



Executive Remuneration Policy

Principles & Purpose

Trustpower is committed to providing a remuneration strategy for Executives which is transparent, fair and reasonable. The purpose of the remuneration approach is to appropriately reward for an individual's skills and contribution to the Company, aim to retain and motivate talented Executives and drive performance for the benefit of the Company's shareholders.

The purpose of the *Executive Remuneration Policy* is to outline how the remuneration levels for Executives are set and implemented.

Executive Remuneration Policy & Approach

As noted in the People and Remuneration Committee Charter:

On advice of the Chairperson of the Board following discussion with the Chief Executive Officer, the People and Remuneration Committee ("**the Committee**") review and recommend to the Board for approval the remuneration policies and specific remuneration levels and packages for the Chief Executive Officer and their direct reports.

Trustpower evaluates roles using recognised external advice. The company positions its Total Potential Remuneration midpoint at the median of the market, for similar positions in companies of comparable size and complexity. Actual remuneration takes into account an individual's skills, knowledge, experience and performance as well as consideration of pay equity, internal relativity and company budget.

Executive remuneration includes:

- Fixed annual remuneration;
- Additional benefits such as insurance, as agreed;
- Variable "at risk" pay rewards, which are offered by the Board at its discretion, are not entitlements and must be re-earned each performance period:
 - Short-term incentives designed to reward company and individual performance; and
 - Long-term incentives based on shareholder return measures over the longer (generally three year) term and usually paid in shares.

An employee who is a member of KiwiSaver is also eligible to receive a matched employer contribution of up to a maximum of 3% of gross taxable earnings.

On occasion one-off payments may be made, to recognise exceptional performance, usually associated with large projects.

The variable pay schemes are reviewed annually by the Committee and recommended to the Board for approval.

Total Potential Remuneration is reviewed in line with market activity, but not necessarily increased, on a regular basis. Any increase must be based on individual performance, as measured by Trustpower's performance management system.

Remuneration reviews will generally be effective from 1 April, but the review date may change depending on Trustpower's needs.

Disclosure of Executive Remuneration

Trustpower ensures that the Chief Executive's remuneration is disclosed in each Annual Report, as required by the Companies Act 1993 and Recommendation 5.3 of the NZX Corporate Governance Code 2019. This disclosure includes the Chief Executive's base salary, short-term and long-term incentives, and the performance criteria used to determine performance-based payments.

Details of the performance criteria used to calculate short- and long-term incentives for Executives are disclosed in the Annual Report.

Assurance

To give assurance that our systems, including our people, are working effectively to minimise risk, compliance with this Policy will be reviewed periodically by the Risk & Assurance team.

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Policy Revision history

Date	Version	Policy	Policy Steward	Approved By
27 August 2021	1.0 ¹	Executive Remuneration Policy	GM, People and Culture	Board

Policy Review

This Policy will be reviewed at least every two years or as often as required to meet the needs of a changing environment.

Next Review scheduled: August 2023

¹ Note previously this policy was combined with Director Fees in the Director and Senior Officers' Remuneration Policy.