

This policy applies to all Synlait Milk Limited (Synlait) sites.

## Purpose and Objective

Synlait aims to build a world class organisation delivering on its purpose through culture, excellence, and adaptability. To achieve this we will recruit, develop and retain people with a diverse blend of the right skills and experience to enable our growth and innovation. People and planet underpin all that we do. We endeavour to balance people, planet and profit in the investments and choices we make to help all to thrive. The Strategic Remuneration Policy provides a framework in which Synlait manages remuneration, ensuring that practice supports the recruitment, motivation, and retention of the right people to achieve business objectives.

## Principles

The following principles guide Synlait's Strategic Remuneration Policy:

- The reward and recognition system will foster a culture that is focussed and accountable, is results and success oriented and promotes the kind of collaboration that advances the Company values, behaviours and habits.
- Remuneration systems are robust, defensible and allow for the recruitment and retention of talented, skilled and motivated people focussed on the delivery of organisation goals.
- The organisation's reward and recognition systems are:
  - Fair and equitable.
  - Competitive.
  - Open and transparent.
  - Easy to administer.
  - Practical and workable.
  - Robust and systematic.
  - Consistently applied.
  - Flexible/open to change.
  - Affordable.
- Reward policies and practices are designed to motivate and reinforce success and excellence in all areas of performance.

## Components

The components of the Synlait's Strategic Remuneration Policy are:

### Job Evaluation and Market Benchmarking

1. A formal job evaluation system is used to evaluate positions and determine internal relativities.
2. External benchmarking of pay levels, on the basis of relevant market data survey(s) is undertaken on an annual basis.

### Salary Bands

3. Salary band midpoints are positioned, on average, at the 65<sup>th</sup> percentile of fixed remuneration in the local market. A second policy line is reserved for roles where a market premium is required to attract and retain key staff. This policy line is benchmarked against the 75<sup>th</sup> Percentile of the market.
4. Salary ranges are used for all positions. The standard pay range is set at 85% to 120% of midpoint.
5. The pay scale is established, based on job evaluation and remuneration data, for individual positions with appointment to, and movements within the range, based on experience, capability and performance.
6. Remuneration ranges are reviewed annually in June each year against market movement to year ending 30 April to ensure alignment with market conditions and incorporating a forecast movement for the next year to 30 April.

### Annual Review

7. Remuneration levels for permanent employees are reviewed each year, with any changes to remuneration based on market movement, position in the salary range, and individual performance, effective from 1 August.
8. All employees are entitled to be included in the annual salary review except in the following circumstances:
  - Joined Synlait on or after 1 May.
  - Fixed term / casual employee.
  - Had a salary change on or after 1 May.
9. Employees that are in a seconded position on the date of the salary review will have their salary reviewed based on their substantive role.
10. Annual increases are based on an overall budget for the year, informed by inflation, employment market salary movements and affordability.
11. Managers are guided by a salary recommendation based on performance rating and position in salary range, and total spend, as part of the remuneration review, are monitored as per budget allocation.
12. All remuneration payable to the Chief Executive Officer (CEO) is recommended by the People, Environment and Governance Committee and approved by the Board.
13. All remuneration payable to the Executive Management Team are recommended by the CEO, endorsed by the People, Environment and Governance Committee and approved by the Board.

### Authority Levels

14. All salary levels (for new or replacement staff and changes to remuneration) must be confirmed as per the authority levels within the Delegated Authorities Policy to ensure consistency and fit within the Synlait remuneration policy, prior to any discussions with individuals.
15. In addition to the Delegated Authorities Policy, any appointment above 115% of salary band is subject to Director of People & Culture approval.
16. The remuneration review process operates within Annual Review policy parameters and budget parameters approved by the Board, implemented under the authority of the CEO.
17. The People, Environment and Governance Committee can exercise judgement in order to make decisions outside of this policy with any such recommendation to be approved by the Board.

### Approach

18. Remuneration payable to staff is based on a base wage / salary. Reporting remuneration is on a “total cost to company” basis, identifying wage / salary together with any other benefits deemed as remuneration such as employer contributions under KiwiSaver and company health insurance.
19. Remuneration Definitions:
- |                    |   |
|--------------------|---|
| Base Wage/Salary   | Salary/wages paid weekly/fortnightly/monthly, excluding allowances, overtime, benefits (e.g. superannuation).   |
| Fixed Remuneration | Base salary plus benefits deemed to be classed as remuneration (e.g. superannuation, company health insurance). Fixed remuneration includes any FBT or withholding tax (i.e. valued on a cost to employer basis). |
20. While internal equity is a driving consideration, Synlait’s remuneration position is based at a level to attract the required mix of staff with specialist skills, as well as on-going capability for the future.
21. Remuneration transparency is deemed important and communication around an individual’s remuneration is treated as such. To ensure managers have the ability and competence to explain Synlait’s remuneration strategy, education sessions are run by HR Business Managers to drive higher levels of transparency.

