

## PURPOSE & PHILOSOPHY

The Board recognises that to achieve business objectives SKYCITY needs high quality, committed people.

SKYCITY's Remuneration and Human Resource strategy aims to attract, retain and motivate a high-calibre, diverse staff and executive team capable of achieving the objectives of the Company. It also aims to encourage and reward superior performance and creation of shareholder value.

The purpose of this Policy Statement is to provide a framework for decision-making and ensure overall alignment with business needs.

## REMUNERATION GUIDING PRINCIPLES

The two core objectives of the remuneration policy are:

- To attract, retain and motivate high calibre people through remuneration that is competitive in structure and quantum with comparator companies' practices.
- To encourage and reward superior performance and the creation of shareholder value.

The following Guiding Principles underpin to SKYCITY's Remuneration Policy:

- Remuneration components will be offered in the context of a total remuneration package, measured on a 'total cost to company'.
- Remuneration will include a mix of fixed and variable components:
  - Fixed remuneration will reward the position-holder's ability to carry out the responsibilities of the role. It will normally be positioned at the median of comparable positions for the New Zealand market. For "casino-specific" positions account will be taken of salaries within the sector.
  - Variable remuneration will reward company performance and achievement of an employee's specific performance objectives and demonstration of behaviours. It will aim to drive and reward outstanding performance and motivate and retain high calibre individuals. Performance-based remuneration provides executives with the opportunity for total remuneration to reach the 75th percentile of comparable remuneration for superior performance.
- Differences in individual performance, competency and behaviours will be reflected in reward outcomes.
- Remuneration will be clearly aligned with the values, culture and business strategy of SKYCITY.
- Remuneration will be regularly benchmarked against external comparator markets as relevant and appropriate (e.g. industry, geography).
- Consistent with SKYCITY's Diversity Policy, the gender of an employee will have no influence on the remuneration received by an employee.

## REMUNERATION DELEGATED AUTHORITIES

- Board approval is required for all remuneration proposals or decisions concerning the Chief Executive unless specifically delegated by the Board to the Remuneration & Human Resources Committee.
- The Chief Executive shall make recommendations to the Remuneration & Human Resources Committee on Executive Remuneration matters.
- Remuneration & Human Resources Committee approval is required for all remuneration proposals or decisions in respect of direct reports to the Chief Executive.
- As a general principle, all remuneration decisions or proposals require "one over one" approval, ie. no person may change the remuneration terms of any person reporting to them without the approval of the person to whom they report.

**ROLE OF REMUNERATION COMPONENTS**

<b>Component</b>	<b>Application</b>	<b>Role within Remuneration Structure</b>
<b>Base Salary</b>	<ul style="list-style-type: none"> <li>All salaried roles are banded using a recognised job-sizing methodology to measure the impact, accountability and complexity of each role as it contributes to the organisation. Executive positions are evaluated on inception and annually thereafter or whenever subject to significant change.</li> <li>Remuneration data is obtained from a number of sources to determine remuneration ranges by job band/level to ensure competitiveness. The position within the market at which the executive is aligned will be at the discretion of the Remuneration &amp; Human Resources Committee but will normally be comparable with the median.</li> <li>Factors such as individual performance, scarcity/availability of resource/skill, internal relativities and specific business needs are taken into account in determining the appropriate salary.</li> <li>Salaries are reviewed annually effective 1 October (with the exception of the CEO, for whom the review date is 1 July). Adjustments are not automatic but are determined by performance and market movement.</li> <li>Where necessary (new appointments, significant changes in role, market movements) benchmark reports are commissioned for individual roles to verify market appropriateness of remuneration.</li> </ul>	<ul style="list-style-type: none"> <li>Critical in attracting and retaining high quality people in all salaried roles.</li> <li>Because it is fixed and can be relied-upon this will generally be the most highly-valued component of the remuneration package to which an employee/prospective employee attributes the greatest value.</li> <li>The fundamental purpose of the base salary is to reward the position-holder's ability to carry out the responsibilities of the role</li> </ul>
<b>Short-Term Incentive</b>	<ul style="list-style-type: none"> <li>Three short-term incentive programmes exist within SKYCITY applying respectively to 1) the CEO, 2) the Senior Executive Group and 3) other salaried staff in executive/management roles including salaried staff with direct responsibility for the financial performance of individual business units/profit centres.</li> <li>The <u>CEO STI Plan</u> at target (maximum payable) is stipulated in his employment agreement and revisited annually (currently 105% of base salary).</li> <li>Achievement is weighted 70% towards current year financial performance (Group NPAT performance against budget) and 30% against personal strategic objectives. There will normally be up to five challenging and measurable personal objectives which will be detailed in writing at the beginning of each financial year.</li> <li>The start point for any performance-based payment will normally be at 95% of the financial target, with 75% payable at 100% of target and maximum flex payable at 105% of target.</li> <li>The <u>Senior Executive Group STI Plan</u> at target is 40% of base salary. Achievement is weighted 70% towards current year financial performance and 30% against other strategic objectives. All</li> </ul>	<ul style="list-style-type: none"> <li>Designed to drive improved organisation performance and to reward employees for achieving key performance objectives both financial and strategic.</li> <li>A differentiating tool to recognise and retain high performing individuals</li> <li>Communicates clear, focused messages about what is important to the business</li> <li>Is variable and dependent on current year's performance (not earned, not paid).</li> <li>Designed to put a greater percentage of total remuneration "at risk" according to the seniority of the role within SKYCITY's management structure.</li> </ul>

