

# **Remuneration Policy**

**Skellerup Holdings Limited**

**Reviewed and approved by  
SHL Board on 17 August 2022**

## **1. Purpose**

The purpose of the Skellerup Holdings (Skellerup) Remuneration Policy is to outline the remuneration principles that apply to directors and senior managers of Skellerup to ensure that remuneration practices are fair and appropriate for the organisation, and there is a clear link between remuneration and performance. The guiding principles of this Policy are that the remuneration of directors and executives will be transparent, fair and reasonable to meet the needs of the business and shareholders.

## **2. Remuneration of Non-Executive Directors**

The pool of non-executive directors' fees is reviewed periodically and where any increase is considered necessary approval is sought from shareholders at Skellerup's Annual Meeting. Details of the currently approved pool and the fees paid to directors is included in Appendix 1 to this Policy. No additional fees apply for Directors as members of Board Committees.

No equity-based remuneration will be paid to non-executive Directors, nor will the non-executive Directors receive any performance-based remuneration.

Directors will be reimbursed for travel, telecommunications and other business expenses incurred in undertaking their directors' duties for Skellerup.

The remuneration of non-executive Directors is reviewed periodically and reflect benchmarking data from other listed entities.

## **3. Remuneration of the Chief Executive Officer (CEO)**

The CEO's remuneration comprises fixed and variable remuneration that reflects the CEO's expertise and contribution; and the performance of the company and market relativity. Variable remuneration includes short and long-term incentives. The total remuneration paid is reviewed each year by the Board in accordance with the principles of this Policy and in accordance with the terms of the CEO's employment agreement.

## **4. Remuneration of Senior Executives and Managers**

Skellerup is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Skellerup's business objectives and the creation of shareholder value.

Under Skellerup's remuneration framework, individual performance and market relativity are key considerations in all remuneration-based decisions, balanced by the organisational context.

Remuneration may include a mix of fixed and variable components. A summary of the current provisions is set out below:

- Fixed remuneration includes base salary and employer pension contributions (where appropriate)
- A discretionary Short-Term Incentive (STI) Scheme may be offered to senior executive managers, at the discretion of the CEO (or in the case of the CEO as determined by the Board) . The structure of such incentives is approved by the Board. Details of any STI scheme may vary from year to year in accordance with separately documented STI scheme guidelines, and by approval of the Board
- An Executive Long-Term Incentive (LTI) Scheme may be offered to certain senior executives as approved by the Board.

### *Fixed Remuneration*

Fixed remuneration includes base salary and employer pension contributions.

Base salary is determined by the scale and complexity of the role. Skellerup undertakes remuneration reviews as needed, informed by an assessment of relative external market data and organisational

context. Individual remuneration will be adjusted dependent upon performance and external market relativity. Any increase to a senior manager's base salary is at Skellerup's sole discretion.

Senior executives and managers who contribute to a pension scheme will receive employer contributions of the minimum legislated rate prevailing at the time, paid to their pension account in accordance with applicable legislation.

#### *STI Scheme*

Senior executives and managers may be provided with an opportunity to earn an annual STI payment. The annual payment is expressed as a percentage of base salary or earnings of the businesses they are responsible for or associated with and the level of this percentage is generally determined by reference to the seniority of the role within Skellerup.

An executive's or manager's actual entitlement in any one year is assessed by the achievement of Key Performance Indicators that are set at the beginning of each financial year and may include Financial performance (against previous best achievement), Health & Safety performance (against targets and objectives), ESG performance (against targets and objectives), and personal performance (specific tasks, goals or targets that the individual is capable of achieving). The CEO approves the percentage allocations to each of these categories in each financial year.

The goals and targets set in each category are specific, objective and measurable, such that there is an accurate judgment each year as to whether the goal has been achieved or not.

The CEO approves (with notification to Remuneration Committee) the annual STI payments for all entitled staff other than the CEO and CFO. STI payments are fully accrued in the year that they relate to. The Board approves the annual STI payments for the CEO and CFO and targets for the year ahead.

#### **5. Fair and Equal Pay**

Based on the value of services performed within the context of a competitive market and regarding employee's experience, skills and performance; Skellerup ensures that remuneration of Skellerup's directors and senior managers is fair and equal.

#### **6. Review**

This Policy will be reviewed every two years.

## Appendix 1

At Skellerup's Annual Shareholders Meeting on 27 October 2021, shareholders approved a resolution to set the total pool of Directors' fees to be set at NZD 650,000 per annum. The following fixed annual fees apply to all non-executive Directors of Skellerup as at 01 July 2021:

<b>Title</b>	<b>NZD per annum</b>
Base Director's Fee	100,000
Chair's Fee	200,000 (being a multiplier of two times the base fee)
Chair of Audit Committee (additional fee)	25,000