

EXECUTIVE REMUNERATION POLICY

1 INTRODUCTION

This policy provides a framework for setting, reviewing, and designing the Company's executive remuneration arrangements.

In this policy "Executive" means the Company's Chief Executive Officer (CEO) and the CEO's direct management reports, and from time to time any other senior employee as deemed appropriate.

2 PROCESS

The People and Remuneration Committee:

- Reviews this policy and if changes are proposed, submits it to the Board for approval;
- Seeks external advice on remuneration matters as it deems appropriate;
- Makes recommendations to the Board in regard to the CEO's contractual arrangements including remuneration; and
- Considers, and if appropriate, endorses the CEO's recommendations on the total remuneration packages of each Executive.

3 REMUNERATION PHILOSOPHY AND PRINCIPLES

Arvida's overarching remuneration philosophy for executive team members is to provide the opportunity for them to receive, where performance merits, a total remuneration package at the median for equivalent market-matched roles.

3.1 Remuneration Principles

- Remuneration is aligned to long term sustainable shareholder value.
- Remuneration for individuals will reflect level of performance and delivery of successful outcomes.
- Simplicity over complexity will be reflected in the design.

4 REMUNERATION ELEMENTS

In addition to fixed remuneration (base salary + benefits), Arvida Executive packages may include:

- Short-term incentives (STIs) to reward the achievement of annual performance metrics which aim to align executives to a shared set of key performance indicators (KPIs) based on business priorities for the year ahead; and
- Long-term incentives (LTIs) to reward the achievement of performance measured over the longer term aligning Executive reward with shareholder returns.

At the Board's discretion, other fixed or variable reward elements may be introduced from time to time if a business case exists.

5 REMUNERATION MARKET

In assessing the market competitiveness of Executive packages, the primary “remuneration market (i.e. source of market remuneration data) against which Arvida Executive packages are benchmarked is the New Zealand private sector.

6 MARKET POSITIONING

6.1 Fixed Remuneration

Executive fixed remuneration should normally be within 85% to 115% (fixed pay range) of the market median/50th percentile of comparable positions within the New Zealand private sector market.

Individual capability and experience will determine where incumbents are positioned in this fixed remuneration pay range.

6.2 Short Term Incentives

STIs are set annually, aligned to the financial year, with a target amount set as a percentage of base salary. STIs may provide for reward below or above target STI amounts depending on performance. STI payments when earned are paid in cash following confirmation of the Company’s financial results.

6.3 Long Term Incentives

Long-term incentives (LTIs) are at-risk payments through the issue of performance share rights designed to align the reward of Executives with the enhancement of shareholder value over the three years from issue of the relevant performance share rights. A performance share right, if it vests, entitles the holder to receive one Arvida share at no cost. The recipient is liable to pay the income tax on any such benefit received.

The LTI programme extends to a small number of senior managers, who are important to the business and have the potential to succeed into a general management role.

Additionally, in setting Target STI and LTI amounts the Committee will consider:

- Matters of internal relativity;
- The reasonableness of the incumbent’s overall target package.

7 BENCHMARKING METHODOLOGY

The Committee will consider benchmark Executive remuneration data every three years, with discretion applied if more or less frequent benchmarking is deemed appropriate.

Each Executive role will be individually benchmarked against the Company’s defined market.

The primary Executive benchmarking methodology is “hybrid job matching”, i.e. the comparison of incumbent packages to the packages of roles in the market with broadly similar job content and scale (determined by factors such as revenue and equity value/market capitalisation).