

28 January 2022

Remuneration Report

Ahead of the annual general meeting of Murray River Organics Group Ltd (ASX: MRG) (**Company**) on Monday, 31 January 2022 at 2:00pm (AEDT), the Company provides its preliminary Remuneration Report for information for shareholders.

Authorised for release by Graeme Fallet, CFO and Company Secretary of the Company.

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Remuneration Report

This Remuneration Report details remuneration strategy of the board and the nature and amount of remuneration for Director's and Key Executives of Murray River Organics Group Limited ("Murray River Organics" or the "Company") and its controlled subsidiaries (the "Group").

For the purpose of the Remuneration Report, key management personnel ("KMP") include all Directors of the Board (executive and non-executive) and the Chief Financial Officer of the Group.

During the FY21 financial year overall financial targets were not reached, and any Short-Term Incentive payments to Executives have been made at board discretion. No LTI awards were granted during the year.

The KMP of the Group during the year ended 30 June 2021 were as follows:

	Period of Responsibility	KMP Position
Non-Executives		
Andrew Monk	Appointed 24 January 2018	Non-Executive Independent Chairman
Stuart McNab	Appointed 15 May 2020 Resigned 26 November 2020	Non-Executive Independent Director
Paul McDonald	Appointed 22 May 2020	Non-Executive Independent Director
Naseema Sparks	Appointed 9 June 2020 Resigned 21 December 2021	Non-Executive Independent Director
John Maher	Appointed 30 November 2020 Resigned 21 December 2021	Non-Executive Independent Director
Executives		
Valentina Tripp	Appointed 16 April 2018 Resigned 15 January 2021	Managing Director and Chief Executive Officer (CEO)
Birol Akdogan	Interim 15 January 2021 Appointed 5 March 2021	Managing Director and Chief Executive Officer (CEO)
	Appointed 1 September 2020 Resigned as CFO 11 March 2021	Chief Financial Officer (CFO)
Graeme Fallet	Appointed 11 March 2021	Chief Financial Officer (CFO)

Role of the Remuneration and Nomination Committee

Composition

In accordance with the Remuneration and Nomination Committee Charter, the Group has established a Remuneration and Nomination Committee consisting of at least three members, a majority of whom must be independent with an independent Chairperson who is nominated by the Board of Murray River Organics Group Limited. The Remuneration and Nomination Committee is currently comprised solely of Non-executive Directors.

Functions

The role of the Remuneration and Nomination Committee is to assist the Board by ensuring that Murray River Organics:

- Has coherent remuneration policies and practices which enable the company to attract and retain executives and Directors who will create value for shareholders, including succession planning for the Board and executives;
- Fairly and responsibly remunerate Directors and executives, having regard to the performance of the company, the performance of the executives and the general remuneration environment;
- Has procedures to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis;
- Has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the company's needs; and
- Has succession plans for the CEO and senior executives

Further information about remuneration structures and the relationship between remuneration policy and company performance is set out below.

The Remuneration and Nomination Committee Charter, which outlines the terms of reference under which it operates, is available online at www.murrayriverorganicsinvestors.com.au.

Remuneration Policy

The remuneration strategy of Murray River Organics Group Limited has been designed to align Director and executive remuneration with accretion of shareholder wealth and achievement of business objectives by providing a fixed remuneration component and offering specific short-term incentives (**STI**) and long-term incentives (**LTI**) based upon key performance areas affecting the Group's financial results. The Board of Murray River Organics Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- Executive remuneration has been reviewed by reference to the Group's performance, executive individual performance and comparable information from industry sectors and other listed companies in similar industries. The performance of executives is measured against agreed criteria and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to predetermined operational and financial performance criteria.
- The Directors and executives receive a superannuation guarantee contribution required by the law, and do not receive any other retirement benefits.
- The Board strategy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. In recognition of the adverse performance of the Company during FY21, the Non-Executive Directors agreed to reduce the board fees by 20%
- The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the annual general meeting. The maximum aggregate amount of fees that can be paid to non-executive Directors as per last approval is \$500,000. Fees for Non-executive Directors are not linked to the performance of the Group. In FY19 share options were issued to Non-executive Directors as remuneration for additional work undertaken as part of the capital raise dated 24 October 2018

Short Term Incentive (“STI”) PlanValentina Tripp, Birol Akdogan and Graeme Fallet

For FY2021, Valentina Tripp, Birol Akdogan, Graeme Fallet and certain other employees as determined by the Board were entitled to participate in a cash-based STI Plan under the terms of their employment contracts, and in accordance with the terms of the STI Plan in place for FY2021.

