

## SkyCity Entertainment Group Limited Remuneration Policy Statement

August 2018

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### **Purpose & Philosophy**

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

SkyCity's Remuneration & Human Resources 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 SkyCity's Remuneration Policy:

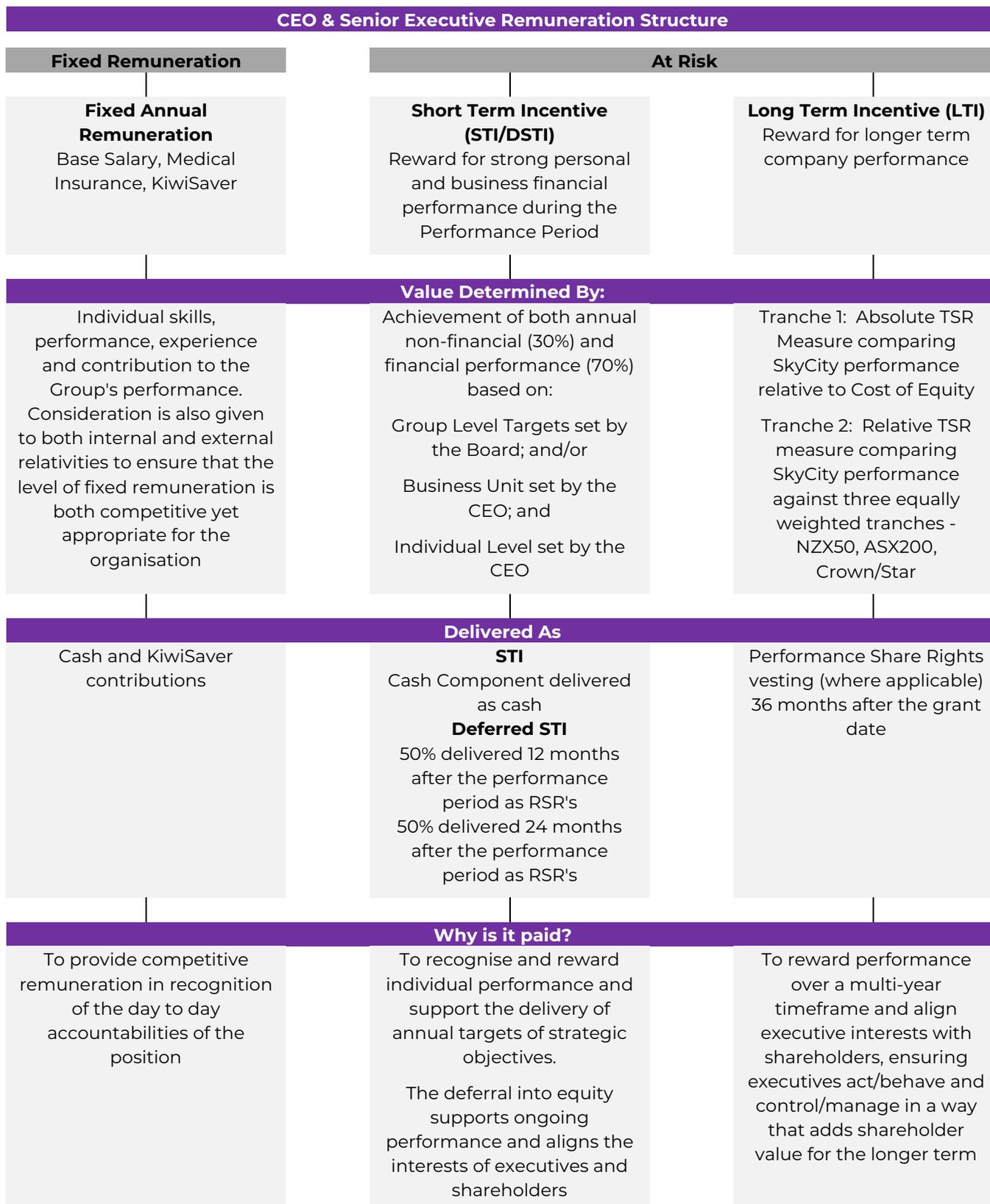
- Remuneration components will be offered in the context of a total remuneration package, measured on a "total cost to company".
- Remuneration will include a mix of fixed and variable components:
  - Fixed remuneration will reward the position-holder's ability to carry out the responsibilities of the role. It will normally be positioned at the median of comparable positions for the 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 75<sup>th</sup> 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).

### **Remuneration Delegated Authorities**

- Board approval is required for all remuneration proposals or decisions concerning the Chief Executive Officer unless specifically delegated by the Board to the Remuneration & Human Resources Committee.
- The Chief Executive Officer shall make recommendations to the Remuneration & Human Resources Committee on Senior 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 Officer.
- As a general principle, all remuneration decisions or proposals require “one over one” approval, i.e. 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 - Overview



## Role of Individual Remuneration Components

Component	Application	Role within Remuneration Structure
<b>Base Salary</b>	<ul style="list-style-type: none"> <li>• All salaried roles are sized 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 several sources to determine remuneration range 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 considered in determining the appropriate salary.</li> <li>• Salaries are reviewed annually effective 1 October. 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 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 / Deferred Short-Term Incentive</b>	<ul style="list-style-type: none"> <li>• The SkyCity Performance Incentive Plan provides an opportunity for select employees to share in the success of the company by offering them, in addition to their base salary each financial year, the opportunity to: <ul style="list-style-type: none"> <li>◦ Earn a cash payment under a Short-Term Incentive Plan (STI); and</li> <li>◦ Acquire fully paid shares in SkyCity under a Deferred Short-Term Incentive Plan (DSTI).</li> </ul> </li> <li>• Three Short-Term Incentive Plans apply respectively to 1) the CEO, 2) the Senior Management/Senior Executive group and 3) other salaried staff in 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 is 40% of base salary. The delivery vehicle is cash which vests at the end of the performance year.</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>

