

Remuneration and Appointments Committee Charter and Policy

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Policy Approver:	Board of Directors
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Objective

The purpose of the Remuneration and Appointments Committee (R&A Committee) is to support and advise the Board on:

- The composition and performance of the Board;
- The appointment and performance of the Chief Executive Officer; and
- Matters relating to remuneration, including remuneration policy and practices for Directors, the CEO, direct reports to the CEO and other employees

The R&A Committee will also be available to support the CEO with appointment decisions for the CEO's direct reports.

Membership and meetings

The R&A Committee shall have at least three members, a majority of whom will be independent directors. The Chair and members are appointed by the Board. The Chair of the Board may be the Chair of the R&A Committee. A quorum for meetings shall be two independent directors.

The R&A Committee shall meet at least once per annum; this may be via conference call. Minutes of meetings will be circulated to all directors.

The CEO shall attend all meetings other than at times that the CEO's own remuneration is being determined. The R&A Committee may invite advisors including any member of the management team to attend meetings to provide information and assistance as required.

The R&A Committee are entitled to obtain independent advice as necessary on the appropriateness of remuneration.

Director remuneration

The R&A Committee will ensure that director remuneration practices are consistent with the strategic goals of DFNZ and are relevant to the phase of development of the company (e.g. start-up, growth, listing phases). It is expected that director remuneration is paid in the form of director's fees, made up of the following components:

- A fixed annual fee;
- Additional fees paid to individual directors appointed to various committees, to reflect additional responsibilities of these positions;
- Reimbursement of all reasonable expenses incurred in the performance of the duties of the position;
- Ad hoc fees for additional work performed by individual directors that is beyond the scope for which they receive compensation for via a committee position.

Directors fees may be payable in a combination of cash, shares in the company and options

for shares.

Certain procedures for the approval of remuneration levels for directors are set out in DFNZ's constitution and are governed by the Companies Act 1993, and once listed, by the NZX Rules.

The R&A Committee shall review the level of remuneration of directors annually. The Committee will recommend remuneration levels to the Board for approval, or once listed, to shareholders for approval.

Management remuneration

The R&A Committee shall:

- Review the CEO's remuneration annually, including establishing the overall benefits, targets and incentives;
- Consider and recommend the appointment and termination of key management personnel as requested by the Board or CEO;
- Review and make recommendations on all remuneration related matters which are put to the Board for approval and address other relevant remuneration levels and practices, including setting annual review average increases for staff other than key management personnel;
- Review development and succession plans for specific senior executives;
- Consider the appropriate level of disclosure of director and CEO remuneration in each Annual Report.

CEO and key management personnel remuneration may include the following:

- A fixed annual salary;
- Both short and long-term bonuses, based on measurable performance targets of both the company and the individual;
- Share and option incentive plans.

Board nominations and appointments

The R&A Committee will provide advice and make recommendations to the full Board of directors on the following matters:

- The size, composition and diversity of the Board, including the desired skills and experience for the Board and the extent to which these are represented on the Board;
- Nomination, appointment and re-election of directors in accordance with the procedure set out in the next section of this policy and the requirements set out in the NZX Rules;
- Ensure letters of engagement are in place for all new directors and there is an appropriate induction programme in place for all new directors;

Nominations and appointments policy/procedure

The R&A Committee will follow the procedures set out below when considering the nomination, appointment and re-election of directors:

- Regarding the composition of the Board, the R&A Committee:
 - Will ensure that all directors are and remain non-executive;
 - Will ensure that a majority of directors are independent; and
 - May choose to use a skills matrix to help ensure the correct mix of skills is achieved and maintained.
- Proper checks shall be conducted as to any potential director's character, experience, education, criminal record and bankruptcy history. Any material adverse information revealed by the checks will be provided to the Board or shareholders (as applicable);

The R&A Committee shall provide all material information about a director candidate or a director standing for re-election to the Board or shareholders (as applicable) to assist their decision as to whether or not to appoint, elect or re-elect the candidate (i.e. biographical details, relevant skills, qualifications and experience, as well as any other material directorships they hold).

The R&A Committee may consider and obtain independent advice as necessary from executive search firms (including the Institute of Directors in New Zealand) to identify potential candidates to fill director vacancies.

If a potential director is nominated by a shareholder, the R&A Committee shall follow these same procedures to assess the potential director, and will advise the Board on whether it should support the election of that potential director.

Review of this Policy

The Board expect to review this policy annually or as otherwise required.