The maximum amount that an Executive KMP is entitled to under the STI Plan is as follows:

- Valentina Tripp, up to 60% of Valentina's fixed remuneration (base salary plus superannuation); and
- As CEO, Birol Akdogan, up to 60% of Birol's fixed remuneration (base salary plus superannuation)
As CFO, Birol Akdogan, up to 35% of Birol's fixed remuneration (base salary plus superannuation);
- Graeme Fallet, up to 40% of Graeme's fixed remuneration (base salary plus superannuation).

The table below sets out, in respect of Valentina Tripp, Birol Akdogan, and Graeme Fallet's entitlement, the percentage of their entitlement that will be paid on satisfaction of certain key performance indicators.

Measure	Entitlement to be paid
EBITDA before SGARA	50%
Cashflow Management	40%
Health and Safety	10%

Furthermore, at the Boards discretion Other Incentivisation payments up to 40% of Fixed Remuneration may be granted on the achievement of certain strategic and restructuring initiatives.

During the year the Board exercised its discretion and awarded Other Incentivisation payments to the Chief Executive Officer Birol Akdogan and Chief Financial Officer Graeme Fallet. The Board considered that while the EBITDA gateway was not achieved a discretionary payment was warranted following the restructure the Groups debt facility, sale of the Mourquong facility, and other corporate restructure initiatives. The CEO was granted a \$88,000 bonus and the CFO was granted a \$40,000 bonus payable at or after 30 November 2021. The CEO was also granted 222,222 shares at \$0.18 per share which was the fair value at grant date. The shares are subject to shareholder approval. No STI awards were paid to Valentina Tripp.

Long-term Incentive (“LTI”) Plan

An overview of the LTI plan is as follows:

- Participants in the LTI Plan do not pay any consideration for the grant of the Performance Rights. On vesting, one performance right is exercisable into or entitles the holder to one share.
- Performance Rights are not listed on ASX and does not entitle its holder to dividends nor rights to vote at meetings of shareholders of the Company.
- Performance Rights will only vest where the performance conditions and any other relevant conditions advised have been satisfied unless otherwise determined by the Board. An unvested performance right will lapse in certain circumstances, including where performance conditions are not satisfied within the relevant time period, where the participant deals with the performance right in breach of the rules of the LTI Plan or where, in the opinion of the Board, a participant has acted fraudulently or dishonestly.
- If a participant's employment or engagement with the Company (or its subsidiaries) terminates before the Performance Rights have vested, the Performance Rights will lapse, unless the invitation provides otherwise, or the Board resolves otherwise.
- Where there is a takeover bid made for Shares in the Company, the Directors may determine that all or part of the participant's unvested Performance Rights, will become vested Performance Rights.
- If there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan.

The vesting condition is based on Total Shareholder Return Compound Annual Growth Return and in accordance with the following vesting schedule:

TSR CAGR	% of Performance Rights that vest	Comment
Less than 10% p.a.	0%	
10% p.a.	25%	Straight line interpolation between 10% and 12.49%
12.5% p.a.	50%	Straight line interpolation between 12.5% and 14.99%
15% p.a.	100%	

During the year no LTI awards were granted.

Key Terms of Employment contracts

Birol Akdogan	Managing Director and Chief Executive Officer
Expiry date	Not applicable
Fixed Remuneration	\$370,000 (including superannuation)
Short Term Incentive	Maximum yearly bonus of 60% of fixed remuneration (base salary plus superannuation).
Long Term Incentive	Participation in the Company's LTI scheme at 80% of fixed remuneration (base salary plus superannuation).
Notice period	6 months
Termination/redundancy payment	Birol's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the company's case, payment in lieu of notice at its discretion.
Restraint of trade period	Up to 12 months subject to location of employment or trade
Graeme Fallet	Chief Financial Officer & Company Secretary
Expiry date	Not applicable
Fixed Remuneration	\$300,000 (including superannuation)
Short Term Incentive	Maximum yearly bonus of 40% of fixed remuneration (base salary plus superannuation).
Long Term Incentive	Participation in the Company's LTI scheme at 70% of fixed remuneration (base salary plus superannuation)
Notice period	6 months
Termination/redundancy payment	Graeme's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the company's case, payment in lieu of notice at its discretion.
Restraint of trade period	Up to 12 months subject to location of employment or trade
Valentina Tripp	Managing Director and Chief Executive Officer
Expiry date	Not applicable
Fixed Remuneration	\$500,000 (including superannuation)
Short Term Incentive	Maximum yearly cash bonus of \$300,000, representing 60% of fixed remuneration (base salary plus superannuation).
Retention Incentive ¹	6 million options over ordinary shares in MRG with an exercise price of \$0.10 cents vesting 16 April 2019 and expired 16 April 2021. 6 million options over ordinary shares in MRG with an exercise price of \$0.18 cents vesting 16 April 2020 and expiring 16 April 2022. 6 million options over ordinary shares in MRG with an exercise price of \$0.27 cents vesting 16 April 2021 and expiring 16 April 2023.
Long Term Incentive	Entitled to participate and included in the Company's LTI scheme.
Notice period	6 months
Termination/redundancy payment	Valentina's employment may be terminated by either party by providing six months' notice in writing before the proposed date of termination, or in the company's case, payment in lieu of notice at its discretion.
Restraint of trade period	6 months
Birol Akdogan	Chief Financial Officer & Company Secretary
Expiry date	Not applicable
Fixed Remuneration	\$290,000 (including superannuation)
Short Term Incentive	Maximum yearly bonus of 35% of fixed remuneration (base salary plus superannuation).
Long Term Incentive	Entitled to participate and included in the Company's LTI scheme.

