


POLICY	
Title: Remuneration Policy	Document ID: CP035

1.0 Policy Statement

Cannasouth will have a Remuneration Framework which will enable it to attract, retain and motivate suitably qualified staff. The remuneration, recognition and performance systems will be aligned with Cannasouth's vision and values.

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2.0 Purpose

Cannasouth wishes to create and maintain a working environment and culture that is attractive to high achievers and is conducive to productive and collaborative work practices which enhance Cannasouth's strategic goals. By doing so Cannasouth will be an employer of choice in attracting, motivating, and retaining employees.

Cannasouth believes that remuneration alone will not be sufficient for it to be an employer of choice.

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3.0 Scope

This policy applies to all employee roles within the Cannasouth Group.

4.0 Guiding Principles

- To develop and maintain pay and performance systems that enable Cannasouth to attract, retain and motivate suitably qualified staff.
- To align remuneration, recognition and performance systems with Cannasouth's vision and values.
- To build an organisation of motivated, engaged and productive employees, who in turn create desired business performance and results.

To develop pay and performance systems that are

- consistent with our values
- transparent and understood by all
- sustainable with minimum on-going consultant input
- objective
- applied consistently
- affordable

To value and reward staff fairly in relation to

- the work they do and their performance in the job
- other jobs in the organisation
- the market value of their job
- remuneration levels in similar organisations in the sector
- their contribution to the organisation
- their knowledge, skills and competencies used on the job

5.0 Remuneration Framework


5.1 How Jobs Are Sized

Staff will be paid fairly, relative to other Cannasouth staff performing similar duties, or requiring similar skills and involving similar expertise, i.e., internal relativity.

The Strategic Pay SP10 job sizing system will be used as the basis for evaluating all positions within the Cannasouth Group.

The job sizing system uses the following factors to assess the relative "size" of each position. Appendix 1 contains more detail about the factors. The outcome of job sizing for all benchmark roles will be a unique points or grade total.

The system components:

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- A point framework for senior executives
- A grade framework for general staff

Job sizing or job mapping and market comparisons will be undertaken for new jobs or jobs that change significantly by trained HR employees (and QA'd by Strategic Pay if required) with input from managers (also if required). Recommendations on job size and market range will be made by HR to the CEO for approval.

Jobs may be submitted for re-evaluation where the CEO and HR agree the following criteria are both met:

- The role has substantially changed to the degree that internal equity is compromised. By substantially we mean +/- 20%.
- There is a demonstrated business need for the role to be sized at a higher level because of an internal relativity issue.

Every three years (approximately) HR will conduct an overall review of the job sizing system and internal relativities.

5.2 How remuneration for roles are established


Cannasouth's pay levels will remain consistent with pay levels in relevant markets i.e., external relativity.

Market benchmarking will be carried out on an annual basis to assess Cannasouth's competitiveness with the external market and inform the setting of midpoints for each salary grade. The benchmarking considers roles of similar size as well as of similar functions in the Strategic Pay database.

All remuneration will be separated into the following four functions and referenced against market data from relevant industry sources on an annual basis to inform the midpoint for pay purposes: the "remuneration for competent performance" within Cannasouth. All remuneration will be compared using Fixed Remuneration Inc. Kiwisaver.

Cannasouth's market comparators are:

1. Senior Executives: Private Sector by SP10 Points
 2. Quality and Assurance: Science & Research Industry by Grades
 3. Manufacturing: Manufacturing Industry by Grades
 4. All Other Business functions: Private Sector by Grades
- Grade midpoints will move in line with these markets, dependent on Cannasouth policy and affordability. HR will support Management with regular monitoring the effectiveness of this comparator, with a formal review every third year.
 - Job function data from Strategic Pay and other relevant published surveys will be used to provide a sense check on the competitiveness of Cannasouth grade midpoints.

