



Tower Limited

Director and Executive Remuneration Policy

September 2019

Document Information

Policy name	Tower Limited Director and Executive Remuneration Policy
Policy type	Board Policy
Policy preparer	Corporate Governance Counsel
Policy owner	Board Chair
Policy applies to	Directors and Executives of Tower Limited and all of its subsidiaries and related companies
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Approver	Tower Limited Board
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Document history

Version	Date	Changes	Reason for change	Author	Date approved
1.0	February 2018	Original document		Lara Teesdale	February 2018
2.0	September 2019	<ul style="list-style-type: none"> Amend policy version number and preparer Update to reflect new NZX Listing rules and NZX Corporate Governance Code 2019 	Review	Hannah Snelling	September 2019

1. Purpose

- 1.1 The purpose of the Tower Limited (**Tower**) Director and Executive Remuneration Policy (**Policy**) is to set out the principles and parameters upon which remuneration for Directors and Senior Executives is determined, approved and reported.
- 1.2 The Policy assists Tower to ensure that Directors and Executives are remunerated in a fair and reasonable manner, and that such remuneration is transparently communicated to relevant stakeholders.

2. Principles

- 2.1 Tower's Director and Executive remuneration will:
 - 2.1.1 Be fair, reasonable and transparent
 - 2.1.2 Meet the needs of the business
 - 2.1.3 Comply with Tower's constitution, the Companies Act 1993, the NZX Main Board Listing Rules
 - 2.1.4 Align with the relevant recommendations in the NZX Corporate Governance Code 2019
- 2.2 When setting remuneration levels, consideration will be given to the following matters:
 - 2.2.1 Creation of shareholder value
 - 2.2.2 Total cost to company
 - 2.2.3 Complexities of the business
 - 2.2.4 Job size, responsibilities and time commitment
 - 2.2.5 Skills, experience, competencies and accountabilities
 - 2.2.6 Achievement of targets and strategic goals

3. Director Remuneration

- 3.1 Board members receive an annual cash fee for the time and expertise they provide to the Tower Board. Additional fees may also be paid to Directors for sitting on Board Committees or the boards of Tower Limited's subsidiaries.
- 3.2 The Chairs of both the Board and the Audit and Risk Committee receive a higher fee than other Directors, which reflects the additional responsibility and accountability associated with those roles.
- 3.3 Directors will be paid fees from a total available pool.
- 3.4 Directors may be paid a fair and reasonable fee for any consultancy work they carry out in addition to their director duties.
- 3.5 Directors' fees will not include a performance based element.
- 3.6 No retirement allowance is payable to any Director on resignation or cessation of office.
- 3.7 Directors are entitled to be paid reasonable travel and other expenses incurred from attendance at Board or Committee meetings or other Tower-related events.
- 3.8 Approval of the remuneration levels of Tower's Directors must be carried out in accordance with Tower's constitution, the NZX Main Board Listing Rules and the Companies Act 1993.

4. Chief Executive Officer Remuneration

- 4.1 The CEO's remuneration is made up of fixed and variable remuneration that reflect the CEO's expertise, contribution and performance in the company. Variable remuneration is payable if key organisational results are achieved.
- 4.2 The CEO's remuneration is reviewed annually by the Remuneration and Appointments Committee.

5. Executive Remuneration

- 5.1 Executive remuneration is made up of fixed and variable remuneration that reflect the Executive's expertise, contribution and both the performance of the individual and

the company. Variable remuneration is payable if both key organisational and business unit results are achieved.

- 5.2 Executive remuneration is reviewed annually by the Remuneration and Appointments Committee.

6. Approval of change to fees

- 6.1 The Board may engage a suitably qualified, independent remuneration consultant when assessing whether to change Directors' fees payable.
- 6.2 Changes to Directors' fees must be approved by the Board, on a recommendation from the Remuneration and Appointments Committee.
- 6.3 Changes to CEO and Executive remuneration must be approved by the Board, on a recommendation from the Remuneration and Appointments Committee.
- 6.4 Any change in the total fee pool available to Tower Directors must be approved by an ordinary shareholders' resolution at Tower's Annual Meeting which are subject to voting restrictions under rule 6.3 of the NZX Listing Rules 2019. The amount of any proposed increase to the total fee pool must be included in the notice of meeting.
- 6.5 If the number of directors increase then the total fee pool payable to directors (referred to in paragraph 6.4 above) may be increased in aggregate provided the amount of the increase per additional Director does not exceed the amount necessary to enable the additional Director or Directors to be paid the average amount then being paid to each non-Executive Director (other than the Chairperson).
- 6.6
- 6.7 Changes to fees may become effective at such time as the Board determines.

7. Disclosure

- 7.1 Disclosure of Director, CEO and Executive remuneration will be made in a transparent manner, in accordance with the requirements in the NZX Main Board Listing Rules and Principle 5 of the NZX Corporate Governance Code 2019.
- 7.2 Director and CEO remuneration will be clearly disclosed in Tower's annual report.

8. Review

- 8.1 This Policy will be reviewed every two years (or more often as required).