

REMUNERATION POLICY

The purpose of this policy is to outline the remuneration principles of Millennium & Copthorne Hotels New Zealand Limited (“MCK” or “the Company”) and to set out the principles which apply in respect of the remuneration of Directors and Executive of the Company.

DIRECTORS’ REMUNERATION POLICY

All remuneration of Directors will be paid in cash. Directors do not receive any performance-based remuneration or retirement benefits. All Directors (excluding the Chair and any executive Directors) will be paid a base fee and additional fees will be payable to the Chairs of the Committees and the Board Chair a Chair’s fee, all as determined by the Board (having regard to the recommendation from the Remuneration Committee) and subject to the total fee pool limit for Director remuneration as approved by the Company’s shareholders from time to time.

The Remuneration Committee is responsible for a periodic review of Directors’ remuneration to determine whether Directors’ remuneration is appropriate. This review is required to consider benchmarking data from similar sized listed and unlisted companies.

The total approved fee pool in aggregate for all Directors is currently a maximum of \$200,000 per annum. The Remuneration Committee shall review the total Director fee pool on a regular basis and recommend any changes to the Board. The Board will seek shareholder approval for any increase to the total Director fee pool.

Under Listing Rule 2.11.3, if the total number of Directors subsequently increases from the number in office when the Director fee pool was approved by shareholders, the Directors are permitted (without seeking shareholder approval) to increase the total remuneration by the amount necessary to enable the Group to pay the additional Director or Directors remuneration not exceeding the average amount then being paid to each of the existing Directors (other than the Chair).

Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with MCK’s business.

Directors have no obligation to invest in shares of the Company.

MCK will disclose in the Annual Report the actual fees paid to each Director in accordance with this policy within the relevant reporting period.

EXECUTIVE REMUNERATION POLICY

This policy sets out the remuneration principles that apply to the Managing Director / Chief Executive and all Executives (being the members of senior management who are direct reports to the Managing Director and report to the Board).

The policy requires that decisions regarding Executive remuneration are fair and reasonable and based on merit. MCK will not discriminate on the grounds of gender, race, religion or belief, disability, age, sexual orientation or gender identity.

Executive remuneration will be set at levels that recognise an individual’s market value (i.e. level of skills and experience, the demand for skill and performance in the role, and the commercial environment).



Determination of remuneration for Executives is subject to a fair and thorough process conducted by the Remuneration Committee. Remuneration will be determined by the scale and complexity of the relevant employee's role. The Remuneration Committee shall review Executive remuneration annually and make recommendations to the Board.

Under MCK's remuneration framework, individual performance and market relativity are key considerations, balanced by the context in which the Company operates.

Remuneration of Executives include a mix of fixed and variable components. A summary of the current provisions is as follows:

- Fixed remuneration – this includes the employee's base salary and cash allowances and any direct non-cash benefits (e.g. Kiwisaver contributions, health insurance and annual leave);
- Other variable remuneration – Executives are eligible for additional remuneration from Short-Term Incentive (STI) plans. Eligibility is determined by the Board of Directors. The terms and conditions of the STI plan are identified in the individual employment agreements of the Senior Management team member to whom it applies;
- Total remuneration – this includes fixed and variable remuneration. Total target remuneration will typically be set within a range of relevant median comparatives.
- STI remuneration is conditional upon the achievement of certain financial and other targets in relation to MCK's overall financial and budgetary performance along with a series of non-financial objectives [(in each case as set out in the relevant grant letter)], and is subject to the Board's discretion. Unless specifically determined otherwise, potential STI remuneration is expressed as a percentage of base remuneration, with actual STI remuneration (if any) to depend on performance relative to the relevant targets and objectives for that Executive.
- MCK does not currently have a specific target weighting of fixed to variable remuneration, as this is determined on an Executive-by-Executive basis.

This shall be reviewed annually.

MANAGING DIRECTOR'S REMUNERATION POLICY

The remuneration of the Managing Director shall include a mix of fixed and variable components. Fixed remuneration shall include a base salary, Kiwisaver and health insurance contributions. Variable components shall include a Short-Term Incentive (STI) linked to objectives set annually relating to the Company's financial performance and assessed by the Board. The Board has absolute discretion as to whether to award STIs to the Managing Director.

MCK will disclose in the Annual Report the remuneration paid to MCK's Managing Director in accordance with this policy within the relevant reporting period.