



EBOS Group Limited

Non-executive Director
Fee review

August 2021
[kpmg.com.au](https://www.kpmg.com.au)



1. Purpose

KPMG has been engaged by EBOS Group Limited (**EBOS** or the **Company**) to provide benchmarking data and commentary in relation to the fee pool and fees paid to its Non-executive Directors (**NEDs** or **Directors**).

As agreed with the Company, we have provided indicative market data in respect of a comparator group comprising companies with 50% to 200% of EBOS' market capitalisation (based on 3-month average market capitalisations to the end of May 2021) (**Comparator Group**)¹ which includes both ASX and New Zealand incorporated / dual listed companies within that range. We have provided our indicative market data in New Zealand dollars (**NZ\$**)². All amounts are inclusive of superannuation.

In providing our commentary, we have also had regard to the specific fees paid by specific comparator companies which comprise ASX listed competitors (i.e. Sigma Healthcare and Australian Pharmaceutical Industries) and New Zealand incorporated / dual listed companies (i.e. Auckland International Airport, Spark New Zealand, Ryman Healthcare, Fonterra Cooperative Group³, Fletcher Building, A2 Milk, Chorus, Summerset Group Holdings and Sky City Entertainment Group).

2. Commentary

A summary of the indicative market data is provided in section 3. In addition to the market data, in considering any adjustments to fees or the fee pool, regard should be had to EBOS' recent performance, the time commitment and responsibilities of EBOS' NEDs and the market in which EBOS is competing for Director talent. The fees payable by comparator companies in New Zealand and Australia is also a relevant consideration noting some differences in quantum between ASX and NZX listed entities.

With the above in mind, in summary:

- **EBOS' fee pool is positioned at the 28th percentile of the Comparator Group and there is 1.2% (or \$17,500) headroom in the pool.** EBOS may wish to consider seeking shareholder approval to increase the fee pool in order to accommodate any fee increases in the short to medium term;
- **EBOS' Board Chair and base member fees are positioned around the median of the Comparator Group (i.e. at the 42nd and 51st percentile respectively).** While we consider these fees to be competitive, a modest increase of between 3 to 5% would appear reasonable having regard to positioning in the market and the workload of the Chair and members;
- **EBOS' Audit & Risk Committee Chair and member fees are positioned around the median of the Comparator Group (i.e. 53rd and 48th percentile respectively);** and
- **EBOS' Remuneration Committee Chair and member fees are positioned in the bottom quartile of the Comparator Group (i.e. 13th and 8th percentile respectively).** There may be an opportunity to revisit EBOS' Remuneration Committee fees to position them closer to median.

We understand the Board would like to maintain a pool of fees of NZ\$75,000 per annum to provide "special exertion fees" for significant project work or M&A activity, which mirrors Fonterra Cooperative Group's current approach. This proposal appears reasonable provided there is clear disclosure to investors of the pool and how it is used.

¹ This group comprises companies with an ASX ranking between 52 to 149 and market capitalisations between A\$2.385B and A\$9.284B. Using this methodology, EBOS had a market capitalisation of A\$4.702B (based on a 3-month average to the end of May 2021) and an approximate ASX ranking of ASX98. We note that EBOS' spot market capitalisation at the time of preparing this report is NZD\$5.911B (based on EBOS' opening share price of NZ\$36.02 on 31 August 2021), which equates to A\$5.516B based on the exchange rate conversion outlined in footnote 2 below.

² Exchange rate conversions are based on the 12-month average to the end of May 2021 of A\$1 = NZ\$1.071758.

³ Fonterra Cooperative Group Limited is listed on the NZX only (the Fonterra Shareholders' Fund is dual-listed and provides economic exposure to Fonterra Cooperative Group Limited).

3. Market data

We set out below the indicative market data in relation to the fees payable to the Board and Committees of the Company.

3.1. Fee pool

Aggregate fee pool	Indicative market data (NZ\$)				
	25 th	40 th	Median	60 th	75 th
Fee pool (\$)	1,339,698	1,607,638	1,768,401	2,036,341	2,518,632
EBOS fee pool: \$1,410,000	28 th percentile				

3.2. Board fees

Board fees	Indicative market data (NZ\$)				
	25 th	40 th	Median	60 th	75 th
Chair fee (\$)	267,940	310,060	350,358	386,476	478,326
EBOS \$320,000	42 nd percentile				
Member fee (\$)	132,577	147,581	156,155	171,803	182,199
EBOS \$160,000	51 st percentile				

3.3. Audit & Risk Committee

Audit & Risk Committee	Indicative market data (NZ\$)				
	25 th	40 th	Median	60 th	75 th
Chair fee \$	26,794	32,153	36,440	41,370	48,229
EBOS \$37,500	53 rd percentile				
Member fee \$	11,575	16,076	18,220	21,328	23,257
EBOS \$17,500	48 th percentile				

3.4. Remuneration Committee

Remuneration Committee	Indicative market data (NZ\$)				
	25 th	40 th	Median	60 th	75 th
Chair fee \$	26,794	29,473	33,010	36,333	42,442
EBOS \$20,000	13 th percentile				
Member fee \$	13,933	16,076	16,612	18,006	21,435
EBOS \$10,000	8 th percentile				