



Rakon Limited

Remuneration (Directors and Executive) Policy

1. Key Principles

- Remuneration is an important component of Rakon's talent attraction and retention strategy.
- Rakon aims to attract and retain appropriately qualified and experienced individuals.
- Rakon applies a fair and equitable approach to remuneration having regard to the financial position of the company and the external environment.
- Rakon recognises that investors have a particular interest in director and executive remuneration and believes the remuneration of directors and executives should be transparent, fair and reasonable.
- No executive may decide on his or her own remuneration

2. Purpose and Scope of this Policy

This Policy outlines:

- The frameworks within which Rakon determines remuneration for its directors and executives
- The steps to be taken to provide investors with information on remuneration paid to Chief Executive Officer
- The steps to be taken to ensure investors vote on Directors remuneration
- Process for seeking independent advice on remuneration of directors and executives

and is applicable to the Board of Directors of Rakon, the People Committee and Rakon executives including non-executive directors.

3. Executive Remuneration Framework

- Individual skills and experience, individual performance, demands of individual roles and company performance are key considerations in setting remuneration
- Total executive remuneration may comprise some or all of the following components:
 - Fixed remuneration – base salary and any employer contributions to Kiwisaver or other approved superannuation or pension schemes
 - Short Term Incentive (STI) - at-risk payments applied at the discretion of the Board with achievement measured against personal performance and company performance metrics and criteria based on company priorities
 - Long Term Incentive (LTI) – at-risk equity or cash entitlements applied by the Board with achievement measured against long term targets and metrics aligned with the long term goals of the company

- Non cash benefits such as medical insurance to support health and well-being of executive

4. Directors' Remuneration Framework

- Directors' responsibilities and time commitments, skills and experience are key considerations in setting directors' remuneration.
- The total pool available for payment of directors' fees is determined by resolution approved by shareholders.
- Allocation of directors' fees is approved by the Board, on the recommendation of the People Committee.
- Allocation of an individual director's fees may have regard to specific responsibilities such as Chair of the Board, chairing and membership of standing Board committees and special committees for special projects.
- Directors' fees may be paid wholly or in part by cash and/or by equity provided any payment by equity has been specifically approved by a resolution of shareholders.
- Directors are not entitled to any performance-based remuneration.
- Directors are entitled to be reimbursed for reasonable expenses, including but not limited to travel and accommodation expenses, incurred in connection with their performance of their roles as directors.

5. Obtaining independent advice

- Rakon may obtain independent advice and relevant market data and benchmarking in New Zealand and other regions in which it operates from appropriately qualified consultants to assist in setting remuneration for its executives.
- The People Committee may obtain independent advice and relevant market data and benchmarking to assist in setting the Chief Executive Officer's remuneration for recommendation to the Board.
- The People Committee may obtain independent advice and relevant market data and benchmarking to assist in any recommendation to the Board and from the Board to shareholders regarding increases to directors' fees.
- To the extent remuneration consultants are engaged by the Board, they will be formally engaged by the Board and required to declare their independence.
- To the extent Rakon makes public statements referring to reliance on reports from independent consultants in respect of proposals for directors' remuneration, a summary of the findings of the report and confirmation of the consultant's independence shall be made available to shareholders.
- Independent advice shall have regard to market rates and medians in New Zealand business of comparable size and complexity having regard to industry specific and generic roles.

6. Reporting

- The general policy governing the Chief Executive Officer's remuneration will be outlined in Rakon's annual report.

- The total remuneration of the Chief Executive Officer shall be disclosed in Rakon’s annual report each year relating to a clearly defined period and providing comparison to historical disclosures.
- Disclosure of Chief Executive Officer’s remuneration should outline each component of remuneration such as base salary and any STI (targets met and payments made) and, if applicable, LTI including targets set, grants made, targets met and cash or share entitlements vested in any year.
- General information regarding the nature of any STI will be outlined in Rakon’s annual report.
- Details of any LTI will be outlined in Rakon’s annual report.
- The remuneration paid to Directors holding office during each financial year will be detailed in Rakon’s annual report.

7. Review

- The Board of Directors has overall responsibility for monitoring compliance with this policy. Details of any LTI will be outlined in Rakon’s annual report.
- This policy is to be reviewed by the Board on a bi-annual basis, or more frequently if necessary.

Date of last review	May 2019
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