



# SUMMERSET GROUP HOLDINGS LIMITED

## BOARD AND EXECUTIVE REMUNERATION POLICY

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### 1. Policy Purpose and Scope

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Summerset are committed to ensuring that the remuneration of the Board of Directors and the Executive Leadership Team (including the Chief Executive Officer) is fair, simple and transparent. It is designed to promote a high-performance culture and to align remuneration to the development and achievement of strategies and business objectives to create sustainable value for shareholders.

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### 2. Application

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This policy applies to Directors and the Executive Leadership Team (including the Chief Executive Officer).

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### 3. Directors

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Directors' remuneration is paid in the form of Directors' fees. The total fees available to Directors (the "Director fee pool") is approved by shareholders. The Board determines the actual fees paid to Directors within the overall Director fee pool, reflecting Director roles, responsibilities and contributions. Any increase in the Director fee pool must be approved by Shareholders, unless there is an increase in the number of directors, in which case additional fees may be paid above the Director fee pool if permitted under the NZX Listing Rules.

Additional fees are paid to the Chair of the Board and the Chair of each Committee of the Board to reflect the additional responsibilities of the positions.

The Board may determine that additional fees and allowances be paid to individual Directors to reflect additional services provided to Summerset.

Non-executive Directors do not receive any:

- performance or equity-based remuneration (but are required to hold some Summerset shares as a requirement of being a Director); or
- superannuation or any other scheme entitlements or retirement benefits.

Details of the Director fee structure and fees paid are provided in Summerset's annual report.

The Board regularly reviews Director remuneration to ensure it is fair and reasonable.

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### 4. Executive Leadership Team

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Summerset provides the opportunity for the Executive Leadership Team to receive, where performance merits, a total remuneration package in the upper quartile for equivalent market-matched roles. Summerset's People and Culture Committee reviews the annual performance appraisal outcomes for all Executive Leadership Team members, including the Chief Executive Officer. The review takes into account external benchmarking to ensure

competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Total remuneration is made up of three components: fixed remuneration, short-term performance-based cash remuneration and long-term performance-based equity remuneration.

#### Fixed Remuneration

Fixed remuneration consists of base salary and benefits. Summerset's policy is to pay fixed remuneration with reference to the fixed pay market median.

#### Short Term Incentives

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically in that financial year. The target value of an STI payment is set annually, usually as a percentage of the executive's fixed remuneration. The relevant percentage ranges from 25% to 50%.

#### Long Term Incentives

Long-term incentives (LTI) are at-risk payments designed to align the reward of Executive Leadership Team members with the enhancement of shareholder value over a multi-year period.

The value of each grant is set at the date of the grant and currently represents 15% to 40% of an Executive Team member's fixed remuneration.

Under the LTI, Executive Leadership Team members may receive shares in Summerset Group Holdings Limited, provided (and only to the extent that) a grant's performance hurdles have been met.

Performance hurdles are set by the Board, with the objective of aligning executive reward to the development and achievement of strategies and business objectives to create sustainable value for shareholders. The Board considers that the performance hurdles reflect the drivers of sustainable value for shareholders.

The shares issued for LTI plan grants prior to 2018 are held by a nominee on behalf of the Executive Leadership Team members until exercised. The shares carry the same rights as all other ordinary shares.

Summerset Group Holdings Limited has provided Executive Leadership Team members participating in the LTI with interest-free limited recourse loans to fund the acquisition of shares for each grant prior to 2018. These loans must be repaid in full before shares are transferred to executives from the nominee when exercised.

LTI grants from 2018 onwards are by way of options with shares issued to the participant when the option is exercised. The shares issued when options are exercised carry the same rights as all other ordinary shares.

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## 5. Review

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The Board annually reviews this Board and Executive Remuneration Policy.