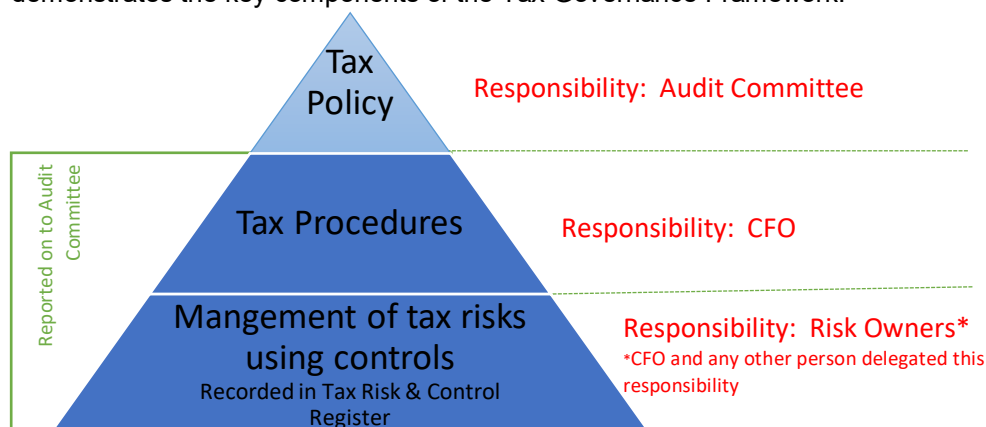


Introduction

Purpose To meet the Board’s expectation in the Tax Policy, this document outlines how Mainfreight Group’s tax obligations are met from a compliance and risk management perspective.

Context This document forms part of the Tax Governance Framework. The diagram below demonstrates the key components of the Tax Governance Framework:



Scope These procedures govern both payroll and non-payroll taxes.

Application This document applies to all entities in the Mainfreight Group (refer to **Appendix One** for structure diagram), including the Board, the Audit Committee and all employees with roles that could have tax consequences.

Routine tax compliance

Responsibilities The tax compliance roles and responsibilities and signing authority for each of the tax types and Group entities is outlined in **Appendix Two**.

External advisors Where required, external advisors should assist in the preparation and lodgement of returns.

External advisors must be used to:

- Review income tax calculations prior to lodgement.
- Prepare transfer pricing documents and intercompany agreements.
- Advise on significant transactions eg acquisitions.

Independent review A 12-month sample of data should be reviewed using data analytics by an external advisor at least every five years for entities / tax types:

- **GST:** With a turnover exceeding \$30 million.

- **Customs:** Annual imports or exports at the level of \$50 million.
- **Payroll:** More than 100 employees.

A health check should be undertaken by an external advisor at least every five years in relation to:

- The tax fixed asset register.
- Any entities / tax types that fall below the thresholds outlined above.
- Fringe benefit tax and withholding tax every five years.

Tax risk management

Identify tax risk Risk owners¹ and external advisors should identify events, actions or inactions which may present a tax risk and bring these to the attention of the Chief Financial Officer.

The events, action or inaction that may present a tax risk include:

- **Strategic:** Non-compliance with the guiding principles in the Tax Policy.
- **Operational:** Changes to the Finance or Payroll Team or their responsibilities for matters.
- **Financial:** Tax refunds being withheld, reassessments or exposure to use-of-money interest.
- **Compliance:** Late lodgement of returns, change in accounting standards and new tax legislations which impact the business.
- **Regulatory Changes:** changes to legislation

Evaluate tax risk Once a tax risk has been identified, the Chief Financial Officer should assess the tax risk as either a **routine** or **significant** tax risk taking into account the impact that the tax risk could have and the likelihood of that tax risk eventuating.

Routine tax risks are tax risks that arise on a regular basis in the ordinary course of business with no unusual complexity or are consistent with historic tax positions.

Significant tax risks arise outside of the ordinary course of business or have a higher degree of complexity or uncertainty. Factors that indicate a significant tax risk include:

- Public knowledge of the tax position would have a negative reputational impact.
- More than 30% of the Finance or Payroll Team's responsibilities will be impacted.
- The potential tax consequence is greater than \$1,000,000, excluding any penalties

¹ A Risk Owner is the CFO or anyone the CFO has delegated responsibility for the implementation of a control. In practice mainly regional Financial Controllers.

or interest.