Component	Application	Role within Remuneration Structure
<b>Short-Term Incentive / Deferred Short-Term Incentive (cont.)</b>	<ul style="list-style-type: none"> <li>• The <u>CEO DSTI Plan</u> at target is 50% of base salary. The delivery vehicle is deferred restricted share rights (25% of base salary at target will comprise Tranche One and 25% of base salary at target will comprise Tranche Two). Tranche One of the DSTI vests on the first anniversary of the cash STI vesting and Tranche Two of the DSTI vests on the second anniversary of the cash STI vesting.</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 qualification hurdle for any performance-based payment will normally be set at previous year's actual performance against primary financial target (adjusted for non-recurring items).</li> <li>• The <u>Senior Management/Senior Executive STI Plan</u> at target is 10% - 30% of base salary. The delivery vehicle is cash which vests at the end of the performance year.</li> <li>• The <u>Senior Management/Senior Executive DSTI Plan</u> at target is between 5% and 15% of base salary. The delivery vehicle is comprised of two tranches of deferred restricted share rights. Tranche One of the DSTI vests on the first anniversary of the cash STI vesting and Tranche Two of the DSTI vests on the second anniversary of the cash STI vesting.</li> <li>• Achievement is weighted 70% towards current year financial performance and 30% against other strategic objectives. All <u>objectives are CEO determined</u> and vary according to role. The objectives for the Senior Executives are subject to annual approval by the Remuneration &amp; Human Resources Committee.</li> <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>• The delivery vehicle for the Salaried Staff STI Plan is cash (at target 7.5% - 15% of base salary).</li> <li>• Financial objectives are weighted according to the role towards a mix of site and business-unit financial goals.</li> <li>• Individual objectives are set by the manager and are approved on a "one-up" basis.</li> </ul>	<ul style="list-style-type: none"> <li>• DSTI aligns executive interests with shareholders, ensuring executives act/ behave and control/manage in a way that adds shareholder value for the longer term.</li> </ul>

Component	Application	Role within Remuneration Structure
<b>Short-Term Incentive / Deferred Short-Term Incentive (cont.)</b>	<ul style="list-style-type: none"> <li>The CEO in his/her absolute discretion may, prior to the declaration date, adjust the amount of a cash incentive payment or the number of Restricted Share Rights up or down if the CEO considers that this will provide a more equitable result for a participant or as between participants, considering (among other things) the overall performance of the Company or a particular Business Unit or Department.</li> <li>The Board in its absolute discretion may, prior to the declaration date, adjust the amount of a cash incentive payment or the number of Restricted Share Rights up or down if the Board considers that this will provide a more equitable result for the CEO, considering (among other things) the overall performance of the Company or a particular Business Unit or Department.</li> <li>Participation in a Short-Term Incentive Plan is a discretionary benefit and is not a term of employment.</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 may 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>The Executive Long-Term Incentive Plan provides for 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 are met.</li> <li>Performance hurdles: <ul style="list-style-type: none"> <li>50% of LTI Shares are allocated to an Absolute TSR Tranche; and</li> <li>50% of LTI Shares are allocated equally (i.e., one-third of 50%) to each of: <ul style="list-style-type: none"> <li>an NZX Comparator Group Tranche;</li> <li>an ASX Comparator Group Tranche; and</li> <li>a Competitor Comparator Group Tranche.</li> </ul> </li> </ul> </li> <li>Performance is tested at 3 years with no further re-testing.</li> <li>Participants in the Executive Long-Term Incentive Plan are approved by the Board at its discretion and typically comprise those individuals who are a permanent, Senior Executive direct reports to the CEO.</li> <li>The value of the annual allocation of CEO shares is 70% of his base salary.</li> <li>Senior Executive share allocations are annually recommended by the CEO to the Committee for ratification by the Board. The value of these allocations will typically be 20% 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 incentivises and rewards 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>

Component	Application	Role within Remuneration Structure
<b>Long-Term Incentive</b>  <b>(cont.)</b>	<ul style="list-style-type: none"> <li>• CEO and Senior Executives who are eligible for the Long-Term Incentive Plan are encouraged, over a period of five years, to build up and retain a holding of shares in the company which is equivalent to a multiple of one times their base salary.</li> <li>• Participation in the Long-Term Incentive Plan is a discretionary benefit and is not a term of employment. Continued participation in the Long-Term Incentive Plan is not guaranteed and the Board is not under any obligation to invite any particular employee to participate in the Long-Term Incentive Plan.</li> <li>• Awards under the Long-Term Incentive Plan are made at the absolute discretion of the Board.</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 Benefits</b>	<ul style="list-style-type: none"> <li>• These benefits vary from site to site according to what is market/site appropriate. For example, all staff in Auckland can avail themselves of discounted car parking.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide competitive, market-relevant benefits to employees at little or no additional cost to company.</li> </ul>

## 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 Officer and the Remuneration & Human Resources Committee in respect of other executives.

## Non-Executive Director Remuneration

Non-Executive Director remuneration is reviewed 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.

## 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.