
Vista Group International Limited

Directors' Fees Summary Report

April 2021

Private and Confidential

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

Overview

Vista Group International Limited (“Vista” hereafter), has commissioned Strategic Pay Limited to provide a review of its Board of Director fees. We were supplied our background information by the Chief People Officer. Board fees were last reviewed in 2014.

Our approach involves constructing relevant, customised market samples from our February 2021 [New Zealand Director Fees Survey](#) database to determine and position appropriate Board fee levels for Vista.

Background

Listed on the NZSX in 2014, Vista Group is a world leading New Zealand company providing technology solutions to the global film industry. Building on the leading position of Vista Entertainment Solutions (‘Vista Cinema’) in the cinema exhibition sector, Vista Group has expanded to offer solutions to other sectors of the industry. Vista Group has over 600 staff across 11 offices in New Zealand (Auckland headquarters), Australia, Malaysia, South Africa, the UK, Netherlands, China, the USA and Latin America.

As of financial year-end 31 December 2020, Vista reported \$106.1 million in total assets, generating total revenue of \$87.5 million (COVID impacted). Market capitalisation on the NZSX stands at \$546 million at 20 April 2021.

The Board of Directors consists of an independent Chair plus five Directors, four of whom are independent and one who is an Executive Director. The Chair currently receives base annual fees of **\$180,000**, and each independent Director receives base annual fees of **\$85,000**.

The Audit and Risk Committee Chair receives a **\$15,000** Committee fee while members receive **\$10,000**. The Nomination and Remuneration Committee Chair similarly receives a **\$15,000** Committee fee with member fees of **\$15,000**.

Board meetings are held approximately eight times annually, plus additional meetings as required.

The Audit and Risk Committee meets six times per year and consists of a Chair and 2 members. The Nomination and Remuneration Committee meets five times a year and consists of a Chair and 2 members.

You advise that the Board’s policy in setting Board fees is “to pay market level remuneration which is fair and reasonable and attracts and retains high quality directors who can bring a valuable and diverse set of skills and experience to the Company.” The “right” Directors are essential to realising Vista’s aspirations of best practice discipline, focus and professionalism.

DIRECTORS FEE MARKET DATA – CUSTOMISED INDUSTRY PEER GROUP

Table 1 below provides details of directors’ remuneration for ten NZ listed companies of similar size and scale. We have identified and agreed with you on these companies as relevant comparators.

We have researched websites and reviewed most recent published annual reports to present the most current base annual fee and financial data possible:

- EBOS Group Limited
- EROAD Limited
- Fisher & Paykel Healthcare Corporation Limited
- Gentrack Group Limited
- Pushpay Holdings Limited
- Serko Limited
- SKY Network Television Limited
- Synlait Milk Limited
- The A2 Milk Corporation Limited
- Tourism Holdings Limited

TABLE 1: BASE ANNUAL DIRECTORS’ FEES IN 9 LISTED NZ PEER GROUP COMPANIES:

Sample - 9	Lower Quartile (\$)	Median (\$)	Upper Quartile (\$)	Average (\$)
Chair	125,483	165,834	176,000	170,941
Directors	75,000	88,900	103,298	96,002

This sample yields median annual base fee levels for Chairs of **\$165,834** and median base annual fees of **\$88,900** for Directors.

Latest available financial data for this peer group appears below. Based on this analysis, placement around the median levels of the peer group sample is most appropriate for Vista.

Demographic Types’ Quartiles

	Turnover	Total Assets	Shareholders Funds	Employees	Market Capitalisation
Lower Quartile	\$129,797,000	\$208,513,000	\$152,300,000	220	\$376,700,164
Median	\$747,646,000	\$837,936,000	\$374,970,000	730	\$582,115,686
Upper Quartile	\$1,302,025,000	\$1,453,317,000	\$973,800,000	1,000	\$4,127,825,060

Committee Fees

Strategic Pay supports the ‘unbundling’ practice of paying separate Committee fees as a means of tracking and rewarding actual workload and responsibilities and providing greater accountability and transparency. However, there are also appropriate situations where this will not be paid.

Median Committee Fees for the Special sample were \$17,625 for the Chair and \$16,750 for members.

DIRECTORS FEES

Our analysis is based on several factors including the financial size, ownership, and industry of Vista, your own guidance, and the market data presented above.

We have also considered the scope and responsibilities carried by the Board of Directors.

Non-Executive Directors

We recommend setting base annual Director fees within the range **\$80 to \$90,000** based on the data below:

TABLE 2: SUMMARY RESULTS – DIRECTOR FEE SAMPLES FOR VISTA:

Sample	Positioning	Base Annual Fee (\$)
Revenue 150-300M (listed co's)	Median	82,000
Assets 100-250M (listed co's)	Median	62,000
Market Capitalisation 400-800M (listed co's)	Median	79,500
Headcount 500-1,000 (listed co's)	Median	87,781
Industry Peer Group	Median	88,900

Chair Fees

Similarly, we recommend setting base annual Chair fees within the range **\$165,000 to \$175,000** based on the data results below:

TABLE 3: SUMMARY RESULTS – CHAIR FEE SAMPLES FOR VISTA:

Sample	Positioning	Base Annual Fee (\$)
Revenue 150-300M (listed co's)	Median	159,250
Assets 100-250M (listed co's)	Median	120,000
Market Capitalisation 400-800M (listed co's)	Median	133,000
Headcount 500-1,000 (listed co's)	Median	159,250
Industry Peer Group	Median	165,834

Committee Fees

Across the New Zealand market, median New Zealand annual committee fees are **\$10,000** for Audit Committee Chairs and **\$9,500** for Remuneration Committee Chairs. Median Member fees are \$8,690 and \$6,000 respectively.

RECOMMENDATION SUMMARY

Based on market sample results, Vista's ownership and industry as well as Vista's own guidance, we present the following recommendation.

We recommend that base annual fees for the Chair remain within the range of **\$165,000 to \$175,000**. This positions Chair fee levels paid, at comparably sized NZ listed companies.

We further recommend that base annual Director fees remain within the range of **\$80,000 to \$90,000**. This range reflects pay levels at comparably sized NZ listed companies.

We recommend that committee chair and member fees remain unchanged. This reflects market practice of NZ listed companies and is consistent with median committee fees paid amongst the selected peer group sample.

This recommendation allows the Vista Board to achieve close to the 2.0:1X Chair to Director fee premium consistently seen across the NZ market, reflecting a Chair's greater responsibilities, liabilities, and workload.

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 LTD

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 180,000 employees from nearly 1,100 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