
Wellington Drive Technologies

Directors' Fees Summary Report

January 2022

Private and Confidential

Strategic Pay Limited is independent of Wellington Drive Technologies. In this context, independence means that Strategic Pay Limited has not been subjected to any undue influence from management of Wellington Drive Technologies, any board member of Wellington Drive Technologies, or any other party in relation to the services provided by Strategic Pay Limited or the outcomes of those services.

Overview

Howard Milliner, Chief Financial Officer at, Wellington Drive Technologies has commissioned Strategic Pay Limited ('Strategic Pay') to provide a review of its Board of Director fees on behalf of the Board

Directors Fees were last reviewed in June 2019 and increased.

Our approach involves gaining an understanding of the organisation and Directors responsibilities by way of review of documentation provided and interview. We then undertake market analysis of relevant samples from the Strategic Pay 2021 New Zealand Directors Fee database and Remuneration Report to determine and position appropriate Board fee levels for Wellington Drive Technologies.

Our recommendation is based on several factors including the organisation size, ownership, and industry, and the market data presented.

Background

Wellington Drive Technologies Ltd is a leading provider of IoT solutions, cloud-based fleet management platforms, energy-efficient electronic motors and connected refrigeration control solutions. It serves some of the world's leading food and beverage brands and refrigerator manufacturers and offers proximity-based marketing for Smart Cities to the Australian market. Following discussions with the Chair, we understand that the organisation has seen a rebound in revenue for 2021 after being impacted in 2020 due to the global pandemic.

BOARD COMPOSITION AND MEETING SCHEDULE

The Board is composed of 1 Chair and 4 non-executive Directors

There are 10 Board meetings per year.

There are currently 3 committees,

- Audit & risk committee
- Executive nomination & remuneration committee
- Innovation & Technology committee

ORGANISATION DEMOGRAPHICS

| Organisation Demographics / Dimensions | |
|--|--|
| Organisation Type | Private Sector |
| Industry | Technology manufacturing |
| Annual Turnover / Budget | Year ended 31 December 2021 - \$64 million |
| Assets | At 30 November 2021 - \$41 million |
| Market Capitalisation | At 17 January 2022 - \$90.7 million |
| Shareholders' Funds | At 30 November 2021 - \$15 million |
| Number of Employees | At 30 November 2021 – 89 globally |

CURRENT DIRECTOR FEE POLICY

The Board advises that its remuneration philosophy positions base annual Director fees at competitive market levels for publicly listed companies in order to attract and retain the sort of governance skills and experience needed to achieve business success

Recommendation

Our recommendation is based on several factors including the organisation size, ownership, and industry of Wellington Drive Technologies, and the market data presented above.

MARKET DATA

TABLE 1: SUMMARY RESULTS – DIRECTOR FEE SAMPLES FOR WELLINGTON DRIVE TECHNOLOGIES:

| Director Market Comparators | Positioning | Base Annual Fee (\$) |
|-----------------------------|-------------|----------------------|
| Revenue | Median | 50,000 |
| Assets | Median | 40,000 |
| Industry | Median | 62,000 |
| Market Cap | Median | 53,000 |

CHAIR FEES

TABLE 2: SUMMARY RESULTS – CHAIR FEE SAMPLES FOR WELLINGTON DRIVE TECHNOLOGIES:

| Chair Market Comparators | Positioning | Base Annual Fee (\$) |
|--------------------------|-------------|----------------------|
| Revenue | Median | 85,000 |
| Assets | Median | 56,667 |
| Organisation Type | Median | 81,250 |
| Market Cap | Median | 107,500 |

2021 DIRECTOR FEES POLICY

We recommend the following criteria for the 2021 policy for Base Annual Fees:

- Market Data from 2021 New Zealand Directors' Fees Report
- Market Comparator Revenue
- Market Position Median
- Fees Range A range of \$2,000 around the median
- Ratio 2.0:1X ratio applied to the Director fees to determine the Chair Fees

We recommend setting base annual fees for the Directors into a range from:

- **\$48,000 - \$50,000 per annum**

We recommend setting base annual fees for the Chair into a range from:

- **\$96,000 - \$100,000 per annum** as per the criteria and analysis in the table above.
- **Based on a Chair 2.0:1X ratio to base annual Directors Fees**

COMMITTEE FEES

We note that the Audit & Risk Committee Chair and Employment and Remuneration Committee Chair fees are currently aligned to the lower quartile of our data. As a small NZX listed organisation, a lower quartile position is an appropriate alignment.

