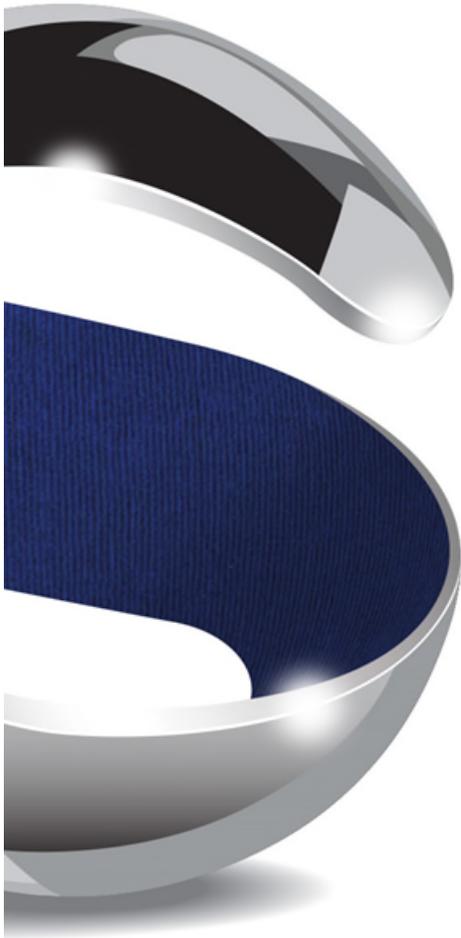


**Private and Confidential**



## **DIRECTOR REMUNERATION REPORT**

for



June 2017

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## **BLIS Technologies**

### **Director Fee Recommendations**

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SIGNIUM Executive Search International Limited (SIGNIUM) has been commissioned by the Board of BLIS Technologies Limited (BLIS) to advise on the market level of Director Fees appropriate to their governance responsibilities.

#### **Statement of Independence**

SIGNIUM and its officers have no shareholding in the company and provides this advice for a fixed professional fee. SIGNIUM is currently and has previously provided governance advice and executive recruitment services and are independent in providing these Director Fee recommendations.

#### **SIGNIUM Executive Search International Limited**

SIGNIUM is a long-standing executive search company that, through diverse Independent Director appointments, the evaluation of Directors and strategic Governance consulting to both large and small New Zealand companies, is appropriately qualified to provide this advice.

#### **Regular adjustments to Director's Fees**

Director's fees should be market-adjusted on a regular basis to reflect the changing demands, liabilities and responsibilities of Directors. This should be annually or biennially and not tied to the company's performance. We acknowledge that these adjustments are more acceptable when associated with increased shareholder benefits - especially relevant for public companies. Market-level fees enable companies to appoint appropriately qualified Directors prepared to carry the risk and bring the depth of experience both as a Director and in functional leadership. Mindful of the location of BLIS, the time given to deliver the services as a Director is also a key consideration.

#### **BLIS Director's Fees**

Our analysis is that BLIS's Director's Fee Pool of \$150,000 for six Directors is below the relative market. The current pool is allocated as follows:

<u>Board Role</u>	<u>Fees (per annum)</u>
Chair	\$40,000
Deputy chair	\$25,000
Director (base fee)	\$20,000
Committee Chair	
- Audit and Risk	\$5,000

The company's move from an R & D focus to targeting revenue-generation, the higher obligations and inherent risks of being publicly-listed and the significant commitment for Directors from outside the region to attend Board meetings, are factors that are particular to BLIS in this review. Simply put, the Director's fee of \$20,000 is dissonant with the market and will impair the Board in attracting the calibre of Director the company must appoint.

Our recommendation is as follows:

<u>Board Role</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Chair (base fee)	\$40,000	\$55,000	\$65,000
Deputy Chair (base fee)	\$25,000	\$35,000	\$45,000
Director (base fee)	\$20,000	\$27,000	\$35,000
Committee Chairs			
- Audit and Risk	\$5,000	\$6,000	\$7,000
- Remuneration	N/A	\$2,500	\$3,500
 Total Fee Pool	 \$150,000	 \$206,500	 \$265,500

These recommendations conform to the generally accepted practice of paying the Chair up to twice that of a Director and Deputy Chair up to 1½ times the standard Director’s fee. It also acknowledges the added responsibilities of the Committee Chairs with the Chair of the Audit and Risk Committee receiving an additional 15-33% above that of the Director’s base fee and Chair of the Remuneration Committee receiving an additional 10-25%.

**Recommendation**

The shareholders of BLIS Technologies adopt these recommendations at the next AGM to enable the company to sustain the governance of a balanced Board for the company and, when appropriate, attract talented Directors.

Stephen Ellett (BCom, MBA)  
 Director  
**SIGNIUM Executive Search International Limited**