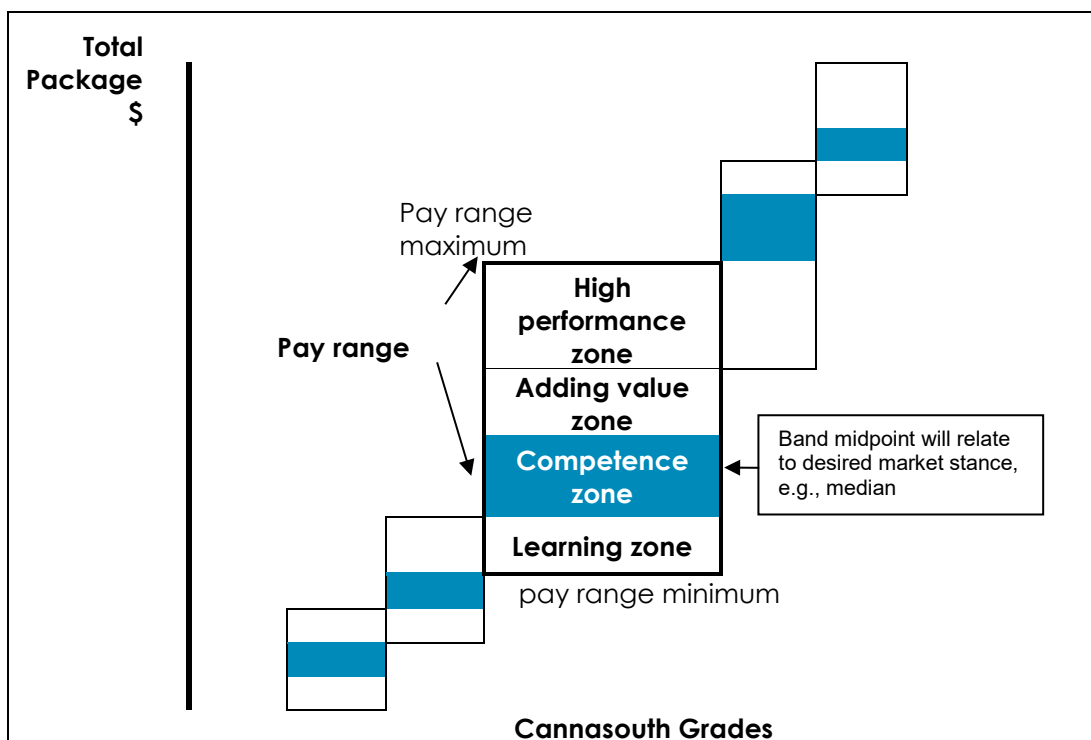
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The market rates shall be reviewed annually by Management, applying the benchmarking results from Strategic Pay's March market surveys, i.e., the most recent survey data available. The updated pay ranges shall apply as part of the performance and salary review round and apply from that date.

5.3 How Jobs are Paid

To structure remuneration packages to reflect the principles of fairness and consistency, as well as providing staff with an opportunity to understand and influence their opportunities for pay growth over time based on competence and performance.


The outcome of job sizing is either points or a grade. The points or grade shall be the basis for the remuneration midpoint and range for Cannasouth roles.



When relating market data to pay ranges, Cannasouth aims to target Fixed Remuneration, including Kiwisaver at the median level of the recommended comparators, for fully competent performance but recognises that there may be a need to utilise job-specific data for some roles.

A total package range spread will be developed for each position that allows for a minimum appointment level at **85% of the total package midpoint and maximum at 115%**. This is designed to reward staff as they gain competence and demonstrate performance. Staff who do not have the range and depth of experience/skills required for the role may be appointed in a development position at a rate lower than 85%.

The grade midpoint and range will be reviewed annually by Management, considering the level of movement in the market median for jobs of that size.

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5.4 Market Premium

Market Premiums may be paid for some positions where market trends indicate are significantly above the salary range established for a given position. "Significantly above" is defined as a demonstrated need to be appointing and retaining staff on salaries above 110% of the Cannasouth grade midpoint. Exceptions require a business case vetted by the Management and presented to the Chief Executive for approval.

Market premiums are typically applied in the following circumstances:

- There are documented difficulties in attracting suitably experienced/qualified staff
- High turnover of experienced staff and salary levels are identified through exit interviews as being a significant contributing factor
- Information from salary survey providers (Strategic Pay) confirms market disparity between Cannasouth salaries and market rates.