### Special Payments

22. **Out of Cycle Remuneration Increases:** From time-to-time circumstances may arise where a review of an individual’s remuneration in their current position may be required outside the cycle of the annual remuneration review. In such circumstances, the Manager will first discuss options with their HR Business Manager. If the need for a remuneration review is identified a recommendation is prepared by the Manager. When building the case for an out of cycle remuneration review, the Manager will consider the experience, qualifications and performance of the candidate, market factors and internal relativities. Approval from the Director of People & Culture is required for an out of cycle remuneration recommendation.
23. **Special Consideration Payments:** Special Consideration payments can be made in instances where specific unique circumstances arise that require a specific response to aid with the retention of the employee (e.g. flight risk, high in salary band thus low / no salary increase). Eligibility criteria to be considered for this payment is shown below:
- **Role of strategic importance / Critical role** – the individual is in a key role that is regarded as key for Synlait to meet its objectives and delivery of key programmes. The resignation of the individual will have severe consequences for Synlait and key programmes of work and may result in failure to deliver a key programme.
  - **Scarcity of skill / recruitment difficulties** – due to specialist skill of the individual finding a replacement in the market will take a considerable time due to skill shortages in the market. This will therefore directly impact critical work programmes and impact delivery of these projects.
  - **Exceptional Contribution** – only to be used in instances where the individual has gone above and beyond the normal expectations for the role.
- Eligibility does not guarantee a payment is made. Award of this payment is assessed on a case-by-case basis and is subject to approval from the Director of People and Culture and the CEO.
24. **Lump Sum Payments:** In instances where an employee is already paid at the top of their salary band, a ‘Lump Sum payment’ may be applicable. This is in lieu of an increase in a particular year and is paid out as an unconsolidated lump-sum payment. The eligibility criteria to be considered for this payment is shown below:

- **Continued high performance** – individuals that consistently perform / deliver well beyond their role requirements and expectations. Due to continued high performance the individual is currently remunerated high in salary range and therefore may not receive an increase in base salary.
- **Role of strategic importance / Critical role** – the individual is in a key role that is regarded as key for Synlait to meet its objectives and delivery of key programmes. The resignation of the individual will have severe consequences for Synlait and key programmes of work and may result in failure to deliver a key programme.
- **Scarcity of skill / recruitment difficulties** – due to specialist skill of the individual finding a replacement in the market will take a considerable time due to skill shortages in the market. This will therefore directly impact critical work programmes and impact delivery of these projects.

Eligibility does not guarantee a payment is made. Award of this payment is assessed during the annual remuneration review process and is subject to approval from the Director of People and Culture and the CEO.

25. **Payment outside of salary band:** Salary ranges are set from 85% to 120% of midpoint. From time-to-time circumstances may arise where there may be a need to pay higher than the salary band maximum. In such circumstances, the Manager will first discuss options with their HR Business Manager. If the need for payment outside the salary band is identified, a recommendation is prepared by the Manager. Information to include when requesting approval for payment outside the salary band will include experience, qualifications and performance of the candidate, market factors and internal relativities. Approval from the Director of PC is required for payment outside of the salary band.

#### Director Remuneration

26. The People, Environment and Governance Committee also reviews the level of remuneration for Directors, annually. The Committee is authorised to obtain independent advice and considers the market for Director fees. The Committee then makes appropriate recommendations to the Board for shareholder approval.
27. Any increases approved by shareholders and the annual general meeting are effective 1 April the following year.

### 1. Policy Control

As per the Compliance Programme, this document is formally reviewed annually or more frequently if operational or legislation changes require.

The Delegated Author for this document is the Head of Remuneration who is responsible for monitoring and managing areas of compliance, ensuring key subject matter experts (SME) and collaborators have been consulted during the review and coordinating the update to this document. Any proposed changes to this document must be provided through to the Delegate Author for consideration.

This document is owned by the Executive Director People and Culture who is responsible for endorsement of any proposed changes and for ensuring that mechanisms are in place to ensure the policy is adhered to.

Responsibility for the final approval of the refreshed document (or roll-over of the document in its current form) is by the Board.

George Adams  
**Synlait Board Chair**  
**Synlait Milk Limited**

Grant Watson  
**Chief Executive Officer**  
**Synlait Milk Limited**

#### 1.1 Policy Review

List those who reviewed the policy updates (delete this statement)

Date	Name (reviewed by)	Title	Responsibility
March 2024	Reviewed by	Elsje Harris	Head of HR Technology and Remuneration
14/03/2024	Reviewed by	Wendi Watkins	Senior Independent Assurance Risk and Compliance Manage

#### 1.2 Policy Endorsement and Approval

Date	Status	Name	Title	Responsibility
14/03/2024	Endorsed by	Cathy Gamlen	Director People and Culture	Owner
02/07/2024	Approved by	Paul Washer	People Environment and Governance Committee Chair	Endorser

Date	Status	Name	Title	Responsibility
30/07/2024		George Adams	Synlait Board Chair	Approver

## 2. Document Information

### 2.1 Reference Documents

- N/A

### 2.2 Revision History

Date Approval Requested	Revision	Step numbers and detailed description of changes (incl. any relevant QE/CC numbers)
30/07/2024	7	<p>Refreshed and updated</p> <p><b>Document Controller:</b></p> <p>Moved content into correct template, using the correct formatting, styles and headings</p> <p>Page 1 typed ltd out in full. Changed SML to Synlait as that is what is used throughout</p> <p>Number 12 CEO typed out in full</p> <p>Throughout "will be" changed to "are/is" to be present tense</p>
21/07/2020	6	Change of template

The previous revision of this document is available in the Document Control System (DCS). To access please contact the Document Controller.