



REFINING NZ

# DIRECTOR AND EXECUTIVE REMUNERATION POLICY

The Board is accountable for approving this Policy and any amendments to it.  
This Policy was last reviewed by the Board in October 2017.

This Policy will be reviewed bi-annually, or earlier if determined by the Board.

## CONTENTS

1. Purpose .....	3
2. Key Principles .....	3
3. Refining NZ's approach to Remuneration .....	3
4. Executive Remuneration Framework .....	3
5. Responsibilities .....	3
6. Director Remuneration Framework .....	4

## 1. PURPOSE

To outline the remuneration philosophy and framework for Refining NZ including the principles and procedures for the approval of remuneration for Directors and Executives.

## 2. KEY PRINCIPLES

Key principles are:

- We aim to attract and retain appropriately qualified and experienced individuals.
- Refining NZ will apply a fair and equitable approach to remuneration and reward practices, taking into account internal and external relativities balanced against the commercial environment.

## 3. REFINING NZ'S APPROACH TO REMUNERATION

The Board will take independent advice and establish market rates and medians against New Zealand businesses of comparable size and complexity, having regard to industry specific and generic roles.

## 4. EXECUTIVE REMUNERATION FRAMEWORK

Individual performance, company performance and market relativity are key considerations in setting remuneration levels.

The components that may comprise remuneration include:

- Fixed remuneration – This includes base salary and employer contributions to superannuation or pension schemes.
- Discretionary Short Term Incentive (STI) - This can be applied at the discretion of the Board that will approve the structure of the incentive scheme incorporating a mix of personal performances measures and business priorities metrics.
- Non cash benefits may also be applied, for example medical insurance.
- Allocation of shares under a complying DC12 scheme.

## 5. RESPONSIBILITIES

The Refining NZ Board will be responsible for ensuring a transparent, fair and reasonable approach to remuneration. The Refining NZ Board will:

- Appoint independent remuneration advisers to provide the Board with remuneration advice from time to time.
- Approve the remuneration policy.
- Approve the Company's budget for annual remuneration reviews.
- Receive and approve proposals for remuneration review for the executive management team, unless delegated to the Nominations and Remuneration Committee from time to time.
- Approve the outcome of the discretionary short term incentive scheme as it may apply from time to time.
- Approve the outcome of the share scheme as it may apply from time to time.
- Approve remuneration for the Chief Executive including payment of any discretionary short term incentive.
- Seek advice from time to time on Directors Fees and, if necessary, recommend to shareholders any proposed changes to Directors Fees or the Directors Fee Pool for approval.

- Report to shareholders in its annual report regarding the remuneration of Directors and the Chief Executive and other information in line with NZX guidelines.

The Chief Executive will:

- Make recommendations on the remuneration policy.
- Make recommendations on the executive management teams' remuneration to the Board, or its committee based on the performance of the executive and market remuneration information.
- Make recommendations regarding the structure of the short term incentive scheme and any payments to staff under the discretionary short term incentive.
- Provide such other company remuneration information to the Board as required from time to time.

### **6. DIRECTOR REMUNERATION FRAMEWORK**

The Nominations and Remuneration Committee reviews the level of remuneration of Directors. The Committee considers the skills, time commitment, experience and level of responsibility of the Directors in undertaking their duties and is authorised to obtain independent advice on market conditions. The Committee will make appropriate recommendations to the Board for shareholder approval.