beginning and end of the performance period will be the volume-weighted average price of SCA's shares on ASX for the 10 trading days before and after the relevant date (and on the relevant date if the relevant date is a trading day). Dividends will be assumed to have been re-invested on the ex-dividend date. Tax and any franking credits (or equivalent) will be ignored.</p>

Key term

Description

The LTI plan for FY21 is designed to incentivise executives to increase SCA's market capitalisation following the substantial decline that occurred after a trading update released in October 2019 and onset of the COVID-19 pandemic in early 2020. In broad terms, an absolute TSR of 100% over the three-year performance period would restore SCA's market capitalisation to the average level experienced during 2019.

The LTI plan for FY21 considers the severe impact of COVID-19 on SCA's operations and market capitalisation and the ongoing uncertain economic environment. The Board wishes to provide a targeted incentive to executives focused on increasing the market capitalisation of SCA over the three year performance period. The number of performance rights to be granted to executives will be 24% of their standard entitlement (**Base Amount**). Dependent on the total shareholder return of the company's securities over the three year performance period, the maximum number of performance rights that could vest will be 2.5 times the Base Amount or 60% of the executive's standard entitlement under the LTI plan.

TSR performance rights granted in FY21 are eligible to vest according to the following schedule:

TSR performance to 30 June 2023	% of standard entitlement that vests¹
0% or below	Nil
Above 0% - 150%	Straight-line vesting between Base Amount (24% of standard entitlement) and 2.5 x Base Amount (60% of standard entitlement)
Above 150%	2.5 x Base Amount (60% of standard entitlement)

The above schedule illustrates that each executive's vesting opportunity commences at 24% of an executive's standard entitlement. The number of performance rights that vests will be subject to a multiplier according to the TSR performance of SCA over the three year performance period. For TSR performance of 100%, a multiplier of 2x applies so that the number of performance rights that vests will be double the Base Amount granted to the executive. The maximum multiplier is 2.5x for TSR performance of 150% over the three year performance period. In that case, the number of performance rights that vests will be 60% of an executive's standard entitlement.

Is there a gateway?

The Absolute TSR performance hurdle will be achieved only if SCA's TSR performance over the performance period is above zero.

¹ Subject to a minimum of not fewer than 61,614 Rights vesting for TSR performance above zero.

Key term	Description
What is the maximum amount payable?	<p>The maximum award under the FY21 LTI plan is 150% of an executive’s grant if all vesting conditions are fully satisfied over the performance period. Because the grant under the FY21 LTI plan to each executive in FY21 will be at a discount of 76% to the executive’s standard entitlement, the maximum number of performance rights to be awarded under the FY21 LTI plan is 60% of the executive’s standard entitlement.</p>
How is performance assessed?	<p>The Board will calculate SCA’s TSR performance at the end of the performance period for each LTI grant. SCA will engage an independent party to report on SCA’s TSR at the vesting date.</p> <p>There is no re-testing of performance hurdles under the LTI plan.</p>
Cessation of employment	<p>“Bad Leavers” (who resign or are terminated for cause) will forfeit any unvested performance rights, unless otherwise determined by the Board.</p> <p>For executives who cease employment for other reasons, a pro-rata number of performance rights (based on the proportion of the performance period that has elapsed at the time of cessation) will continue on-foot and be tested at the end of the original performance period against the relevant performance hurdles. However, the Board has discretion to apply another treatment it considers appropriate in the circumstances in accordance with the Plan Rules.</p>
Change of control	<p>If a change of control event in relation to SCA occurs before vesting of performance rights, the Board has discretion as to how to treat the unvested award, including to determine that the award will vest or lapse in whole or in part, or that it will continue subject to the same or different conditions. In exercising its discretion, the Board may consider the proportion of the performance period that has passed at the time of the change of control, the performance to date of SCA and the executive against applicable performance conditions, and any other matters the Board considers to be relevant.</p>
Clawback	<p>The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an LTI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to SCA.</p>
Other features	<p>Treatment of dividends: There are no dividends payable to executives on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the executive will be entitled to dividends on these shares.</p> <p>Sourcing of shares: The Board has discretion to purchase shares on market or to issue new shares in respect of vested performance rights.</p>

