

## **MAINFREIGHT LIMITED (the Company) REMUNERATION POLICY**

Mainfreight recognises that remuneration for its Directors and Senior Executives should be structured to be simple, clear and fair. It should take into account an individual's skills, and aim to retain and motivate talented Directors and Senior Executives, while driving performance for the benefit of the Company's shareholders.

### **Directors**

Remuneration of Directors is paid in the form of Directors' fees.

The aggregate pool of Directors' fees is approved by shareholders. The Board determines the actual fees paid to Directors from the aggregate pool. Individual fees reflect Director roles and responsibilities.

Non-executive Directors do not receive any:

- Performance or equity-based remuneration;
- Board Committee fees; or
- Superannuation (or any other scheme) entitlements or benefits.

Details of the Directors' fee structure and actual fees paid are disclosed in the Mainfreight Annual Report.

The Board regularly reviews Directors' remuneration to ensure it:

- Continues to attract competent Directors with the skills and experience the Board is seeking; and
- Sets remuneration levels that are fair and reasonable in a competitive market (in accordance with the NZX Listing Rules and the Constitution).

Factors that the Board considers during fee reviews include the size, scope and complexity of the business and industry, the requirements of the role and related time demands, risk inherent in the business, regulatory requirements and delivery of financial results to the shareholders.

## **Senior Executives**

All Senior Executives (including the CEO/Group Managing Director) have fixed remuneration which reflects their current role and responsibilities, and have the potential to earn a discretionary short-term incentive (STI). A long-term incentive (LTI) may also be offered to senior team members, as approved from time to time by the Board at its discretion.

Both the STI and LTI are variable elements of remuneration and will only be earned if performance meets expectations, and then only at the discretion of the Board.

### Fixed Remuneration

Mainfreight evaluates roles based on the responsibilities an individual is accountable for in the context of the complexity and scale of the relevant business(es). Mainfreight positions individuals' fixed remuneration taking into account their skills, knowledge, experience and performance.

Fixed remuneration will be reviewed and adjusted biannually.

If the Senior Executive is a member of a Superannuation scheme, their fixed remuneration is inclusive of any compulsory employer contributions to that scheme in accordance with applicable legislation.

Fixed remuneration may be structured to include medical insurance, a motor vehicle or motor vehicle allowance, or other benefits, calculated on a total cost to Company basis.

### Short-Term Incentive – STI

Mainfreight's STI is designed to reward performance, and is part of the wider profit bonus of net profit available to the global team (based on achieving established performance measures, and at the discretion of the Board). Payment of the STI is considered following completion of Mainfreight's full year results.

## Long-Term Incentive – LTI

Mainfreight's LTI is designed to incentivise and assist retention of senior executives and key management, align the interests of senior executives/management and shareholders, and encourage long-term decision making.

The LTI is operated in accordance with the Mainfreight Limited Partly Paid Share Scheme, as approved by the Board from time to time, and disclosed in Mainfreight's annual report.

## **CEO/Group Managing Director**

The CEO/Group Managing Director is remunerated in a manner consistent with that of other Senior Executives, as set out in this policy, other than in relation to the quantum and weighting between fixed and "at risk" remuneration.

The CEO/Group Managing Director's remuneration will include the following components:

- Fixed salary;
- Company motor vehicle or equivalent motor vehicle allowance;
- STI, as determined by the Board at its discretion; and
- LTI, as determined by the Board at its discretion.

Details of the CEO/Group Managing Director's remuneration structure and actual amounts paid are disclosed in Mainfreight's Annual Report.

## **Mainfreight Team**

Mainfreight was founded, and continues to operate, on the basis that its people are its primary asset. The team of Mainfreight act as a family, who work together to achieve success. The Three Pillars incorporates many people and family values, including:

- Eat together – use mealtimes as discussion time
- Listen to each other
- Share the profits and the successes
- Openly discuss problems and openly solve them
- Don't treat your brothers and sisters badly

- Have respect – seek it from others and show it by actions
- Promote from within
- An enduring company is built by many good people, not a few

Mainfreight's goals for its team include:

- Ensuring Mainfreight people are fairly remunerated and rewarded for their contribution (starting salaries are set above minimum and living wage levels to reflect the Company's requirement for fair remuneration)
- Creating an open and inclusive environment that encourages team members to work to their best potential
- Providing opportunities for personal development and increased responsibility
- Ensuring the financial stability and success of the Company to provide ongoing job security

Mainfreight's remuneration policy seeks to:

- Attract and retain talented people
- Motivate all team members to work to their greatest potential
- Link remuneration to Company performance, with a percentage of annual net profit shared with the global team (based on achieving established performance measures, and at the discretion of the Mainfreight Board of Directors).

Mainfreight's remuneration practices will be governed by the applicable legislation and regulations of the jurisdictions in which the Company operates.

This Policy will be reviewed at least annually by the Remuneration Committee as part of its responsibilities.