We can also support payment of Committee member fees at half the Chair levels, if you choose to do so. We find that over time, more work and more responsibility are being dealt to committees from full Boards.

Recommendation Summary

RECOMMENDED DIRECTOR FEES

| Role / Committee | Current Fees | Recommended Fees Range | | % Increase |
|--|------------------|------------------------|------------------|-----------------------|
| Chair | \$70,000 | \$96,000 | \$100,000 | 37.1% to 42.9% |
| Director x 4 | \$45,000 | \$48,000 | \$50,000 | 6.7% to 11.1% |
| Audit & Risk Committee Chair | \$5,000 | \$5,000 | \$5,000 | |
| Employment & Remuneration Committee Chair | \$5,000 | \$5,000 | \$5,000 | |
| Audit & Risk Committee Member | \$0 | \$2,500 | \$2,500 | |
| Employment & Remuneration Committee Member | \$0 | \$2,500 | \$2,500 | |
| Total Governance Pool | \$260,000 | \$303,000 | \$315,000 | 16.5% to 21.2% |

In our view, the recommended ranges represent market levels appropriate for your organisation given the context provided, and reflects the Directors Fee Policy.

Strategic Pay’s guiding principle is that it is important not to undervalue the contributions, experience or time committed by Board members.

APPENDIX 1: ABOUT STRATEGIC PAY

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and performance improvement goals. We help improve your overall performance by ensuring employee effort, remuneration and rewards are closely aligned with business objectives.

Deliver Strategic Rewards

We work alongside you to provide a compelling proposition that attracts retains and motivates the best people.

Our adaptable solutions include:

- Remuneration and reward strategy development
- Executive remuneration and performance advice (including incentives)
- Salary options using job evaluation, grades, bands or benchmarks
- Salary review management, including processes, tools and training
- Performance development systems, including customised design and implementation

Access New Zealand's Largest Remuneration Data Services

Strategic Pay offers an unrivalled suite of nation-wide and specialist industry and sector remuneration survey reports, based on a database of more than 200,000 employees from nearly 1,200 organisations.

Our key nation-wide surveys and reports include:

- NZ Remuneration Report (published 6 monthly)
- CEO and Top Executive Remuneration Report
- NZ Benchmark Report
- Corporate Services and Executive Management
- Directors' Fees Report
- HR Metrics Survey

Use Smart Technology

We understand busy HR practitioners' needs and offer a range of smart tools to manage remuneration and survey submissions:

- RemWise®: a remuneration tool to manage all aspects of your salary review, market data and survey submissions
- Rem On-Demand®: online access to remuneration reports, resources and insights
- PayCalculator: survey data at your fingertips

Drive Organisation Performance

Superior organisational performance is critical to delivering strategic business objectives. Speak to us today about using PLUS+ to develop a future proof strategy, an organisational model and structure that supports the strategy and matching the right people to accountabilities best designed to deliver the strategy in your organisation.

Build Capability

Through a range of workshops and the Strategic Pay Academy we provide clients with comprehensive short courses in Remuneration, Performance Management and Organisational Performance. We also offer training programmes that can be tailored to meet your specific requirements.

Consult Nationwide

Strategic Pay is nationwide, servicing clients across all parts of New Zealand from our various locations. Our consultants regularly travel to visit clients around the country and are happy to meet wherever you are. Find out more at www.strategicpay.co.nz