01684 SML STRATEGIC REMUNERATION POLICY

This policy applies to Synlait Milk Limited (Synlait).

Purpose and Objective

At Synlait, our Synlait Spirit guides how we work and the choices we make. Living our values means thinking differently, moving as one, and delivering right on the mark — including in how we reward and recognise our people.

Synlait aims to build a world-class organisation that delivers on its purpose through culture, excellence, and adaptability. To achieve this, we will recruit, develop, and retain people with a diverse blend of skills and experience to enable growth and innovation.

The Strategic Remuneration Policy provides the framework for how Synlait manages remuneration, ensuring practice supports the recruitment, motivation, and retention of the right people to achieve business objectives. It is designed to attract, reward, and retain talent by aligning remuneration practices with Synlait's goals, values, and Synlait Spirit

Principles

The following principles guide Synlait's Strategic Remuneration Policy:

- Our reward and recognition system will foster a culture of focus and accountability, where results and success are achieved through collaboration that reflects the Synlait Spirit – thinking differently, moving as one, and delivering right on the mark.
- Remuneration systems will be robust, defensible and enable the recruitment and retention of talented, skilled and motivated people who are committed to delivering Synlait's goals.
- Reward and recognition systems will be:
    - Fair and equitable.
    - Competitive.
    - Open and transparent.
    - Consistently applied
    - Practical, workable, and easy to administer.
    - Robust and systematic.
    - Flexible and responsive to change.
    - Affordable and sustainable.
- Reward policies and practices aim to motivate and reinforce excellence in all areas of performance.

Components

The components of the Synlait's Strategic Remuneration Policy are:

Job Evaluation and Market Benchmarking

- A formal job evaluation system is used to evaluate positions and determine internal relativities.
- External benchmarking of pay levels, on the basis of relevant market data survey(s) is undertaken on an annual basis.
- Pay bands may need to be reviewed periodically to reflect changes in scope and responsibilities. If a role grade requires re-assessment, the Manager should collaborate with their Business Partner (HRBP) to update the position description and initiate a role grading review. Any changes to role grades must be approved in accordance with the SML Delegated Authorities Policy Salary Bands.
- Salary band midpoints are positioned, on average, at the 65th percentile of fixed remuneration in the local market. A second policy line is reserved for roles where a market premium is required to attract and retain key staff. This policy line is benchmarked against the 75th Percentile of the market.
- Salary ranges are used for all positions. The standard pay range is set at 85% to 115% of midpoint.

- The pay scale is established, based on job evaluation and remuneration data, for individual positions with appointment to, and movements within the range, based on experience, capability and performance.
- Remuneration ranges are reviewed annually in June each year against market movement to year ending 30 April to ensure alignment with market conditions and incorporating a forecast movement for the next year to 30 April.

Annual Review

- Remuneration levels for permanent employees are reviewed each year, with any changes to remuneration based on market movement, position in the salary range, and individual performance, effective from 1 August.
- All employees are entitled to be included in the annual salary review except in the following circumstances:
    - Joined Synlait on or after 1 May.
    - Fixed term / casual employee.
    - Had a salary change on or after 1 May (excluding competency-based pay adjustments)
- Employees that are in a seconded position on the date of the salary review will have their salary reviewed based on their substantive role.
- Annual increases are based on an overall budget for the year, informed by inflation, employment market salary movements and affordability.
- Managers are guided by a salary recommendation based on performance rating and position in salary range, and total spend, as part of the remuneration review, are monitored as per budget allocation.
- All remuneration payable to the Chief Executive Officer (CEO) is recommended by the People, Environment and Governance Committee and approved by the Board.
- All remuneration payable to the Executive Management Team are recommended by the CEO, endorsed by the People, Environment and Governance Committee and approved by the Board.

Authority Levels

- All salary levels (for new or replacement staff and changes to remuneration) must be confirmed as per the authority levels within the SML Delegated Authorities Policy to ensure consistency and fit within the Synlait remuneration policy, prior to any discussions with individuals.
- The remuneration review process operates within Annual Review policy parameters and budget parameters approved by the Board, implemented under the authority of the CEO.
- The People, Environment and Governance Committee can exercise judgement in order to make decisions outside of this policy with any such recommendation to be approved by the Board.

Approach

- Remuneration payable to staff is based on a base wage / salary. Reporting remuneration is on a “total cost to company” basis, identifying wage / salary together with any other benefits deemed as remuneration such as employer contributions under KiwiSaver and company health insurance.
- Remuneration Definitions:
    - **Base Wage/Salary:** Salary/wages paid weekly/fortnightly/monthly, excluding allowances, overtime, benefits (e.g. superannuation).
    - **Fixed Remuneration:** Base salary plus benefits deemed to be classed as remuneration (e.g. KiwiSaver, company health insurance). Fixed remuneration includes any FBT or withholding tax (i.e. valued on a cost to employer basis).
- While internal equity is a driving consideration, Synlait’s remuneration position is based at a level to attract the required mix of staff with specialist skills, as well as on-going capability for the future.
- Remuneration transparency is deemed important and communication around an individual’s remuneration is treated as such. To ensure managers have the ability and competence to explain

Synlait's remuneration strategy, education sessions are run by HR Business Partners to drive higher levels of transparency.