Key term	Description
	<p>The Board typically chooses to purchase shares on market for this purpose and will do so for any performance rights that vest under the FY21 LTI plan.</p> <p>Retention of shares: The rules of the LTI plan do not require executives to retain any shares allocated to them upon vesting of performance rights. However, SCA's Senior Executive Share Ownership Policy imposes a disposal restriction until cessation of employment on 25% of the shares allocated to a Leadership Executive upon vesting of performance rights unless the Leadership Executive has already met the minimum shareholding requirement under that policy.</p>

7. REVIEW OF POLICY

The People & Culture Committee will review the effectiveness of this Framework annually to ensure that it remains relevant and appropriate to SCA. Any changes identified by the People & Culture Committee will be recommended to the Board for approval.

ATTACHMENT 1

**AUSTRALIAN TAXATION SUMMARY
FY22 EXECUTIVE INCENTIVE PLAN – EQUITY COMPONENT**

IMPORTANT NOTE

This taxation summary is general in nature and is based on Australian tax laws on 13 August 2021 and the taxation obligations in relation to performance rights delivered to a Leadership Executive as part of the FY22 Executive Incentive Plan (EIP). The tax treatment of your shares may change from time to time, so it is strongly recommended that you seek your own professional advice in relation to your personal circumstances. It is noted that the terms of any equity grants made in relation to the FY22 EIP will be finalised in September 2022, which will be accompanied by an updated Australian tax summary.

SCASCA, its advisers and subsidiaries are not responsible to any person who relies on the information provided. The summary also assumes that you are an employee of SCASCA and that you are, and remain, a resident of Australia for tax purposes (although not a temporary resident). There are specific rules regarding temporary residents and for individuals whose residency status changes. These rules need to be considered case by case and are not considered in this taxation summary.

This summary is prepared on the basis that by participating in the FY22 EIP, you will have been deemed to have received performance rights which are subject to the service and performance conditions described in this document, and subject to the requirements of SCASCA's Senior Executive Share Ownership Policy. While it is intended that any vested performance rights will be settled in shares, the Board has discretion to settle any vested performance rights in cash.

Such an approach should act to ensure that tax deferral will be available until any shares that are ultimately allocated to you as part of an EIP award are no longer subject to a genuine disposal restriction. If income tax deferral is not available, income tax arises on your performance rights at the grant date. The availability of income tax deferral needs to be considered case-by-case and you should seek advice for your specific personal circumstances. Deferral, however, should generally be available for shares allocated to an employee of SCA who does not have an interest in shares which represents more than 10% of SCA's issued share capital.

You should read this summary in conjunction with this document, the Senior Executive Share Ownership Policy, and any other document provided to you in relation to your participation in the FY2022 EIP plan.

Any cash entitlement under the EIP plan will be delivered net of PAYG withholding and any superannuation guarantee obligations.

TAX CONSEQUENCES ON GRANT OF EQUITY AWARDS (PERFORMANCE RIGHTS OR SHARES)

Tax treatment of equity awards as part of an EIP award

Will I need to pay tax when performance rights are granted to me?	As long as you remain employed with SCA at the time, you will not be subject to income tax when you are granted your performance rights, given your performance rights will be subject to service and performance conditions for two years before converting to shares, and
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Tax treatment of equity awards as part of an EIP award

a subsequent two-year disposal restriction will apply on any shares allocated to you.

When will I pay tax on my equity award?

A taxing point will arise at the earlier of:

- 15 years from the grant date of your performance rights;
- When no further genuine disposal restriction applies on your shares; or
- Cessation of employment (where performance rights remain on-foot).

Where a disposal restriction continues to apply on your shares for the purposes of meeting the Target Shareholding Requirement, this will be treated as a genuine disposal restriction.

