



Remuneration Policy

Tourism Holdings Limited

31 May 2019



creating unforgettable holidays



1. Purpose & Philosophy

This policy is designed to guide the philosophy for remuneration within **thl** and to ensure alignment between remuneration and business needs. The **thl** Board recognises that in order to achieve its objectives, **thl** must have committed and capable staff.

In developing a policy for the whole of **thl** there needs to be a very conscious recognition of some of the operating limitations of a centralised approach to all aspects of remuneration and reward. The business model and operating limitations prevent a “one size fits all approach”. In the same manner as ethics and risk cannot be managed by a definitive set of rules for all situations the ever changing landscape of **thl** and the legal requirements of the jurisdictions we operate in require some interpretation of the policy intent in a variety of ways.

We will work to ensure that all leaders are aware of the principles and values by which we operate. This approach alongside a clear set of boundaries and process form the basis of this **thl** remuneration policy.

There are three factors specific to **thl** that often limit the ability for one detailed policy to operate in a consistent manner across all businesses globally. These are:

- (a) **Joint Ventures** – **thl** is involved in a number of joint ventures. Due to the nature of joint ventures, **thl** may not be in a position to be able to implement aspects of this policy within its joint venture businesses. We will look to guide policy based on the same **thl** values however we do not endeavour to include **thl** remuneration policies within shareholder agreements.
- (b) **Jurisdictions** – **thl** currently operates within New Zealand, Australia, the United States of America and the United Kingdom/Europe. Each jurisdiction has a different regulatory environment, (including State and Federal differences in labour laws) which may require consideration in the implementation of the remuneration principles specific to that jurisdiction. The local law in one jurisdiction may conflict with the details of the **thl** remuneration policy, or may change within a review period.
- (c) **Acquisitions** – Often the transition of a newly acquired business to **thl**'s philosophies, guiding principles and policies is a significant task that is completed over several years. To ensure minimal disruption, it may be appropriate that the existing remuneration philosophy of a newly acquired business remains in place for some time after an acquisition. This is considered within the acquisition business case and may vary in each circumstance.

There may also be existing remuneration arrangements that do not adhere to this policy. Where appropriate, some practices have been grandfathered for employees with older contracts. However, **thl** will aim for all new remuneration arrangements to adhere to the principles contained in this policy.

2. Scope

This policy applies to all **thl** group employees engaged on individual employment agreements, including the Executive team. As noted above, different remuneration frameworks may apply in particular circumstances.

3. Remuneration Delegated Authorities

Any remuneration decisions concerning the CEO will require approval from the Board, unless specifically delegated to the Remuneration & Nomination Committee.

Any remuneration decisions concerning any C level positions, General Managers¹ or similar (other than the CEO) will require approval from the Chairperson of the Remuneration & Nomination Committee.

All other remuneration decisions, proposals or changes will require approval on a “one-up” basis, 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.

Any change to a persons’ remuneration that is outside of the normal annual allowances, including the addition of a bonus for any non-bonus employees will require approval from the Management Remuneration Committee (consisting of the COO, CFO and CEO).

4. Purpose of Remuneration

Type of Remuneration	Application	Purpose
Fixed Remuneration/ Base Salary	<ul style="list-style-type: none"> Fixed remuneration includes base salary and employer KiwiSaver (or other superannuation scheme) contributions. Base salaries/fixed remuneration are determined based on historic thl positioning and market data at the time of any appointment, promotion or review (obtained through a number of sources). Salaries for non-executive staff are to be reviewed annually, effective from 1 July in the Southern Hemisphere and from 1 January in the Northern Hemisphere. Changes will be informed by an assessment of changes to external factors as well as performance and remuneration relativity on an individual basis. Any increase to an employee’s salary is at thl’s sole discretion. 	<ul style="list-style-type: none"> To attract, retain and sustain the desire and ability to remain working for thl for all employees in salaried roles.
Short-term Incentives	<ul style="list-style-type: none"> A Short-Term Incentive may be offered to permanent employees at 	<ul style="list-style-type: none"> Primarily to encourage and reward employees for meeting key

¹ The term “General Manager” in this policy includes any Branch Managers and/or Vice Presidents in the United States.

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	<p>the discretion of the CEO. The structure of any such Short-Term Incentives should be approved by the Board and are to be reviewed annually.</p> <ul style="list-style-type: none"> • A minimum of 60% of all Short-Term Incentive targets should be connected to a measurable financial outcome for the business. A minimum of 40% of all Short-Term Incentive targets will be connected to the total thl net profit after tax result. • The details of any Short-Term Incentive may vary from time to time and will be in accordance with internally provided guidelines on an annual basis, which shall be approved by the Remuneration & Nomination Committee 	<p>performance indicators or other objectives.</p>
Long-term Incentives	<ul style="list-style-type: none"> • General Managers and C-Level Executives in New Zealand may be invited to participate in thl's Long-Term Incentive Scheme if approved by the Board. An appropriate (non-share based) equivalent bonus scheme will be offered to equivalent roles in other jurisdictions. 	<ul style="list-style-type: none"> • As noted in the Rules for the Long-Term Incentive Scheme.
Discounted or Non-Cash Benefits	<ul style="list-style-type: none"> • A range of discounted benefits may be made available to staff including the use of rental motorhomes, thl tourism experiences, medical insurance and supplier discounts. • Discounted benefits available to staff will vary by jurisdiction. • Discounted or non-cash benefits are generally not a term of employment unless otherwise stipulated and provisions may vary from time to time at the discretion of thl or the applicable supplier. 	<ul style="list-style-type: none"> • To provide attractive, appropriate and competitive benefits to employees at no additional cost to thl.