Special Payments

- **Out of Cyle Remuneration Increases**: From time-to-time circumstances may arise where a review of an individual's remuneration in their current position may be required outside the cycle of the annual remuneration review. In such circumstances, the Manager will first discuss options with their HR Business Partner. If the need for a remuneration review is identified a recommendation is prepared by the Manager. When building the case for an out of cycle remuneration review, the Manager will consider the experience, qualifications and performance of the candidate, market factors and internal relativities. Approval must be confirmed as per the Delegated Authorities Policy.
- **Special Consideration Payments**: Special Consideration payments can be made in instances where specific unique circumstances arise that require a specific response to aid with the retention of the employee (e.g. flight risk,). Eligibility criteria to be considered for this payment is shown below:
    - **Role of strategic importance / Critical role** – the individual is in a key role that is regarded as key for Synlait to meet its objectives and delivery of key programmes. The resignation of the individual will have severe consequences for Synlait and key programmes of work and may result in failure to deliver a key programme.
    - **Scarcity of skill / recruitment difficulties** – due to specialist skill of the individual finding a replacement in the market will take a considerable time due to skill shortages in the market. This will therefore directly impact critical work programmes and impact delivery of these projects.
    - **Exceptional Contribution** – only to be used in instances where the individual has gone above and beyond the normal expectations for the role.

  Eligibility does not guarantee a payment is made. Award of this payment is assessed on a case-by-case basis and is subject to approval from the Director of Safety, People and Culture and the CEO.
- **Payment outside of salary band**: Salary ranges are set from 85% to 115% of midpoint. From time-to-time circumstances may arise where there may be a need to pay higher than the salary band maximum. In such circumstances, the Manager will first discuss options with their HR Business Partner. If the need for payment outside the salary band is identified, a recommendation is prepared by the Manager. Information to include when requesting approval for payment outside the salary band will include experience, qualifications and performance of the candidate, market factors and internal relativities. Approval for payment outside of the salary band must be confirmed as per the Delegated Authorities.
- **Special Project-based Bonuses**: Subject to Board approval, special project-based bonuses may be awarded for select strategic projects that are critical to Synlait's performance or delivery of key business outcomes. Eligibility, success criteria, payment amounts and any milestone payments must be approved by the Board at the outset of the project. Any project bonus is discretionary, assessed against the approved project outcomes, and payable only on successful completion of the project, unless otherwise approved by the Board.

Director Remuneration

- The People, Environment and Governance Committee reviews the level of remuneration for Directors annually. The Committee is authorised to obtain independent advice and considers the market for Director fees. The Committee then makes appropriate recommendations to the Board for shareholder approval, with any approved remuneration implemented following shareholder approval.

Pay Gap

Synlait is committed to achieving and maintaining pay equity across all levels of the organisation. We believe every employee should receive fair and equitable remuneration for work of equal vale – based on their experience and performance – regardless of gender, ethnicity, age, disability or any other personal characteristic. To uphold this commitment, Synlait will conduct regular pay equity analysis to identify and address any unjustified pay gaps.

Supporting Documents

Synlait Policies

- SML Delegated Authorities Policy
- Synlait Compliance Policy
- Minimum Wage Act 1983
- Equal Pay Act 1972

Policy Compliance

As per the Compliance Programme Internal Policy Owners and Delegates are required to proactively attest and report to complianceupdates@synlait.com when they become aware of any partial or non-compliance to this policy or any legislation that is linked to this internal policy.

The following mechanisms are in place to measure compliance to this policy:

- Annual review of remuneration outcomes to ensure alignment with this policy, approved remuneration budgets, and delegated authorities. Responsibility: Head of HR Shared Services & Remuneration. Frequency: Annually.
- Periodic audits of remuneration decisions (including salary increases, market adjustments, incentives, and new hire remuneration) to verify compliance with remuneration guidelines and approval requirements. Responsibility: HR Frequency: As required, with a minimum annual review.
- Reporting of remuneration exceptions and policy breaches to the Executive Leadership Team and/or relevant governance forums. Responsibility: Head of HR Shared Services & Remuneration. Frequency: As required.

Non-compliance with this Policy may lead to inappropriate remuneration decisions, breaches of delegated authority, financial risk, legal or regulatory non-compliance, and may result in disciplinary action where a breach is determined to be deliberate or repeated.

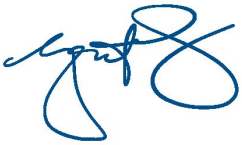
Policy Control

As per the Compliance Programme, this document is formally reviewed annually or more frequently if operational or legislation changes require.

The Delegated Author for this document is the Head of HR Shared Services and Remuneration who is responsible for monitoring and managing areas of compliance, ensuring key subject matter experts (SME) and collaborators have been consulted during the review and coordinating the update to this document. Any proposed changes to this document must be provided through to the Delegate Author for consideration.

This document is owned by the Director Safety, People and Culture who is responsible for endorsement of any proposed changes and for ensuring that mechanisms are in place to ensure the policy is adhered to.

Responsibility for the final approval of the refreshed document (or roll-over of the document in its current form) is by the Board.



George Adams
Chair, Synlait Board
Synlait Milk Limited



Stephanie Manning
Director Safety People and Culture
Synlait Milk Limited