5.5 How Performance is Measured

We will provide both formal and informal mechanisms for planning, monitoring, and reviewing staff performance in a constructive, objective and timely manner.

Staff performance will be formally measured at least annually. An informal review at least six-monthly will be conducted to review progress against personal objectives.

To align individual performance planning and review more effectively with Cannasouth's business cycle, performance reviews shall be completed prior to annual salary reviews.

5.6 How People Are Rewarded


Cannasouth will ensure staff are paid fairly, relative to other staff performing at a similar level.

The aim of the remuneration system is to pay within the salary range for a given job according to varying levels of performance. Refer to the graphic over page.

Fully competent performance (fully meeting job requirements) should be rewarded around the midpoint (97-103%) of the salary range.

New appointees will start between 85% and 95% of the range for the job depending on their skills and experience.

To ensure fair and consistent ratings across the organisation, the Management Team will review all indicative performance ratings and reserves the right to amend as necessary to ensure consistency.


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All salaries will be reviewed annually immediately following the review of grade midpoints (market benchmarking using the March surveys) and on the completion of Cannasouth's performance review cycle.

	Those who demonstrate performance	Those whose performance causes concern
Maximum 115%	Star Performers appropriate for Cannasouth's "stars" consistently delivering excellence in performance (results and behaviours)	
110%	Exceeded Performance appropriate for Cannasouth's "extra milers" whose performance consistently exceeds requirements (results and behaviours)	
105%	Competent Performance The level for competent staff who consistently meet requirements (results and behaviours) and may exceed in some areas	
Around market median remuneration 95%-105%		
95%	Developing The level for staff developing in the role and tracking as expected to full competence (results and behaviours) – "on tracks"	Requires Improvement Performance in certain areas (results and/or behaviours) falls short of Cannasouth requirements – "marginal performance"
Minimum 85%		Unacceptable Performance Major performance concerns which are being addressed by Management – "poor performance"

5.7 Performance / Remuneration Linkage

The pay matrix below shall be used as a basis for developing the performance/remuneration linkage. The pay matrix is a set of guidelines for managers to follow when allocating pay increases at salary review time. It divides all Cannasouth staff broadly into four groups and recognises that all deserve different treatment.

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Rating for Overall Performance	Current pay as % of new midpoint					Ceiling
	85-91.99%	92-96.99%	97-103%	103-107.99%	108-115%	
Star Performers	<div> <div>These people qualify for an increase.</div> <div>These people are on market premium rates. May not receive an increase.</div> </div>					115%
Exceeded Performance						110%
Competent	These people should get some movement.					105%
Requires Improvement/Developing	Poor performers – no increase!					95%
Unacceptable						90%


5.8 Eligibility

In order to be eligible for remuneration review the employee must have continuously worked at Cannasouth for the preceding nine months as a minimum and be in good standing with Cannasouth.

An employee that does not meet these requirements may be deemed eligible for remuneration assessment only upon special dispensation from the CEO.

6.0 Roles And Responsibilities

ROLES	RESPONSIBILITIES
CEO	Approves this policy. Approves job sizing.
HR	Responsible for maintenance of this policy. Responsible for job sizing, market mapping and ranges. Reviews internal relativities at least every three years. Supports the Senior Executive by having oversight of the appropriateness of this policy for the present and future needs of the business.
Managers	Responsible for following the guiding principles contained in this policy.

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7.0 Associated Documents

CP032 Performance Management System

8.0 Review Details

Adopted: December 2021

Last revised: December 2021

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APPENDIX 1: SP10® - THE STRATEGIC PAY 10 FACTOR JOB EVALUATION SYSTEM

Initially developed by Price Waterhouse, the SP10® system has a wide following in the public and private sectors, particularly at executive level, and with its associated linkage to executive remuneration data. It suits the executive scene and environments where point's differentials are considered important.