¹ The incentives listed are prior to the consolidation of shares, refer to note 18.

Notice period	4 months
Termination/redundancy payment	Birol's employment may be terminated by either party by providing four months' notice in writing before the proposed date of termination, or in the company's case, payment in lieu of notice at its discretion.
Restraint of trade period	Up to 12 months subject to location of employment or trade

Valentina Tripp resigned as Chief Executive Officer and Managing Director effective 15 January 2021.

Board/Committee	From 1 April 2021		Prior to 1 April 2021	
	Chairman Fee* (\$)	Director/Member Fee* (\$)	Chairman Fee* (\$)	Director/Member Fee* (\$)
Board based fee	\$96,000 (inclusive of committee work)	\$56,000	\$120,000 (inclusive of committee work)	\$70,000
Remuneration and Nomination Committee	-	\$8,000	-	\$10,000
Audit and Risk Committee	-	\$8,000	-	\$10,000

*The base fees detailed above excluded superannuation.

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Revenue	42,603	48,349	60,072	68,539	48,522
Underlying EBITDA (statutory) ⁽ⁱⁱⁱ⁾	(11,726)	(10,269)	(3,568)	(51,968)	(584)
Net profit/(loss) after tax	(23,289)	(39,074)	(12,036)	(59,607)	(5,927)

Relationship between Remuneration Policy and Group Performance

	2021	2020	2019	2018	2017
Share price at start of year	\$0.015	\$0.079	\$0.31	\$0.32	\$1.30 ⁽ⁱ⁾
Share price at end of year	\$0.160	\$0.015	\$0.079	\$0.31	\$0.32
Basic earnings (cents) per share ⁽ⁱⁱ⁾	(53) ⁽ⁱⁱ⁾	(194) ⁽ⁱⁱ⁾	(182) ⁽ⁱⁱ⁾	(2,592)	(411)
Diluted earnings (cents) per share ⁽ⁱⁱ⁾	(53) ⁽ⁱⁱ⁾	(194) ⁽ⁱⁱ⁾	(182) ⁽ⁱⁱ⁾	(2,592)	(411)
Interim and final dividend	-	-	-	-	-

⁽ⁱ⁾ The Company listed on the ASX on 20 December 2016 at an opening share price of \$1.30 per share.

⁽ⁱⁱ⁾ The Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The consolidation of capital was approved by shareholders on 26 November 2020. Basic and Diluted earnings per share have been restated in the FY20 year for comparability.

⁽ⁱⁱⁱ⁾ Statutory and pro-forma underlying EBITDA results are non-IFRS financial measures referring to earnings before interest, tax, depreciation and amortisation and are adjusted for significant items. The pro-forma results are removing the impact of the Company's listing on the ASX on 20 December 2016.