- The tax position taken varies from industry patterns or past tax positions.
- There is variation between the economic and legal outcomes.
- The tax position is being scrutinised by a Revenue Authority (for example, as part of routine audits of other taxpayers, further to a published statement issued by the Revenue Authority or is the subject of litigation).
- The tax position taken will be reportable to a Revenue Authority.

External advisors must be engaged in relation to any significant tax risks.

Determine tax risk treatment

Once a tax risk has been evaluated, the Chief Financial Officer (assisted by external advisors, if required) should assess the options available for the treatment of the tax risk which include:

- **Use controls to reduce the likelihood of adverse tax consequences occurring:** For example, voluntary disclosure, written guidance from a Revenue Authority, maintenance of an evidence file, contract conditions, development of manuals, supervision or training.
- **Use controls to reduce the impact if adverse tax consequences occur:** For example, contingency planning, inclusion of contract conditions, business continuity plans, off-site back-up and public relations.
- **If adequate controls cannot be implemented, avoid the tax threat:** Do not take a tax position that presents a tax risk.

Determine whether the tax risk should be escalated

If, after controls are implemented:

- An external advisor cannot provide a more likely than not to be correct² / should³ opinion (exposing Mainfreight Group to significant shortfall penalties);
- The tax position will be reportable to a Revenue Authority; and/or
- There is a moderate chance of negative reputational damage;

the tax risk should be escalated to the Audit Committee immediately for consideration.

Implement and monitor control

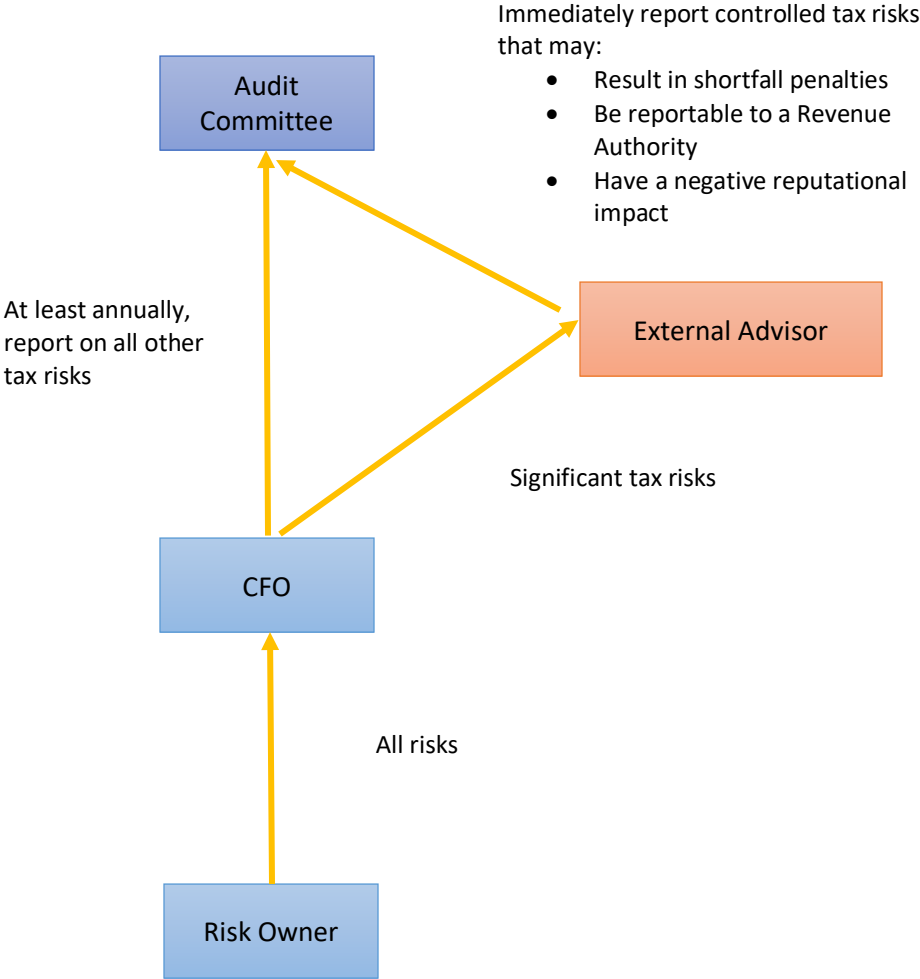
If the tax risk is accepted and controls are implemented, the Chief Financial Officer is responsible for implementing and monitoring the effectiveness of the control.