The ten factors are:

Education	The minimum level of education required to perform the functions of the position competently. This combines both formal as well as informal levels of training and education.
Experience	The level of cumulative experience required to perform the role competently. This experience is in addition to formal education, and assesses both the nature and breadth of general, technical and managerial experience.
Complexity	The thinking challenge required in the role and the innovative or conceptual thinking required to respond to external influences impacting on the organisation and the position.
Scope	The breadth or scope of the position (i.e. the level of influence in the organisation). This factor assesses the level of management, working relationships and influence the position is required to exercise in the organisation.
Problem Solving	The nature and complexity of problem solving expected of the jobholder. This includes the judgement exercised, availability of rules and guidelines to assist in problem solving, the degree of analysis and research required, and the originality, ingenuity and initiative required to arrive at a solution.
Freedom to Act	The extent of supervision, direction or guidance imposed on the jobholder and the freedom the jobholder has to take action.
Impact/Result of Decisions	The impact of the discretionary judgement a jobholder has when making competent decisions within their control. The evaluator must consider the direct dollar impact of a typical, repeatable (and competent) decision that would be made without reference to a supervisor. This factor measures the discretionary or marginal impact the jobholder's decisions have and not the consequence of error.
Interpersonal Skills	The level of interpersonal skills required for dealing with both personnel within the organisation, as well as external clients or customers and/or the public in general.
Authorities	The formal authority levels exercised in the position, including financial, staffing and contractual authorities. This includes routine and capital expenditure, the authority


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	to employ and dismiss staff, and also the authority to enter into contracts on behalf of the organisation.
People Management	The responsibility for the supervision and management of staff within the organisation, including project team management and indirect supervision.

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APPENDIX 2: GLOSSARY OF TERMS USED

Annual pay review	A review of employee's pay against both the salary range for their job and their performance in the job.										
Job sizing or job evaluation	A tool for analysing roles and understanding the relativities between roles in an organisation.										
Market data	Information on pay levels obtained through remuneration surveys, to assess the "going rate for the job".										
Market premium	An additional payment that may be made where there are documented difficulties in attracting suitably experienced/qualified staff <u>and</u> where information from salary survey providers (including Strategic Pay) confirms a "significant" market disparity between Cannasouth salaries and market rates for like jobs.										
Overall performance rating	The outcome of the new assessment system will be an overall performance rating derived from the ratings for both results and behaviours.										
Pay Grade	Jobs evaluated as being of a similar "size" will be placed in a pay grade. These grades will consist of a salary range, based on a midpoint that is derived from market data.										
Pay range	The range around the market midpoint. In the case of Cannasouth this range will be 85% to 115%.										
Performance development system	The means by which an employee understands the performance and behaviours expected of them in their job and how they will achieve the expected standards.										
Performance assessment	The annual assessment of an employee's performance in their role, taking into account both results and behaviours.										
Post-review moderation	All ratings will be assessed on completion of the reviews to ensure that ratings have in fact been applied consistently.										
Pre-review calibration	A system to establish the anticipated spread of performance ratings among employees. This is used to ensure that the performance review will be applied consistently across Cannasouth.										
Progression	Movement through the salary range for the grade in which the job sits. Progression will be based on contribution and performance.										
Role Clarity	Position descriptions providing the necessary and sufficient information to describe the content of a job so that employees know what they are supposed to do and how well they are expected to do it.										
SP10®	<p>The Strategic Pay evaluation system that will be used by Cannasouth to identify internal relativities.</p> <p>It assesses roles against the following areas:</p> <table> <tr> <td>Education</td><td>Experience</td></tr> <tr> <td>Complexity</td><td>Scope</td></tr> <tr> <td>Problem Solving</td><td>Freedom to Act</td></tr> <tr> <td>Impact</td><td>Interpersonal Skills</td></tr> <tr> <td>Authorities</td><td>People Management</td></tr> </table>	Education	Experience	Complexity	Scope	Problem Solving	Freedom to Act	Impact	Interpersonal Skills	Authorities	People Management
Education	Experience										
Complexity	Scope										
Problem Solving	Freedom to Act										
Impact	Interpersonal Skills										
Authorities	People Management										

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Total remuneration

Total remuneration is the term used for the package which includes:

- Base salary – normal weekly/fortnightly pay 40 hours / week
- Salary sacrifice e.g. additional leave, superannuation.
- Medical or other insurance premiums paid by the employer, including any FBT cost incurred.
- Bonus/incentive payments.
- Employer contribution to superannuation (excluding KiwiSaver) should employee elect to join such scheme.