Details of Key Management Personnel Remuneration

The compensation of each member of the key management personnel of the Group for the current year is set out below:

2021	Short-term		Post-employment	Long-term benefits	Equity-settled share-based payments ^(vi)		Termination	Total	Total performance related	Fixed remuneration
	Salary, fees and leave	Bonus	Super-annuation	Long service leave	Shares	Performance rights/Options				
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Non – Executive Directors										
Andrew Monk	114,000	-	10,830	-	-	-	-	124,830	-	100%
Naseema Sparks	66,500	-	6,318	-	-	-	-	72,818	-	100%
Stuart McNab ⁽ⁱ⁾	29,167	-	2,771	-	-	-	-	31,938	-	100%
Paul McDonald	76,000	-	7,029	-	-	-	-	83,029	-	100%
John Maher ⁽ⁱⁱ⁾	37,333	-	3,547	-	-	-	-	40,880	-	100%
Sub-total	323,000	-	30,495	-	-	-	-	353,495		
Executives										
Biröl Akdogan ^(iv)	260,981	88,000	18,395	-	40,000	-	-	407,376	31%	69%
Graeme Fallet ^(v)	85,632	40,000	5,424	-	-	-	-	131,056	31%	69%
Valentina Tripp ⁽ⁱⁱⁱ⁾	386,166	-	19,614	-	-	(211,486) ⁽ⁱⁱⁱ⁾	224,195	418,489	-	100%
Sub-total	732,779	128,000	43,433	-	40,000	(211,486)	224,195	956,921		
Total	1,055,779	128,000	73,928	-	40,000	(211,486)	224,195	1,310,416		

(i) Stuart McNab – resigned 26 November 2020

(ii) John Maher – appointed 30 November 2020

- (iii) Valentina Tripp - resigned 15 January 2021. The termination benefits include the payment of unworked notice and other benefits valued at \$224,195. Any STI and prior year LTI awards were forfeited upon termination.
- (iv) Birol Akdogan - appointed CFO on 1 September 2020 and CEO on 5 March 2021
- (v) Graeme Fallet – appointed CFO on 11 March 2021
- (vi) Equity-settled share-based payment amounts included as KMP remuneration are based on the accounting standard requirement to amortise the fair value of options issued in prior years over the period up to the vesting date. At the date of this report, no options have been exercised, as the exercise price significantly exceeds the market price of the shares.
- (vii) At 1 April 2021 Non-Executive Directors reduced their Board fees by 20%

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

2020	Short-term		Post-employment	Long-term benefits	Equity-settled share-based payments ^(viii)		Termination	Total	Total performance related	Fixed remuneration
	Salary, fees and leave	Bonus	Super-annuation	Long service leave	Shares	Performance rights/Options				
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Non – Executive Directors										
Andrew Monk	120,000	-	11,400	-	-	38,205	-	169,605	23%	77%
Keith Mentiplay ⁽ⁱ⁾	46,667	-	4,433	-	-	38,205	-	89,305	43%	57%
Michael Porter ^(v)	66,051	-	6,275	-	-	38,205	-	110,531	35%	65%
Tony Dynon ⁽ⁱⁱ⁾	73,333	-	6,967	-	-	-	-	80,300	-	100%
Naseema Sparks ^(vi)	4,308	-	409	-	-	-	-	4,717	-	100%
Stuart McNab ⁽ⁱⁱⁱ⁾	8,795	-	836	-	-	-	-	9,631	-	100%
Paul McDonald ^(iv)	6,667	-	554	-	-	-	-	7,221	-	100%
Sub-total	325,821	-	30,874	-	-	114,615	-	471,310		
Executives										
Valentina Tripp	479,469	-	21,003	-	-	555,012	-	1,055,484	53%	47%
Albert Zago ^(vii)	203,742	-	23,953	-	-	(25,484)	123,310	325,521	-	100%
Sub-total	683,211	-	44,956	-	-	529,528	123,310	1,381,005		
Total	1,009,032	-	75,830	-	-	644,143	123,310	1,852,315		

- (i) Keith Mentiplay – resigned 21 January 2020
- (ii) Tony Dynon – resigned 15 May 2020
- (iii) Stuart McNab – appointed 15 May 2020

- (iv) Paul McDonald – appointed 22 May 2020
- (v) Michael Porter – resigned 9 June 2020
- (vi) Naseema Sparks – appointed 9 June 2020
- (vii) Albert Zago – resigned 15 June 2020
- (viii) Equity-settled share-based payment amounts included as KMP remuneration are based on the accounting standard requirement to amortise the fair value of options issued in prior years over the period up to the vesting date. At the date of this report, no options have been exercised, as the exercise price significantly exceeds the market price of the shares.

