

### Smartpay Governance Principle 5 : Remunerate Fairly and Responsibly

The Remuneration of directors and executives should be transparent, fair and reasonable.

### Smartpay Governance Principle 1: Ethical Standards

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation.

### Useful links/further information:

[ASX Corporate Governance Principles and Recommendations](#)

[NZX Corporate Governance in New Zealand Principles and Guidelines](#)

[Smartpay Performance Management Policy](#)

[Smartpay Code of Ethics and Values](#)

Smartpay reserves the right to amend, update or withdraw its corporate policies without prior notice.

# Smartpay Remuneration Policy

7 November 2019

## Policy Statement

Smartpay recognises that its people are fundamental to its business, its core values are:

1. One Team – we will work together to create an inspiring company that we are all proud to work for
2. Fearless – in our approach and our focus on the customer
3. We deliver - by listening, engaging and being held accountable

It has identified its strategic goal to attract and retain the best people and to be recognised as the preferred employer in the payments industry.

To this end it is committed to providing structures in its performance management and remuneration that enables it to recognise each individual's contribution to the business and to attract, reward and retain staff by providing a focused remuneration environment that rewards activities that are aligned with the values and strategic goals of the business.

## Policy Purpose

The objectives of the remuneration policy and processes are to ensure that remuneration practices are driven from consistent principles and are competitive within the markets Smartpay operates to enable the organisation to attract and retain a talented, high performing workforce.

## Principles

The following principles guide Smartpay's Remuneration Policy:

- The reward and recognition system will foster a culture that is focussed and accountable, is results and success orientated and promotes the kind of collaboration that advances the Company values, behaviours and habits
- Remuneration systems will be robust, defensible and allow for the recruitment and retention of talented, skilled and motivated people focused on the delivery of the organisations goals.
- The reward and remunerations systems will be:
  - Fair and Equitable
  - Open and Transparent
  - Easy to Administer
  - Practical and workable
  - Robust and systematic
  - Consistently applied
  - Flexible/open to change
  - Affordable.
- Reward policies and practices will be designed to motivate and reinforce success and excellence in all areas of performance
- We adhere to the principles of the NZX Code, as determined from time to time, including the Principle that the remuneration of directors and executives should be transparent, fair and reasonable
- Reward policies will drive financial responsibility, making sure what we do is affordable.

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## Application

This policy applies to executive and non executive directors, senior management and all employees at Smartpay.

## Responsibility

Shareholders approve the remuneration arrangements for the directors. Changes to the arrangements in place will be recommended to shareholders by the Board, with guidance from the Remuneration and Nominations Committee.

The Board is responsible for determining the Remuneration Policy for Smartpay, in practice this will be managed on its behalf by its Remuneration and Nominations Committee who will make recommendations to the Board.

The Senior Management Team will be responsible for administering the Policy and putting into place a framework for the remuneration of all employees in line with the Board Policy and Strategic Goals.

Managers and Team Leaders will be responsible for undertaking remuneration reviews for their team and making recommendations for remuneration changes for their staff.

## Remuneration Practices and Framework

### Board

Non-executive Directors will be paid a basic fee as ordinary remuneration for their appointment as Director of the company, in addition they may be paid extra remuneration for their membership of board appointed committees and or in consideration for their appointment as Chairman or Deputy Chairman. The level of remuneration to be paid will be reviewed annually by the Remuneration and Nominations Committee who will consider the skills, performance, experience and level of responsibility of the Directors in undertaking the review and is authorised to obtain independent advice on market conditions. The Committee then makes appropriate recommendations to the Board.

## Executive Directors, Chief Executive Officer and other Officers

Executive Directors will receive no fees but will be paid as employees of Smartpay in accordance with their contracts of employment with the Company.