Note: as at 13 August 2021, draft legislation has been released proposing the removal of cessation of employment as a taxing point. This legislation may be passed prior to the grant of the equity component of your FY22 EIP award. An updated tax summary will be provided at the time of grant (i.e. September 2022).

How much tax will I be required to pay on my equity award?

The taxable income in relation to your equity award will generally be equal to the fair market value of your equity award at the date of the taxing point.

However, where you dispose of the equity award within 30 days of the taxing point described above, the taxable amount will be the net sale proceeds received. In this case, the date of sale becomes the new taxing point and no further tax, such as capital gains tax (**CGT**), is payable.

The tax due on your equity award will be calculated by applying your marginal rate of tax (including the Medicare Levy) to the taxable income calculated above.

Do I need to report anything to the Australian Taxation Office (**ATO**)?

Any income arising at the taxing point of your equity award must be reported in your income tax return for the relevant year.

Your income tax return must normally be lodged with the ATO by 31 October following the tax year in which the taxing point occurred; however, extensions may be available if you use a tax agent to prepare and submit your income tax return.

SCA will provide you with an Employee Share Scheme (**ESS**) statement by 14 July following the relevant tax year, showing an estimate of the taxable value of the equity award to assist you with completing your tax return. SCA must also report details of your equity award to the ATO

Tax treatment of equity awards as part of an EIP award

for the year in which the equity award is subject to tax (i.e. the year in which the taxing point occurs).

How will the tax be paid?

Tax is payable by you once your income tax return has been assessed, and is generally payable after filing the tax return for the tax year (1 July to 30 June) in which the taxing point for the equity award occurred. SCA is not required to withhold tax when your equity award become taxable, provided you have given SCA your Tax File Number.

Will I be taxed if I receive cash in lieu of shares?

Where you receive cash instead of shares following the vesting, you will be subject to tax on the date of payment. Tax will be withheld by the employer via the PAYG withholding system, based on your marginal tax rate. This cash payment will be delivered net of PAYG withholding and superannuation guarantee obligations

TAX TREATMENT WHEN SHARES ARE SOLD

Tax treatment when shares are sold

Will I need to pay tax when I sell my shares?

If you sell your shares (in an arm's length disposal) within 30 days of the applicable taxing point for your shares, the taxable income is based on the net sale proceeds you receive, and no CGT will be payable.

If you sell the shares more than 30 days after the taxing point for the shares, you will need to pay CGT on any additional gain you realise when the shares are sold.

Your gain (if any) on an arm's length sale will be equal to:

The net sale proceeds you receive

less

the cost base of the shares which includes the market value of the shares at the earlier taxing point (i.e. the amount previously subject to income tax)

If you hold the shares for at least 12 months after you acquire them, not including the day of acquisition or the day of sale, only 50% of the capital gain (after deducting any available capital losses) is subject to CGT. The 12-month holding period for CGT purposes normally commences on the date the taxing point arises for your shares, **not** when the shares were originally allocated.

Taxable capital gains are subject to tax at your marginal rate of tax (plus the Medicare levy).

If you sell your shares (in an arm's length disposal) for less than the cost base, you will make a capital loss. Tax is not payable on capital losses.

Tax treatment when shares are sold

Capital losses can only be offset against capital gains and are utilised before applying the 50% CGT discount. Excess capital losses can be carried forward to future tax years, to be offset against future capital gains.

Do I need to report anything to the ATO?

All capital gains/losses should be reported in your income tax return for the tax year in which the capital gain/loss is realised. Where a net capital loss arises in a tax year, it can be carried forward to future tax years.

How will the tax be paid?

Tax is payable once your income tax return has been assessed after filing the tax return for the year in which any taxable gain is realised.

TAX TREATMENT WHEN DIVIDENDS ARE PAID ON SHARES

Tax treatment when dividends are paid on shares

Will I need to pay tax if dividends are paid on my shares?

As a shareholder, you may be eligible to receive dividends on your shares following the conclusion of the service period at end Year 3. This dividend entitlement will commence when the shares are first allocated to you.

