

DIRECTORS AND SENIOR EXECUTIVES REMUNERATION POLICY

PURPOSE

The purpose of the Directors and Senior Executives Remuneration Policy (Policy) is to outline the parameters under which remuneration to Directors and Senior Executives is determined, approved and paid.

OBJECTIVES

- Ensure a fair and transparent process for the determination and payment of Directors and senior executives' remuneration
- Meet regulatory obligations and industry best practice guidelines in regards to reporting Directors and senior executives' remuneration and benefits received

POLICY OVERVIEW

This Policy covers the following areas:

- Role of the Governance and Remuneration Committee
- Executive Remuneration
- Directors' Remuneration
- Determination and Approval of Remuneration
- Retirement Allowance
- Expenses and Special Remuneration
- Reporting and Disclosure
- Responsibilities

POLICY DETAILS

Role of the Governance and Remuneration Committee

Remuneration of Directors and senior executives is a key responsibility of the Governance and Remuneration Committee (Committee).

The Committee does not have the power or authority to make a decision in the Board's name or on its behalf. Its role is to assist the Board in the establishment of remuneration policies and practices for the Company and in discharging the Company's responsibilities in regards to remuneration.

The Committee provides advice to the Board on suitable and appropriate remuneration for senior executives. It is also responsible for advising on the appropriate level of Directors' remuneration, to be recommended to and approved by shareholders at an annual meeting.

The role and responsibilities of the Committee are detailed in the Governance and Remuneration Committee Charter.

Executive Remuneration

Executive remuneration comprises a fixed base salary and a variable short term bonus payable annually. Bonuses are paid against targets agreed with executives at the commencement of the year, and are based on profitability, growth and achievement of strategic objectives.

In addition, the Board may from time to time, approve a long term performance based share scheme for specific senior executives. The Board believes that long term performance based share schemes are desirable to ensure there is an alignment of managements' interests and efforts with the interests of shareholders. Long term incentive schemes also ensure that long term growth and shareholder value are not compromised in favour of short term actions, with management rewarded if the Company performs well over the term of such a scheme.

Remuneration of executives shall reflect market survey data; and job size, including responsibilities, skills and competencies, and accountabilities.

Directors' Remuneration

Directors receive a cash payment for the services they provide to the Board. Additional payments are made to the Chair, Deputy Chair and the Committee Chairs.

In addition, there is a special annual pool reserved to provide flexibility for the remuneration of non-executive Directors who assume additional responsibilities throughout the year. The Board has also approved a Directors' Share Plan, whereby non-executive Directors invest 50% of their annual after tax fees into Company shares, which are acquired on the market on a semi-annual basis. It is the intention that participating Directors should acquire Shares over the duration of the term of the Plan so that over time, they will have acquired Shares of which the aggregate value is approximately equivalent to the aggregate value of two years of their after tax Directors' fees.

This Plan is in line with NZX Corporate Governance Best Practice Code 2.7 whereby Directors are encouraged to invest a portion of their cash remuneration in the Company's shares.

Determination and approval of remuneration

The Governance and Remuneration committee is responsible for seeking advice and making recommendations to the Board on executive and Directors' remuneration. External advice will be sought at least every three years to ensure remuneration is benchmarked to the market for equivalent roles.

The review and approval of senior executives' remuneration is the responsibility of the Board.

The approval of Directors' remuneration is the responsibility of the Company's shareholders. The Committee considers the skills, performance, experience and level of responsibility of the Directors in undertaking the review and is authorised to obtain independent advice on market conditions. The Committee then makes appropriate recommendations to the Board for shareholder approval.

The Company shall, from time to time, seek shareholder approval by Ordinary Resolution at the annual meeting, on the maximum amount of annual Directors' fees payable. Each resolution shall express the Directors' remuneration as:

- Either a monetary sum per annum payable to all Directors taken together; OR
- A monetary sum per annum payable to any individual who from time to time holds office as a Director.

The Directors' remuneration shall be distributed amongst Directors in such a manner as the Directors from time to time determine.

Under NZX Listing Rule 3.5.1, in the event of an increase in the number of Directors holding office, and if remuneration is expressed as a monetary sum per annum as above, the Directors may, without the necessity of an Ordinary Resolution, increase the total remuneration by such amount as is necessary to enable payment to the additional Director or Directors of remuneration not exceeding the average amount then being paid to each of the other non-executive Directors (other than the Chairperson).

Retirement Allowance

Board policy is that no retirement allowance shall be paid to any Director, or his or her dependents, upon resignation or cessation of office.

This will not affect any amount paid to an executive Director upon or in connection with the termination of his or her employment.

Expenses and Special Remuneration

The Directors shall be entitled to be paid reasonable travelling, hotel, entertaining and other expenses incurred in attendance at meetings of the Board or a committee, or of the Company and when in any other manner whatsoever and wheresoever engage on the business or affairs of the Company.

Subject to any applicable restriction in the Listing Rules, the Board may authorise the Company to pay special remuneration to any non-executive Director who is or has been engaged by the Company to carry out any services which in the opinion of the Board are additional to those usually required of non-executive Directors of similar companies.

Reporting and Disclosure

Details of Directors' remuneration are disclosed annually in the Company's Annual Report.

RESPONSIBILITIES

Responsibility for administering this Policy rests with the Governance and Remuneration Committee.

The Chair of the Governance and Remuneration Committee has overall responsibility for ensuring this Policy is reviewed on a regular basis and for making recommendations for changes to the Policy, where appropriate.

REVIEW AND APPROVAL OF THE POLICY

Reviewed and approved	By the Board	2 November 2015
Next review date		October 2018