² A 'more likely than not to be correct opinion' will support the merits of tax treatment of an item if challenged. In numeric terms, a more likely than not to be correct tax position has a 51% (or greater) chance of occurring.

³ A should opinion supports the merits of tax treatment of an item to the extent that although not entirely free from doubt, the taxpayer's position should prevail. In numeric terms, a Should Opinion can be obtained where there is at least an 80% likelihood that the tax treatment of the item will be upheld if challenged

Reporting to the Audit Committee At least annually, a Tax Status Report (refer to **Appendix Three**) should be prepared for each country that Mainfreight Group operates in.

Tax compliance & tax risk reporting



External Advisors

When to engage External advisors should be engaged to assist with the management of taxes as required, however, must be engaged to assist with the management of any significant tax risks. If matters are particularly complex, sensitive or material, a second opinion from an accounting or legal firm or Counsel's opinion can be obtained.

Who to engage Where possible or practical, external advisors from a 'Big Four' professional services firm should be engaged at regional level. When deciding which external advisors to engage, consideration should be given to whether the matter requires an advisor with specialist and/or industry knowledge.

Level of opinion Where there is a significant tax risk, an opinion should be sought from external advisors. If a tax position to be taken:

- Is uncertain, written advice (for example, via a binding ruling or indicative view) should be obtained from a Revenue Authority.
- Presents a risk of significant shortfall penalties being imposed, the tax position should not be taken.

Additional support In addition to seeking an opinion from external advisors, additional support may need to be maintained in relation to the tax position. Options available include:

- Transaction document in support of legal position.
- Evidence file with contemporaneous document in support of tax position.

Stakeholder relationships

Revenue Authorities Assisted by external advisors, the Chief Financial Officer should determine how to maintain an open, honest, and co-operative relationship with Revenue Authorities taking into account the size of the business in that jurisdiction. Options available may include:

- Regular or pre-lodgement meetings with the Revenue Authority.
- Responding to information requests (formal or informal) in a timely manner.
- Making voluntary disclosures where an error is detected.
- Seeking binding rulings or indicative views from the Revenue Authority where there is uncertainty around a tax position.
- Submitting on proposed tax policy changes that may impact the business.

Other stakeholders The Chief Financial Officer must review the tax disclosures made in the annual report prior to finalisation.

Training and awareness

External trainings To keep up to date on tax matters which could impact Mainfreight Group, the Chief Financial Officer, Finance Team and Payroll Team should regularly attend external tax trainings.

Internal trainings To cascade knowledge across the business and promote ownership of tax governance, the Chief Financial Officer, Finance Team and/or Payroll Team should provide an annual tax update to the business.

Document management

Tax records Tax records in accordance with statutory obligations in each jurisdiction should be centrally maintained. Where a tax event spans over several years, the tax record should be maintained for at least the minimum statutory period from the end of the tax year affected by the tax event.

Drafts / finals Generally, if the final version of a tax record can be located, draft tax records should not be retained. However, drafts should be retained where it supports a tax position taken or evidence intentions (for example, where a third party has requested the draft tax record be amended).

Protections Documents that are subject to a non-disclosure right or legal professional privilege should be clearly marked as such.

Papers to the Audit Committee should not include summaries of tax advice received. Rather, the paper should state that tax advice has been received and a copy of that advice should be attached. If summaries of advice are required, the external advisor should prepare the summary.

Before any tax document that is requested by a Revenue Authority as part of a risk review or audit is made available to a Revenue Authority or a third party, the document should first be reviewed by external advisors.

Destruction Prior to destroying any tax record, consideration should be given to:

- The jurisdiction's record retention requirements.
- The significance of the record.
- Whether the record relates to a tax year that may be subject to an audit or risk review.
- Whether the record has been provided to a Revenue Authority.
- Whether the record relates to a tax position which spans over more than one income year.

Administration of Procedures

Implementation These Procedures will be implemented by:

- Communication with those covered by the scope.
- Team training, including induction training for members of the Finance and Payroll Team.
- Being placed on the intranet.

Review These Procedures should be reviewed annually by the Chief Financial Officer who will propose any changes, if appropriate, to the Audit Committee.