You will need to pay tax at your marginal rate (plus the Medicare levy) on the grossed-up amount of any dividends you receive (including franking credits) on the shares you hold.

Any franking credits attaching to dividends should be available to reduce the income tax payable, provided you meet the applicable 45-day holding period requirement.

Do I need to report anything to the ATO?

The grossed-up value of all dividends (including relevant franking credits) and distribution income (other than tax-deferred distributions) should be included in your income tax return for the relevant tax year.

How will the tax be paid?

Tax is payable by you once your income tax return has been assessed for the year, after filing the tax return for the tax year (1 July to 30 June) in which the dividend or distribution income (other than tax-deferred distributions) were received.

If you have any questions about your taxation and reporting obligations, it is strongly recommended that you seek your own professional advice in relation to your personal circumstances.

ATTACHMENT 2

AUSTRALIAN TAXATION SUMMARY – FY21 STI PLAN – EQUITY COMPONENT

IMPORTANT NOTE

This taxation summary is general in nature and is based on Australian tax laws on 13 August 2021 and the taxation obligations in relation to shares delivered to a Leadership Executive as part of an award under the FY21 STI plan. The tax treatment of your Shares may change from time to time, so it is strongly recommended that you seek your own professional advice in relation to your personal circumstances.

SCA, its advisers and subsidiaries are not responsible to any person who relies on the information provided. The summary also assumes that you are an employee of SCA and that you are, and remain, a resident of Australia for tax purposes (although not a temporary resident). There are specific rules regarding temporary residents and for individuals whose residency status changes. These rules need to be considered case by case and are not considered in this taxation summary.

This summary is prepared on the basis that by participating in the FY21 STI plan, you will have been deemed to have received a right to acquire an indeterminate number of shares, subject to the relevant performance conditions described in this document, and subject to the requirements of SCA's Senior Executive Share Ownership Policy.

Such an approach should act to ensure that tax deferral will be available until any Shares that are ultimately allocated to you as part of an STI award are no longer subject to a genuine disposal restriction. If income tax deferral is not available, income tax arises on your Shares at the time of allocation to you. The availability of income tax deferral needs to be considered case-by-case and you should seek advice for your specific personal circumstances. Deferral, however, should generally be available for Shares allocated to an employee of SCA who does not have an interest in shares which represents more than 10% of SCA's issued share capital.

You should read this summary in conjunction with this document, the Senior Executive Share Ownership Policy, and any other document provided to you in relation to your participation in the FY21 STI plan.

Any cash entitlement under the STI plan will be delivered net of PAYG withholding and any superannuation guarantee obligations.

TAX CONSEQUENCES ON ALLOCATION OF SHARES

Tax treatment on allocation of Shares as part of an STI award

Will I need to pay tax when Shares are allocated to me?

You will not be subject to income tax when you are allocated your Shares, provided your Shares remain subject to a genuine disposal restriction, and you remain employed by SCA at that time.

A disposal restriction imposed on the executive for the purposes of meeting the Target Shareholding Requirement under the Senior Executive Share Ownership Policy is a genuine disposal restriction.

