



DIRECTOR AND  
EXECUTIVE  
REMUNERATION  
POLICY

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PP33	Chief People Officer	Chief People Officer	September 2021	2 years	September 2023

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## 1. Purpose

The purpose of this policy is to outline the guiding principles and structure of Sanford's remuneration to the Board and executives, the review process and reporting requirements.

## 2. Guiding Principles

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, corporate governance bodies and shareholders. When setting levels of remuneration, consideration will be given to the creation of shareholder value particularly in respect to meeting and exceeding the company's weighted average cost of capital as viewed by the NZ investment community, the business and commercial environment, reward practices in the primary industry market and other appropriate relativities. Sanford's policy on remuneration position is that remuneration will be at market median level. Remuneration is calculated on a total cost to company basis.

## 3. Background and Definitions

This policy outlines the structure of director and executive remuneration, formal process for shareholder review, transparency and reporting of actual remuneration paid and bi-annual review of the strategic remuneration policy and process.

### 3.1. DIRECTOR COMMITTEE FEE

A sum of money paid to directors to remunerate them for their time and responsibilities of participating on a board sub-committee.

### 3.2. DIRECTOR FEE

A sum of money paid to directors to remunerate for their time and responsibilities of participating on the board.

### 3.3. DIRECTOR CHAIR

Director elected by the Board of Directors to chair board and shareholder meetings.

### 3.4. COMMITTEE CHAIR

Director elected by the Board of Directors to chair meetings of a sub-committee. These are the Audit, Finance and Risk Committee, the People, Health and Safety Committee, and the Nomination Committee.

### 3.5. DIRECTOR

Member of the Board of Directors providing governance for Sanford and its business operation. Reports to the Chair of the Board.

### 3.6. CHIEF EXECUTIVE OFFICER

The most senior employee charged with leading the business and senior executive team. Reports to the Chair of the Board.

### 3.7. FIXED REMUNERATION

Refers to base salary, superannuation and medical insurance paid for the requirements of the role as outlined in an Individual Employment Agreement.

### 3.8. VARIABLE REMUNERATION

Refers to remuneration that is 'at risk' and linked to individual and organisational performance with clearly defined metrics.

- *Short Term Incentive (STI)*  
Refers to a discretionary form of payment that may be offered and paid upon the achievement of pre-determined levels of performance. STI achievement requirements may vary from year to year to reflect business need. The STI currently represents 15 – 40% of an executive team members fixed remuneration.
- *Long Term Incentive (LTI)*  
Refers to a performance right to equity upon the achievement of pre-determined levels of performance over an extended period of time. Performance and vesting periods are linked to the creation of shareholder value. LTI achievement requirements may vary from year to year to reflect business need. The LTI currently represents 30% of the CEO's fixed remuneration.

### 3.9 PEOPLE, HEALTH AND SAFETY COMMITTEE

The committee made up of board members responsible for, among other things, overseeing the detail of the management of people matters of the company on behalf of the Board, reporting back to the Board on appropriate details. This includes:

- Setting and reviewing the remuneration policies and practices of the company;
- Setting and reviewing as appropriate, the terms of employment agreements including remuneration structure and annual performance for the CEO and any other senior executives as the Board may from time to time determine;
- Set and review the terms of any superannuation scheme offered by the company;
- Monitor people practices in areas of management succession and senior organisation structure;
- Consider such other matters relating to employment and regulatory compliance issues as may be referred to it by the board.

## 4. Director Fees

Each board member receives an annual fee for their time and expertise given to the board and any committee they are a member of commensurate with the responsibilities of the role. These fees are paid from a pool of funds approved by shareholders at the Annual Meeting of shareholders.

The fees payable are reviewed each year by the People, Health and Safety Committee, of which the Board Chair is a member, in accordance with the principles of this policy. Any proposal for a change in the individual level for director, or committee payment, or to the pool of funds, will then go to the full Board for their approval.

Except where NZX Listing Rule 2.11.3 applies, any Board approved increase in the amount of funds pooled will then be taken by the Chairman of the Board to the Annual Meeting of Shareholders for their approval. Revised amounts payable may be made effective at the commencement of the financial year in which the annual meeting is held.

A suitably qualified and experienced external consulting company is engaged as appropriate to review the market relativity of board and committee member fees.

All fees payable to board members are disclosed in the company's annual report.

Where NZX Listing Rule 2.11.3 applies, the Board may increase the remuneration payable to all Directors in aggregate without an ordinary resolution of Shareholders. Such increase must not be more than is necessary to enable the additional Director(s) to receive the average amount then being paid to other non-executive Directors (other than the Board Chair).

In summary, NZX Listing Rule 2.11.3 applies where:

- Director remuneration has been approved by an ordinary resolution as a monetary sum per annum payable to all Directors in aggregate; and
- there is an increase in the number of Directors from the number when the remuneration was approved by an ordinary resolution of Shareholders.

## 5. Chief Executive Officer Remuneration

The CEO's salary is made up of fixed and variable remuneration that reflect the CEO's expertise, contribution and performance in the company. Variable remuneration includes short and long term incentives. The total remuneration paid is reviewed each year by the Board and People, Health and Safety Committee Chairs in accordance with the principles of this policy. Any recommendations for change are tabled to the Board. Any changes agreed are made effective in accordance with the terms of the CEO's employment agreement.

A suitably qualified and experienced external consulting company is engaged as appropriate to review the market relativity of the CEO's remuneration.

## 6. Remuneration for management reporting to the Chief Executive Officer

The remuneration for executive direct reports to the Chief Executive Officer will be reviewed each year by the Board and People, Health and Safety Committee Chairs in accordance with the principles of this policy. Any changes agreed are made effective in accordance with the terms of the individual management's employment agreement.

## 7. Governance

The deployment and review of the policy will be managed by the Chief People Officer under consultation with the People, Health and Safety Committee. It will be reviewed on a bi-annual basis.

## 8. Signed:



**Abby Foote**  
**People, Health and Safety Committee Chair**

Reviewed: September 2021

Next Review Due: September 2023



**Sir Robert McLeod**  
**Chairman**