# REMUNERATION & HUMAN RESOURCES POLICY STATEMENT

Component	Application	Role within Remuneration Structure
	<p>objectives are CEO determined, vary according to role and are subject to annual approval by the Remuneration &amp; Human Resources Committee.</p> <ul style="list-style-type: none"> <li>The <u>Salaried Staff STI Plan</u>: both the STI at target and the proportional weighting of financial goals increase in line with seniority.</li> <li>Financial goals are weighted according to the role towards a mix of site and business-unit financial KPIs.</li> <li>Individual KPIs are set by the manager. All KPIs are approved on a "one-up" basis and all KPIs for those on salaries over \$150,000 are subject to additional approval by the GM Corporate Services to ensure consistency and internal relativity.</li> </ul>	
<b>Individual Bonus Plan</b>	<ul style="list-style-type: none"> <li>Applies to all salaried staff ineligible to participate in an STI plan.</li> <li>Criteria can vary from year to year and all payments are subject to CEO discretion.</li> </ul>	<ul style="list-style-type: none"> <li>Designed to reward exceptional individual performance.</li> </ul>
<b>Long-Term Incentive</b>	<ul style="list-style-type: none"> <li>Two long-term incentive plans exist within SKYCITY – the Executive Share Plan and the CEO Share Plan.</li> <li>Both provide for the provision of an interest free loan to facilitate the immediate acquisition of shares which are then held in trust for a restrictive period until specific performance hurdles relating to TSR are met.</li> <li>Performance measure: relative TSR based on two comparator groups. Comparator groups to be reviewed annually prior to annual grants.</li> <li>Performance is tested at 3 years and un-vested awards may be re-tested after 6 months and one year if necessary.</li> <li>Participants in the Executive Share Plan comprise all CEO direct reports plus a small number of other key management executives.</li> <li>The value of the annual allocation of CEO shares is stipulated in his employment agreement.</li> <li>Executive Share Plan allocations are annually recommended by the CEO to the Committee for ratification by the Board. The value of these allocations will typically be up to 30% of base salary.</li> </ul>	<ul style="list-style-type: none"> <li>Aligns executive interests with shareholders, ensuring executives act/ behave and control/manage in a way that adds shareholder value for the longer term.</li> <li>Drives improved performance and incentivise and reward long-term value creation, rather than short-term goals (which may be rewarded through an annual incentive).</li> <li>Provides executives with the opportunity to share in the Company's and shareholders' success.</li> <li>Attracts the best employees from a regional and global marketplace where long-term incentives are prevalent and form a key component of employee total remuneration and wealth creation opportunities.</li> <li>Retains key executives in the face of an increasingly competitive global gaming market.</li> </ul>
<b>Medical Care</b>	<ul style="list-style-type: none"> <li>SKYCITY subsidises a plan that provides for medical care for all full-time employees in New Zealand.</li> <li>The Senior Executive Group is provided with premium full coverage plan for themselves, their spouse/partner and dependent children.</li> </ul>	<ul style="list-style-type: none"> <li>Intended to minimise the effect of unexpected personal or family health issues on senior executives.</li> </ul>
<b>Discounted</b>	<ul style="list-style-type: none"> <li>These benefits vary from site to site according to what is market/site appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Provide competitive, market-relevant benefits</li> </ul>

## REMUNERATION & HUMAN RESOURCES POLICY STATEMENT

<b>Component</b>	<b>Application</b>	<b>Role within Remuneration Structure</b>
<b>Benefits</b>	For example, all staff in Auckland can avail themselves of discounted car parking. In Darwin, there is no charge for parking (for either staff or customers).	to employees at no additional cost to company.

### SPECIAL PAYMENTS

Notwithstanding the operation of this policy, the Remuneration & Human Resources Committee may consider recommendations from the Chief Executive for approval of special payments. Special payments may be made in recognition of outstanding performance; in recognition of acting appointments; to retain key executives; or to cover extraordinary circumstances. All special payments require the approval of the Board in respect of the Chief Executive and the Remuneration and Human Resource Committee in respect of other executives.

### NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director remuneration is reviewed bi-annually by the Remuneration & Human Resources Committee having regard to all relevant factors including market benchmark surveys for Australian and New Zealand publicly-listed companies. Any proposed changes are recommended to the Board and are subject to shareholder approval.

### HUMAN RESOURCES OBJECTIVES

The core Human Resource objectives are to:

- Attract, retain, engage and motivate staff and executives to drive the creation of shareholder value.
- Ensure a high standard of ethical behaviour is maintained at all times.
- Treat employees with respect, remunerate fairly, recognise superior performance and have in place appropriate processes to resolve poor performance.
- Provide a safe working environment.
- Ensure business sustainability through the identification and development of successors for key roles.
- Encourage and support workforce diversity as a key enabler of performance. Support participation and development of under-represented groups and ensure that the Company's Diversity Policy is followed at all times.

The General Manager Corporate Services will ensure that the Company maintains all appropriate Human Resource Policies and report any material changes to the Remuneration & Human Resources Committee.

## MEASUREMENT

The Group General Manager Human Resources will ensure that at least once per year the Committee/Board is updated on the following key measures:

- **Staff engagement:** Annual Staff Engagement Survey.
- **Health & Safety:** Lost time frequency and duration – year on year trend data by site.
- **Diversity:** Workforce participation metrics by site and job band.
- **Staff Turnover:** Year on year trend data by site.

## EXECUTIVE RECRUITMENT

The Chief Executive will seek the approval of the Remuneration & Human Resources Committee prior to the filling of any direct report vacancy. Such approval will include the proposed remuneration package.

## REDUNDANCY

Redundancy is provided for in each executive's Individual Employment Agreement. It will not exceed 6 months base salary.

## ANNUAL REVIEW

This policy will be reviewed on an annual basis to take account of changing market, industry and economic circumstances as well as developing organisational requirements.