Key Management Personnel's Share-based Compensation

Performance rights issued to key management personnel

KMP	Tranche	Grant date	Number granted ⁽ⁱⁱⁱ⁾	Fair value per performance right at grant date ⁽ⁱⁱⁱ⁾	Number vested during the year	Year in which performance rights may vest	Vested %	Fair value of exercised performance rights during the year	Number forfeited during the year	Year forfeited performance rights were granted	Amount paid or payable for exercised performance rights	Terms and conditions for each grant			
												Exercise price \$	Expiry date	First exercise date	Last exercise date
Valentina Tripp	LTI	22 Nov 18	46,509	\$2.70	-	2021	0%	-	46,509 ⁽ⁱ⁾	2018	-	-	21/11/21	21/11/21	21/11/21
Total			46,509					-	46,509	-	-				

- (i) 100% of the of the performance rights were forfeited.
- (ii) During the year the Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The performance Rights were adjusted on a 50 for one basis. The fair value per Performance Right was adjusted in proportion to the 50 for one consolidation.

Options issued to key management personnel

KMP	Tranche	Grant date ⁽ⁱ⁾	Number granted ⁽ⁱⁱ⁾	Fair value per Option at grant date	Number vested during the year	Year in which option may be vested	Vested %	Fair value of option during the year ⁽ⁱⁱⁱ⁾	Number forfeited during the year	Number of options lapsed during year	Amount paid or payable for exercised options	Terms and conditions for each grant			
												Exercise price ⁽ⁱⁱ⁾	Expiry date	First exercise date	Last exercise date
Andrew Monk	Capital Raise 2018	22 Nov 18	20,000	\$2.39	-	2019	100%	-	-	-	-	\$3.40	22/11/21	22/11/19	22/11/21
	Retention Incentive A		120,000	\$2.14	-	2019	100%	-	120,000	-	-	\$3.40	16/04/21	16/04/19	16/04/21
Valentina Tripp	Retention Incentive B	22 Nov 18	120,000	\$1.98	-	2020	100%	-	120,000	-	-	\$7.40	16/04/22	16/04/20	16/04/22
	Retention Incentive C		120,000	\$2.00	-	2021	0%	-	120,000	-	-	\$11.90	16/04/23	16/04/21	16/04/23

- (i) The Retention Incentive options with a grant dated of 22 November 2018 were approved and granted at the 2018 Annual General Meeting.
- (ii) During the year the Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The Options were adjusted on a 50 for one basis. The fair value per Option was adjusted in proportion to the 50 for one consolidation.
- (iii) The exercise prices of options were adjusted following the March 2020 capital raise under the original terms of the options. This did not result in a modification or change to the fair value of the options previously determined at grant date.

Number of performance rights held by key management personnel

The number of performance rights in Murray River Organics Group Limited held by each KMP:

	Balance at 1 July 2020 ⁽ⁱ⁾	Granted	Exercised	Forfeited	Balance at 30 June 2021	Vested and exercisable at 30 June 2021
Valentina Tripp	46,509	-	-	46,509	-	-
Total	46,509	-	-	46,509	-	-

- (i) During the year the Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The opening balance of performance rights has been adjusted to reflect the consolidation of capital.

Number of Options held by key management personnel

The number of options in Murray River Organics Group Limited held by each KMP:

	Balance at 1 July 2020 ⁽ⁱ⁾	Granted	Exercised	Forfeited	Balance at 30 June 2021	Vested and exercisable at 30 June 2021
Andrew Monk	20,000	-	-	-	20,000	20,000
Valentina Tripp	360,000	-	-	(360,000)	-	-
Total	380,000	-	-	(360,000)	20,000	20,000

- (i) During the year the Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The opening balance of options has been adjusted to reflect the consolidation of capital.

Number of shares held by key management personnel

The number of ordinary shares in Murray River Organics Group Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at 1 July 2020 ⁽ⁱⁱⁱ⁾	Options Exercised	Net Change Other ⁽ⁱ⁾	Balance at 30 June 2021 ⁽ⁱⁱ⁾
Andrew Monk	70,707	-	98,000	168,707
Birol Akdogan	-	-	29,647	29,647 ^(v)
Valentina Tripp	54,000	-	-	54,000 ^(iv)
John Maher	-	-	72,117	72,117
Naseema Sparks	-	-	-	-
Paul McDonald	-	-	50,000	50,000
Graeme Fallet	-	-	-	-
Total	124,707	-	249,764	374,471

- (i) 'Net Change Other' relates to shares purchased and sold during the financial year.
- (ii) There has been no change in shareholdings from 30 June 2021 to the date of this report.
- (iii) During the year the Company undertook a consolidation of capital on a fifty (50) for one basis during the year. The opening balance of shares has been adjusted to reflect the consolidation of capital.
- (iv) Valentina Tripp shareholding was at the date of resignation.
- (v) Does not include shares granted as part of FY21 remuneration. These are subject to shareholder approval.

Other equity-related key management personnel transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Loans to Key Management Personnel

There have been no loans to key management personnel or their related parties (2020: Nil).