The total remuneration payable to executive directors and officers of the Company will be made up of three components:

1. Fixed Remuneration
2. At risk/variable remuneration to reward performance. This at risk/short term incentive takes the form of a bonus scheme which is linked to key performance indicators (KPIs). The Remuneration and Nominations Committee will set the criteria for those KPIs annually as part of the performance and remuneration review process and the performance against these is reviewed by the Committee and will be reported in the Annual Report and/or the Governance Statement of the Board annually.
3. Long term incentive Plans. The Company does not have a long term incentive plan in place for its Executive Directors, Officers or senior managers, except as negotiated with individuals. As part of its annual exercise to review the remuneration policy for all staff the Remuneration and Nominations Committee will consider the implementation of a long term incentive plan in the context of the performance, vision and strategies for the Company and will report on its findings.

The Company does not have a pre-determined weighting for the balance of each remuneration element to be awarded but rather reviews the use of the above elements annually in the context of its strategic plans and budget process for the next financial year to ensure that remuneration packages remain closely aligned with its values, vision and strategy whilst ensuring that high caliber individuals are appropriately incentivized.

The remuneration of individual executive directors, the chief executive officer and other officers of the Company will be reviewed on an annual basis by the Remuneration and Nominations Committee. For these purposes Smartpay considers the following roles to be 'officers' of the company, whether or not the incumbent is also an executive director of the Company: Chief Executive Officer, Chief Financial Officer and Chief Operations Officer.

The Remuneration and Nominations Committee may at its discretion engage an external consultant to review the structure and level of remuneration packages to ensure these remain competitive as required in order to retain and/or attract high caliber individuals. When doing so it will ensure the independence of any such consultants.

## Employees

The total remuneration payable to employees at Smartpay is made up of three components:

1. Fixed remuneration
2. At-risk/variable remuneration to reward performance as relevant to an employee's position, at risk elements include:
  - a. Commission payments to sales and customer success staff. Commission structures are constructed to ensure sales performance is aligned to the Company's defined strategy and are reviewed at least annually in line with the target and budget setting in advance of each financial year.
  - b. Bonus for senior managers as appropriate for the role. It is recognised that a bonus scheme is not appropriate for all roles and these are therefore negotiated individually in order to incentivise in line with the Company's vision, values and strategic plans. Where they are in place they are linked to individual Key Performance Indicators and will be assessed and reviewed annually with remuneration reviews.

3. Other benefits - include, but are not limited to, the employee contributions to kiwi saver/superannuation schemes.

All positions are evaluated and sized to understand positioning of base salary/wage against the market and against other similar sized positions, external benchmarking of pay levels is undertaken on an annual basis. It will also internally test to ensure pay equity internally, including by gender.

The remuneration review process will be undertaken post Annual Performance Reviews and will operate within the parameters of the budget approved by the Board. Individual remuneration reviews are undertaken by the individuals' immediate manager and will take into account the following factors:

- Performance of individual as recorded in the most recent performance appraisal
- Training and Development achievements in the past 12 months
- Benchmarking of that position against equivalent positions in other companies
- Cost of living increases, living and minimum wage information as relevant to the Country of employment
- Alignment with strategic goals of the business
- Budgetary constraints and performance of the business

The Remuneration and Nominations Committee will review the individual remuneration for the Executive Directors and Officers as described above. It will also set, in line with the strategic plan and budget, the structure of remuneration packages including the use or short and long term incentives and benefits packages, and the overall pool available for salary increases for all staff.

Senior managers will have, as part of the next year's planning and budget process, the structures to be applied and available \$ amount allocated to remuneration changes for their team. Managers and team leaders will discuss and seek approval from the senior manager for each individual's remuneration change prior to making any commitment to the individual.

## Reporting

Smartpay reports in its annual report detail of the remuneration provided to its executive directors and Chief Executive Officer in line with NZX Corporate Governance Code as well as a transparent overview of all employee remuneration including the details as required by the Companies Act 1993 and the Financial Markets Conduct Act 2013.

## Policy authorised by the Board 7 November 2019



Signed by Greg Barclay  
For and on behalf of the Board