



Tower Limited

# Director and Executive Remuneration Policy

November 2023

<b>Policy name</b>	Tower Limited Director and Executive Remuneration Policy
<b>Policy type</b>	Board Policy
<b>Policy preparer</b>	Corporate Governance Counsel
<b>Policy owner</b>	Tower Limited Board
<b>Policy applies to</b>	Directors and Executives of Tower Limited and all of its subsidiaries and related companies
<b>Version number</b>	4.0
<b>Approver</b>	Tower Limited Board
<b>Date of approval</b>	September 2023
<b>Effective from</b>	September 2023
<b>Date of next review</b>	September 2025
<b>Policies replaced by this document:</b>	Tower Limited Director and Executive Remuneration Policy version 3.0

## Document history

Version	Date	Changes	Author	Date approved
1.0	February 2018	Original document	Lara Teesdale	February 2018
2.0	September 2019	<ul style="list-style-type: none"> <li>Amend policy version number and preparer</li> <li>Update to reflect new NZX Listing Rules and NZX Corporate Governance Code 2019</li> </ul>	Hannah Snelling	September 2019
3.0	September 2021	<ul style="list-style-type: none"> <li>Update to reflect new NZX Listing Rules 2020</li> <li>General tidy up</li> </ul>	Fabrizio Ferraro	September 2021
4.0	September 2023	<ul style="list-style-type: none"> <li>General tidy up</li> <li>Update to reflect NZL Listing Rules 2023</li> </ul>	Arna Neems Megan Powers	September 2023

## 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 Executives is determined, approved and disclosed to stakeholders.
- 1.2 The Policy assists Tower to ensure that:
- the remuneration of Directors and Executives is fair and reasonable in a competitive market for the skills, knowledge and experience required;
  - takes into account a person's skills, experience and other factors relevant to Tower and the role, including the business' need to retain and motivate talented Directors and senior Executives; and
  - the process for determining remuneration for Directors and Executives is transparent.

## 2. Principles

- 2.1 Tower's Director and Executive remuneration will:
- be aligned to long term sustainable shareholder value;
  - be fair, reasonable and transparent;
  - meet the needs of the business;
  - comply with Tower's constitution, the Companies Act 1993, the NZX Listing Rules and any other applicable rules and obligations (as amended or updated from time to time); and
  - align with the relevant recommendations in the NZX Corporate Governance Code 2023 and any other applicable best practice (as amended or updated from time to time).
- 2.2 The following non-exhaustive list of factors will be considered when determining appropriate remuneration for Directors and Executives:
- creation of shareholder value and the interests of other stakeholders;
  - total cost to company;
  - complexities of the business;
  - job size, responsibilities and time commitment;
  - skills, experience, competencies and accountabilities;
  - achievement of targets and strategic goals; and
  - promoting fair outcomes for customers.

## 3. Director Remuneration

- 3.1 Remuneration of Directors is paid in the form of Directors' fees.
- 3.2 The aggregate pool of Directors' fees is approved by Tower's shareholders.
- 3.3 Board members receive an annual cash fee for the time and expertise provided to the Tower Board. Additional fees may also be paid to Directors for sitting on Board Committees or the Boards of Tower's subsidiaries.

- 3.4 The Chair of the Board, the Audit Committee and the Risk Committee receive a higher fee than other Directors, which reflects the additional responsibility and accountability associated with those roles.
- 3.5 Directors may be paid a fair and reasonable fee for any consultancy work they carry out in addition to their director's duties.
- 3.6 Non-Executive Directors' fees do not include a performance-based element.
- 3.7 No retirement allowance is payable to any non-Executive Director on resignation or cessation of office.
- 3.8 Executive Directors, if any, are not paid Director fees, rather recognition of their contribution as a Director will be considered as part of their remuneration package.
- 3.9 Directors are entitled to be paid reasonable travel and other expenses incurred from attendance at Board or Committee meetings or other Tower-related events.
- 3.10 Any change in the total fee pool available to Directors must be approved by an ordinary Shareholders' resolution at Tower's Annual Meeting (subject to voting restrictions under rule 6.3 of the NZX Listing Rules 2023). The amount of any proposed increase to the total fee pool must be included in the Notice of Meeting.
- 3.11 If the number of Directors increase, then the total fee pool payable to Directors (referred to in paragraph 3.1 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).
- 3.12 Changes to fees will become effective at such time as the Board determines.
- 3.13 The Board may engage a suitably qualified, independent remuneration consultant when considering any changes to Directors' fees payable and in assessing CEO and Executive remuneration.

#### **4. Chief Executive Officer (CEO) Remuneration**

- 4.1 The CEO's remuneration is made up of fixed and variable remuneration that reflects the CEO's expertise, contribution and performance in the company. Variable remuneration includes short and long term incentives.
- 4.2 The CEO's remuneration is reviewed annually by the Remuneration and Appointments Committee, and any recommendations for change are recommended to the Board, and if agreed are made effective in accordance with the terms of the relevant employment agreement.

#### **5. Executive Remuneration**

- 5.1 Executive remuneration is made up of fixed and variable remuneration that reflects 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, and any recommendations for change are recommended to the Board, and if agreed are made effective in

accordance with the terms of the relevant employment agreement.

## **6. Changes to fees**

- 6.1 The Board may engage a suitably qualified, independent remuneration consultant when assessing whether to change Directors' fees payable and in assessing CEO and Executive remuneration.
- 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.

## **7. Reporting**

- 7.1 Director, CEO and Executive remuneration will be reported in a transparent manner, in accordance with the requirements in the NZX Listing Rules and Principle 5 of the NZX Corporate Governance Code 2023. Details of the Directors' fee structure and actual fees paid are disclosed in Tower's Annual Report, together with details of CEO remuneration.

## **8. Review**

- 8.1 This Policy will be reviewed every two years (or at any other interval as required).