Tax treatment on allocation of Shares as part of an STI award

<p>Will I need to pay tax once my Shares are no longer subject to a genuine disposal restriction?</p>	<p>Yes, the date your Shares are no longer subject to a genuine disposal restriction will normally be the taxing point for the Shares. This date may occur in a different year to the end of the performance period.</p> <p>In most cases, the taxing point will occur on the date that you cease employment with SCA because this is the date that the disposal restriction on the shares will be lifted.</p>
<p>How much tax will I be required to pay on my Shares?</p>	<p>The taxable income in relation to your Shares will generally be equal to the fair market value of your Shares at the date of the taxing point.</p> <p>However, where you dispose of the shares within 30 days of the taxing point described above, the taxable amount will be the net sale proceeds received. In this case, the date of sale becomes the new taxing point and no further tax, such as capital gains tax (CGT), is payable.</p> <p>The tax due on your Shares will be calculated by applying your marginal rate of tax (including the Medicare Levy) to the taxable income calculated above.</p>
<p>Do I need to report anything to the Australian Taxation Office (ATO)?</p>	<p>Any income arising at the taxing point of your Shares must be reported in your income tax return for the relevant year.</p> <p>Your income tax return must normally be lodged with the ATO by 31 October following the tax year in which the taxing point occurred; however, extensions may be available if you use a tax agent to prepare and submit your income tax return.</p> <p>SCA will provide you with an Employee Share Scheme (ESS) statement by 14 July following the relevant tax year, showing an estimate of the taxable value of the Shares to assist you with completing your tax return. SCA must also report details of your Shares to the ATO for the year in which the Shares are subject to tax (i.e., the year in which the taxing point occurs).</p>
<p>How will the tax be paid?</p>	<p>Tax is payable by you once your income tax return has been assessed and is generally payable after filing the tax return for the tax year (1 July to 30 June) in which the taxing point for the Shares occurred. SCA is not required to withhold tax when your Shares become taxable, provided you have given SCA your Tax File Number.</p>

TAX TREATMENT WHEN SHARES ARE SOLD

Tax treatment when Shares are sold

Will I need to pay tax when I sell my Shares?

If you sell your Shares (in an arm's length disposal) within 30 days of the applicable taxing point for your Shares, the taxable income is based on the net sale proceeds you receive, and no CGT will be payable.

If you sell the Shares more than 30 days after the taxing point for the Shares, you will need to pay CGT on any additional gain you realise when the Shares are sold.

Your gain (if any) on an arm's length sale will be equal to:

The net sale proceeds you receive
less
the cost base of the Shares which includes the market value of the Shares at the earlier taxing point (i.e., the amount previously subject to income tax)

If you hold the Shares for at least 12 months after you acquire them, not including the day of acquisition or the day of sale, only 50% of the capital gain (after deducting any available capital losses) is subject to CGT. The 12-month holding period for CGT purposes normally commences on the date the taxing point arises for your Shares, **not** when the Shares were originally allocated.

Taxable capital gains are subject to tax at your marginal rate of tax (plus the Medicare levy).

If you sell your Shares (in an arm's length disposal) for less than the cost base, you will make a capital loss. Tax is not payable on capital losses. Capital losses can only be offset against capital gains and are utilised before applying the 50% CGT discount. Excess capital losses can be carried forward to future tax years, to be offset against future capital gains.

Do I need to report anything to the ATO?

All capital gains/losses should be reported in your income tax return for the tax year in which the capital gain/loss is realised. Where a net capital loss arises in a tax year, it can be carried forward to future tax years.

How will the tax be paid?

Tax is payable once your income tax return has been assessed after filing the tax return for the year in which any taxable gain is realised.

TAX TREATMENT WHEN DIVIDENDS ARE PAID ON SHARES

Tax treatment when dividends are paid on Shares

Will I need to pay tax if dividends are paid on my Shares?	<p>As a shareholder, you may be eligible to receive dividends on your Shares. This dividend entitlement will commence when the Shares are first allocated to you.</p> <p>You will need to pay tax at your marginal rate (plus the Medicare levy) on the grossed-up amount of any dividends you receive (including franking credits) on the Shares you hold.</p> <p>Any franking credits attaching to dividends should be available to reduce the income tax payable, provided you meet the applicable 45-day holding period requirement.</p>
Do I need to report anything to the ATO?	<p>The grossed-up value of all dividends (including relevant franking credits) and distribution income (other than tax-deferred distributions) should be included in your income tax return for the relevant tax year.</p>
How will the tax be paid?	<p>Tax is payable by you once your income tax return has been assessed for the year, after filing the tax return for the tax year (1 July to 30 June) in which the dividend or distribution income (other than tax-deferred distributions) were received.</p>

If you have any questions about your taxation and reporting obligations, it is strongly recommended that you seek your own professional advice in relation to your personal circumstances.