DataDot
TECHNOLOGY LTD

ADDRESS on REMUNERATION RESOLUTION

BY

MR IAN BROWN

CHAIRMAN

DATADOT TECHNOLOGY LTD

ANNUAL GENERAL MEETING

OCTOBER 26, 2006

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Ladies and Gentlemen,

In our published Annual Report I informed shareholders that the Board had taken another significant step forward in adopting best practice governance policies by forming a Remuneration and Nomination Committee that comprises a majority of non-executive directors.

This Committee is charged with the responsibility of recommending policy to the Board on all matters associated with the remuneration of non-executive directors and executives, and its full Charter can be found on the company's website.

I am the Chairman of the Committee and the other members are Alan Grant and Ian Allen.

I also said in the published Annual Report that the Committee had commenced a review of the company's remuneration policies and practices as they apply to non-executive directors and executives, and that I would report the progress of this review at today's AGM.

As a first step the Committee engaged a specialist adviser, Guerdon & Associates, and with them worked through what we believe are the key elements that should constitute our company remuneration policy. We decided that the fundamentally important building blocks of good policy are these:

- First, **compatibility** of our remuneration policy with the company's growth strategy so that our remuneration and reward policies support our development strategy and business plan and are the best fit for the company at its present stage of development.
- Second, **alignment** of the interests of the executives and directors of the company with the interests of its shareholders.
- Third, **market relativity**, by which I mean that remuneration levels should be broadly consistent with other public companies of similar size and, if possible, similar type.
- Fourth, **market competitiveness**, so that DataDot is positioned appropriately within the market to attract, retain and motivate quality executives and directors;
- Fifth, **progressive remuneration**, under which remuneration comprises both fixed and variable components so that a portion of total reward is directly linked to company performance. This is not simply a case of choosing an

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arbitrary split between fixed and variable components, or adopting a market average in the mistaken belief that one size fits all. Instead, we believe it is about choosing the right mix for this company at its current stage of development, recognizing the need for sales and revenue in these early years.

- This brings me to the sixth element of our policy, namely, **appropriate Incentives**, making sure that the variable components of remuneration reward the right measures of success – the ones defined in the business plan adopted by the Board – so that incentives are properly aligned with expectations.

- And seventh, **equity** so that the same principles apply across all the companies in the DataDot Group, with appropriate allowance made where necessary to accommodate different business goals in different regions as well as national and currency differences. We are therefore commencing implementation of our new remuneration policy in the parent company after which we will move to adoption in each of the subsidiaries

We then compared the remuneration currently paid to our non-executive directors and executives with payments made in a comparator group of 20 public companies, across a range of selected industry groups, with market capitalizations ranging from a low of $15 million to a high of $70 million – that is, companies both below, level with and above DataDot in market capital terms.

We were very pleased to find that for all three classes being reviewed, namely non-executive directors, the CEO and other senior executives, the results showed that DataDot sits between the median and 75th percentile of the comparator group of companies, which is the relative position that your Committee had already decided as a matter of policy we should aim to occupy.

This confirmed that the primary task for the new Remuneration and Nomination Committee is not so much one of adjusting amounts as rearranging the structure of remuneration packages to reflect the policy objectives I have already described.

The Committee has now reached the point at which it is reviewing individual remuneration packages against the basic policy framework already decided.

This means that for the CEO and each of the senior executives of the parent company we are now considering the right mix of fixed and variable pay, recognizing that the mix may vary for different roles.

Within the variable pay component we are making sure we get the mix right between company and individual performance and between short and long term incentives. We are making sure that incentives reflect significant, but achievable stretch. And we are making sure that the incentives are aligned with the right measures of success. We are looking therefore at linking Short Term Incentives to measures driven by the annual budget cycle, such as revenue, or annual net earnings or earnings per share and linking Long Term Incentives to growth in shareholder value that reaches beyond the annual budget cycle.

I cannot now tell you the final Committee decisions because they haven't yet been made. But I can assure you that the new remuneration policy will be implemented without delay and as I said earlier we expect little change in the overall numbers because they are already closely aligned with the market. The fine detail that sits below those overall numbers will of course be provided in the next Annual Report.

May I conclude these remarks by formally moving as follows:

"That in accordance with Section 250R of the Corporations Act, the Company adopts the Remuneration Report as set out in the directors' Report"

May I have a seconder?

Thank you.

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