

Non-executive Director Remuneration Policy

Remuneration of Directors

The Directors' remuneration is paid in the form of Directors' fees. Additional fees are paid to the Chairperson of the Board and to Chairpersons and members (other than the Chairperson of the Board) of each Committee (except the Nominations and Corporate Governance Committee) to reflect the additional responsibilities of these positions. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided to the Company by that Director.

The remuneration of Directors is reviewed annually by the Human Resources and Compensation Committee (HRCC) – taking account of the company's size and complexity and the time commitment, responsibilities, skills, performance and experience of the Directors – with recommendations made to the Board for approval. Specialist independent consultants may be engaged from time to time to provide advice and ensure that the remuneration of Spark's Directors is appropriate and comparable to that of similar companies in New Zealand.

The total fees available to be paid to Directors are subject to shareholder approval. Increases must not exceed the Fee Pool set by shareholders. Where an increase in the Fee Pool is required, the Board will commission third party remuneration consultants to conduct an independent exercise to recommend any required increase to the Fee Pool. Where commissioned, a summary of the findings of the report from the remuneration consultants will be made public, along with the consultant's assumptions and methodology.

Apart from the CEO, no Director of Spark receives compensation in the form of share options or restricted shares, nor do they participate in any bonus or profit-sharing plan. Non-executive Directors are, however, expected to maintain a holding of Spark Shares, the detail of which is published in Spark's Annual Report. As is the case for employees, Directors are required to comply with the Insider Trading Policy when buying or selling Spark shares and any such transactions are disclosed to the market.

Directors are also provided with a range of information technology and communication benefits at no cost which include telephone line rental, mobile phone, national and

international phone calls, on-line services and the use of computer equipment. New Zealand-based non-executive Directors are eligible for Spark-funded medical insurance, and all non-executive Directors are also eligible for Spark-funded life insurance. No retirement allowances are provided to Directors.

Reimbursement of Directors' Expenses

In summary, the Company meets the cost of:

- all Directors' travel directly associated with attendance at Board and Committee meetings, Board trips and Board business;
- any costs associated with a Director's attendance at functions where the Director is representing the Company;
- any travel costs directly associated with a Director's spouse's/partner's attendance at functions where their attendance is considered appropriate; and
- any costs directly associated with the Director's performance of his or her role.

All Directors' expenses are approved by the Chairperson. The Chairperson's expenses are approved by the Chairperson of the Audit and Risk Management Committee.

The details of the Directors remuneration are disclosed in the Company's Annual Report.