5. Special Payments

The Remuneration & Nomination Committee may consider recommendations from the CEO for approval of special payments. Such payments may be made:

- in recognition of outstanding performance;
- in recognition of acting appointments;
- to retain key staff; or
- to cover extraordinary circumstances.

Any special payment must be approved by the Board (if in respect of any General Manager or more senior role) or the CEO (in respect of any other staff).

6. Career Development

thl is committed to developing suitable policies and/or processes that identify and make available career pathway and development opportunities for its employees where appropriate, with fair and equitable remuneration which is commensurate with those opportunities.

7. Director Remuneration

As there are no executive directors, the following policy relates only to the remuneration for non-executive directors:

- Directors should not receive performance-based remuneration nor should they be provided with retirement benefits;
- In respect of director remuneration, remuneration packages will be appropriate to the market and will reflect the time commitment and responsibilities of the role; and
- As permitted by the fixed share plan approved by shareholders, directors can receive fully-paid ordinary securities in lieu of director fees (in whole or part) approved and issued in compliance with the NZX Listing Rules.

It is anticipated that fixed remuneration and equity-based remuneration (where elected by the director) will make up the majority of director remuneration.

If *thl* uses any executive or director remuneration consultants (**Consultants**), they should:

- be independent and sign a declaration of independence – in this context independence means the consultant must not have been subject to any influence from management, any board member or any other party in relation to the services provided or the outcomes of those services;
- be engaged by the Board (in respect of director and/or CEO remuneration); and
- report to the Board in relation to CEO and director remuneration, and report to the CEO in relation to other executive remuneration that is to be reported to the CEO, provided that no executive personnel makes decisions in respect of their own remuneration outcomes.

8. Executive Remuneration

In respect of executive remuneration, remuneration packages should include an appropriate balance of fixed and performance-based remuneration and may contain any or all of the following:

- **Fixed remuneration** – this should:
 - be reasonable and fair;

- take into account **thl**'s legal and industrial obligations and labour market conditions;
 - be relative to the scale of **thl**'s business and complexity of the role;
 - reflect the scale, complexity, core performance requirements and expectations of the role; and
 - take into consideration the executive relativity to the median remuneration in the business over time.
- **Performance-based remuneration** – this should:
 - take into account individual and corporate performance; and
 - be linked to clearly-specified performance targets, which should be:
 - aligned to **thl**'s strategy; and
 - appropriate to its circumstances, goals and risk appetite.
- **Equity-based remuneration** – this can include options or performance shares and is especially effective when linked to hurdles that are aligned to **thl**'s longer-term performance objectives. It should be designed to support a long term approach and to ensure that it does not lead to 'short-termism' on the part of the executive or the taking of undue risks.
- **Termination payments** – subject to all applicable laws and the NZX Listing Rules, these should be agreed in advance to the extent practicable, and any agreement should clearly address to the extent reasonably foreseeable, what will happen in the case of early termination. There should be no payment for termination for misconduct.

It is expected that fixed remuneration will make up the majority of executive remuneration. Executive remuneration will be reviewed annually effective from 1 July, with consideration given to individuals' performance and their contribution to **thl**'s success (against measurable key performance indicators), external market relativities, shareholders' interests and desired market positioning.

It is expected that executive remuneration packages should generally contain an element that is dependent on **thl**'s performance and the performance of the individual.

9. Disclosure

If **thl** chooses to make any public statements referring to reliance on reports from independent consultants in respect of decisions relating to director remuneration, then a summary of findings should be made public and the consultants should attest to their independence in the report.

The Remuneration & Nomination Committee shall ensure that **thl** will disclose remuneration information (including details of CEO remuneration) in its annual reporting as required to comply with its obligations under the Companies Act 1993, the NZX Listing Rules and guidance provided by NZX from time to time.

10. **Ownership and Review of Policy**

This policy is owned by the Remuneration & Nomination Committee and may be reviewed, amended or withdrawn by the Remuneration & Nomination Committee at any time.

This policy will be reviewed on an annual basis to take account of changing market, industry and economic circumstances as well as the developing requirements of **thl**. This policy also forms part of a broader company commitment to support ethical and fair practices for our crew. As such it should be read in conjunction with the **thl** Code of Ethics, our commitment to sustainable responsible tourism business practices including diversity and well-being, as well other policies designed to focus on crew well-being and engagement and which are also reviewed on an annual basis.

Approved by the Tourism Holdings Limited Board Remuneration & Nomination Committee effective from 31 May 2019.