



REPORT ON DIRECTORS FEE POOL

for



BLIS TECHNOLOGIES LIMITED

June 2020

Level 3, 18 Shortland Street
P.O. Box 4046, Auckland 1140, New Zealand
www.signium.co.nz

Telephone + 64 9 309 0886
Mobile +64 21 611 155

Stephen.Ellett@signium.co.nz

OFFICES WORLDWIDE

BLIS Technologies

Director Fee Recommendations

The Chair of the BLIS Technologies (“BLIS”) has requested SIGNIUM Executive Search International provide an independent market analysis of Director’s Fee Pool relevant to BLIS.

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, providing governance advice and executive recruitment services and are independent in providing these Director Fee recommendations.

SIGNIUM New Zealand

SIGNIUM is a long-standing global executive search company that has partnered with Boards of both large and small New Zealand companies on their Independent Director appointments and Evaluation of Directors. SIGNIUM is appropriately qualified to provide this advice.

Changes in Market Expectations of Directors

It is become increasingly recognised that the burden of responsibility on Directors is rising. Government Reviews such as the Banking Royal Commission in Australia have elevated regulatory and governance compliance requirements. The current coronavirus pandemic, while fuelling global demand for BLIS’s probiotic products, has further reinforced that strong and effective governance in biotech, nutraceutical, pharmaceutical and other health-related organisations is just as important now as ever.

When accompanied by growing concern around cybersecurity, privacy and climate change, Directors are now expected to become more intimately involved in the businesses they govern. This commitment has significantly increased the time, demands and expectations on Directors especially those on the boards of publicly listed companies. Consequently, Directors are limiting their governance portfolio to meet these new obligations. Thus, there is an expectation that Directors are more adequately compensated for their services.

Regular adjustments to Director’s Fees

As a consequence, companies should ensure the Director’s fees are regularly market-adjusted to reflect these new and changing demands, liabilities and responsibilities. Market-level fees enable companies to appoint appropriately qualified Directors who are prepared to carry the risk and attract those whose depth of experience, both as a Director and in functional leadership, can guide the company to attain its long-term strategic objectives.

BLIS Director’s Fees

Our analysis suggests that BLIS’s Director’s Fee Pool of \$265,000 is below comparative organisations. The Director Fee Pool for BLIS needs to be increased. Now that the BLIS has achieved profitability, the company will require Directors with different skills, experience and competencies who can contribute to the achievement of the company’s strategic growth plan. Shareholders will acknowledge that the responsibilities and quality of its Directors will impact heavily on the future performance of BLIS which justifies an immediate increase in the Director’s Fee Pool to ensure the company continues to have an appropriately skilled and competent Board.

The location of BLIS and the time required to deliver the services as a Director, are also factors BLIS must contend with when securing Directors. When all things are taken into consideration, in comparison with relevant companies, a Director's fee of \$35,000 is out of line with the market and will impair the Board in attracting the calibre of Director the company must appoint.

BLIS Technologies have adopted an aggregated Director Fee Pool approach as per NZX Listing Rules. We recommend that the Director's aggregate remuneration pool for non-executive Directors of \$265,000 per annum agreed in 2017 be increased to \$309,000.

Recommendation

The shareholders of BLIS Technologies adopt this recommendation at the next AGM thereby enabling the company to sustain the governance of a balanced Board and, when required, attract talented Directors.

Stephen Ellett (BCom, MBA)

Director

SIGNIUM Executive Search International Limited