

Redbubble SLT Short Term Incentive (STI) Plan F16

<p>What is the STI Plan and what is its purpose?</p>	<p>The STI framework links individual awards directly to the Group's performance and the executive's individual contribution. An executive's STI is calculated by taking three factors into account and applying the formula as illustrated in the diagram below.</p> <p>The CEO is assessed 100% on the basis of agreed company targets. For other participants the STI determination is weighted equally between Company performance and individual performance. Refer to Appendix A for company and individual performance levels.</p> <p>The STI award will be made as a mix of cash and deferred stock. The split for F16 is 2/3 cash and 1/3 deferred performance rights/RSUs for executive team members who joined prior to the commencement of the F16 financial year. For new employees or employees invited to join the program during F16 it will be a 50/50 split.</p>
<p>Eligibility</p>	<p>Executives who can materially impact the financial and operational performance of Redbubble. Invitation to participate is at the discretion of the CEO and in F16 is likely to be limited to the Senior Leadership Team.</p> <p>STI participants must have six (6) or more months' active employment and participation in the STI Plan to be eligible for payment in the STI performance year. The Target STI amount will be pro-rated for the period of active employment.</p>
<p>What is the level of STI participation and the basis of that participation?</p>	<p>The STI Target participation level is expressed as a specific dollar value.</p> <p>The specific Target STI will consider the accountability of the role.</p> <p>Actual STI reward will depend on business and individual performance.</p> <p>The Target STI potential and basis of participation is set out in the STI participant's letter of appointment and/or advised annually to the participant.</p>

<p>How does the STI Plan operate?</p>	<p>STI Performance Gate</p> <ul style="list-style-type: none"> - Participants must achieve a satisfactory personal performance review outcome as a minimum to be eligible for any STI payment. - Where the Company performance year is below the Threshold GTV and profitability targets the payment of any STI will be subject to the Board's discretion <p>Company performance</p> <p>At the commencement of the STI performance year, the relevant Target, Threshold and Maximum GTV targets are set for the Company.</p> <p>At Threshold or minimum acceptable performance the Company performance multiplier will be 50% of Target. At maximum Performance (e.g. GTV at 130% of target) the Company performance multiplier will be 125% of Target. (linear scaling between steps).</p> <p>Participants who receive zero for their personal component will not be eligible for the company performance component.</p> <p>Personal Targets</p> <ul style="list-style-type: none"> - 50% weighting for execs other than CEO <p>Participants are assessed on the basis of 3-5 specific objectives set at the commencement of the financial year . For the purposes of determining the STI rewards, the Company reserves the right to apply different weighting to each objective at the beginning of the year to determine an individual's overall performance rating.</p> <p>The following scaling (linear scaling between steps) is used for the personal performance Score;</p> <ul style="list-style-type: none"> - achievement of business/personal goals @100% - small miss of business/personal goals @ 80% - large miss of business/personal goals @ 50% - underperformance, personal or business related @ 0% to 50% = Zero Bonus
<p>Board Discretion</p>	<p>The Board reserves the right to increase or decrease the bonuses by 20% to reflect 'headwind' or 'tailwind' considerations</p> <p>The Maximum STI Opportunity for any participant other than the CEO is 132% of Target STI – rating at 125% company targets and 100% personal targets with an extra 20% for 'discretion' e.g. 'Headwinds' or 'wow' company performance.</p> <p>The maximum STI opportunity for the CEO is 150% based on exceptional company performance.</p>

<p>How is the STI Paid</p>	<p>Up to 50% of the STI awarded to executives is paid in cash with the balance delivered in ‘Deferred STI Rights’ converted at the Redbubble share price at the time of award</p> <p>Subject to continued employment:</p> <ul style="list-style-type: none"> - 50 per cent of the Deferred STI rights become available to the participant one year from the allocation date; and - The remaining 50 per cent of those rights become available to the participant two years from the allocation date; and <p>Forfeiture of unvested Deferred STI Rights will occur if the participant voluntarily resigns or is terminated for misconduct or poor performance prior to the vesting date.</p> <p>In the event of termination of employment by the company the Deferred STI rights will continue on foot to vest in the ordinary course.</p> <p>The Board may make determinations regarding vesting in special circumstances, examples being:</p> <ul style="list-style-type: none"> - the death of the participant; or - the total and permanent disablement of the participant - a change of ‘control’ of (as defined in Section 50AA of the Corporations Act) <p>Due to jurisdictional tax and/or legal differences, the form of the deferred STI may differ in other RB countries.</p>
<p>Other</p>	<p>Participants on extended leave such as long service leave or parental leave, will continue to be eligible for STI review at the end of the STI performance year if they were in active employment for at least six months during the STI performance year. Their Target STI amount will be pro-rated for the period of active employment.</p> <p>STI payments will be made after the audited accounts are approved.</p> <p>STI payments will only be made to participants who are active employees and who have not resigned at the date of payment of the STI</p>
<p>Clawback and preventing inappropriate benefits</p>	<p>The Plan Rules provide the Board with broad ‘clawback’ powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company or its related bodies corporate into disrepute, or there is a material financial misstatement, or the Company is required or entitled under law or company policy to reclaim remuneration from the participant, or the participant’s entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.</p>

APPENDIX 1: Summary of plan for SLT, excluding CEO

Commercial In Confidence

Appendix: 2016 SLT STI Plan Overview

STI Potential

Total \$ potential varies between SLT members as per contracts

Payment of all short-term incentives to all management and staff is entirely at Board discretion

The Board reserves the right to increase or decrease the bonus potential by up to 20% to reflect 'headwind' or 'tailwind' performance

The Board may also apply discretion to adjust the planned GP threshold in favor of other sustainability factors or shareholder value drivers

STI Performance Targets

50% based on Company Financial Performance*

	Payout Multiple	GTV Target at planned GP (50% weighting)	Repeat GTV at planned GP (50% weighting)
Maximum/outperformance	120%	>130% of \$145m	>130% of \$55m
Target	100%	\$145m	\$55m
Threshold	50%	>80%? of \$145m	>80%? of \$55m
Below Threshold	0%	<80%? of \$145m	<80%? of \$55m

Linear scaling between steps

SLT members receiving 0% in personal component not eligible for company component

50% based on Personal Targets*

	Payout Multiple
<i>See following page for specific personal targets for each SLT member</i>	
Achievement of business/personal targets	100%
Small miss of business/personal targets	80%
Large miss of business/personal targets	50%
Underperformance of business/personal targets by > 50%	0%

Linear scaling between steps

Payment Structure

Cash STI + 2 year Deferred STI; 50% vesting after first year

50/50 target mix after transition period. In F16 existing SLT will have 2/3 cash STI/ 1/3 deferred STI. SLT members joining during F16 will be 50/50

Forfeitable in "bad leaver" circumstances (e.g. join competitor or termination for cause)

Maximum STI opportunity – 132% of target STI – rating at 120% for company targets and 100% for personal targets with an extra 20% for Board discretion

* CEO targets based 100% on company performance