Compliance Compliance with these procedures will be assured through:

- Annual reporting by the Chief Financial Officer to the Audit Committee
- External advisors testing compliance with the Tax Procedures every three years

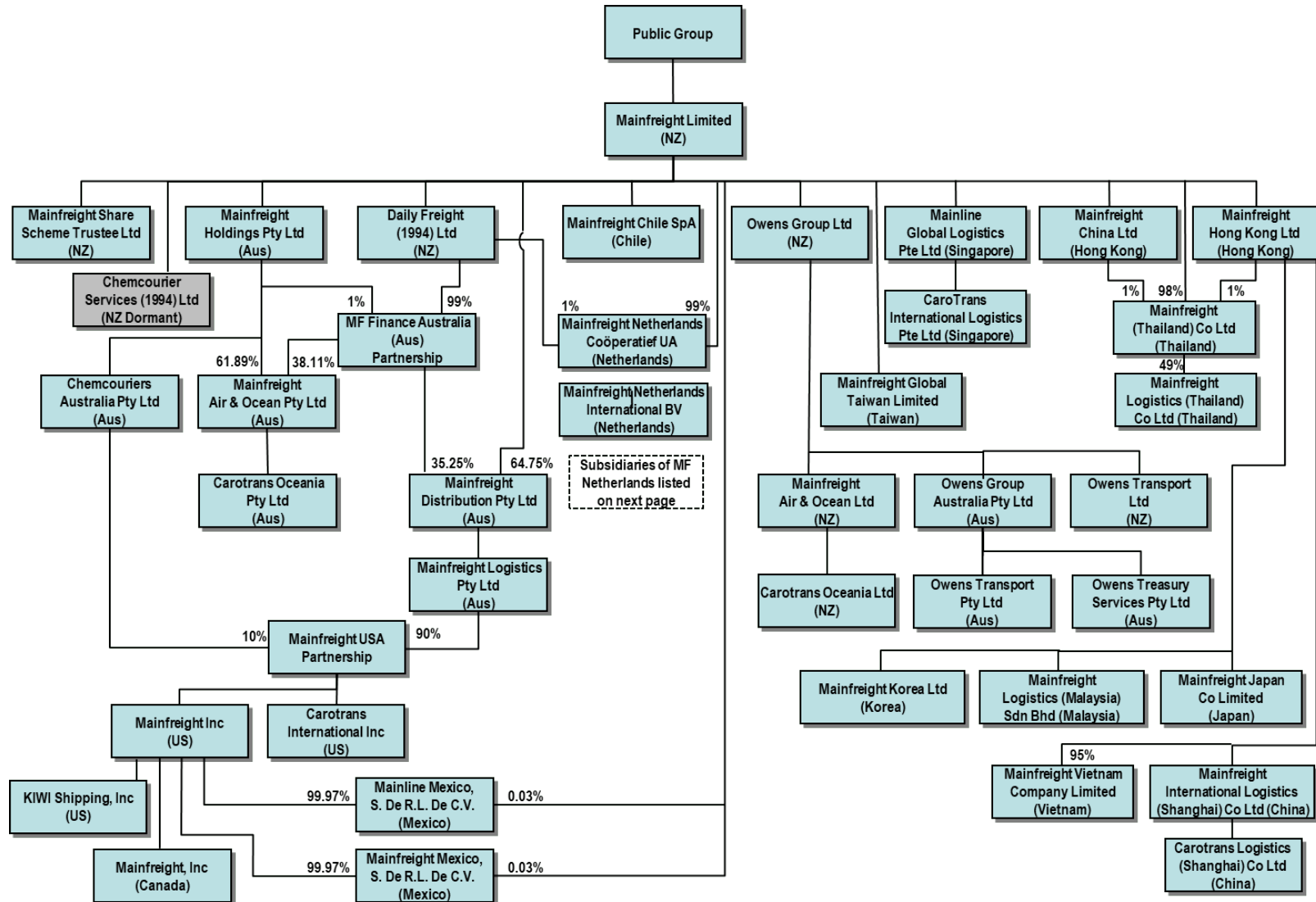
Point of contact The Chief Financial Officer is the point of contact for matters arising in relation to the Procedures.

Document amendment register

This document has been reviewed and amended by the following people:

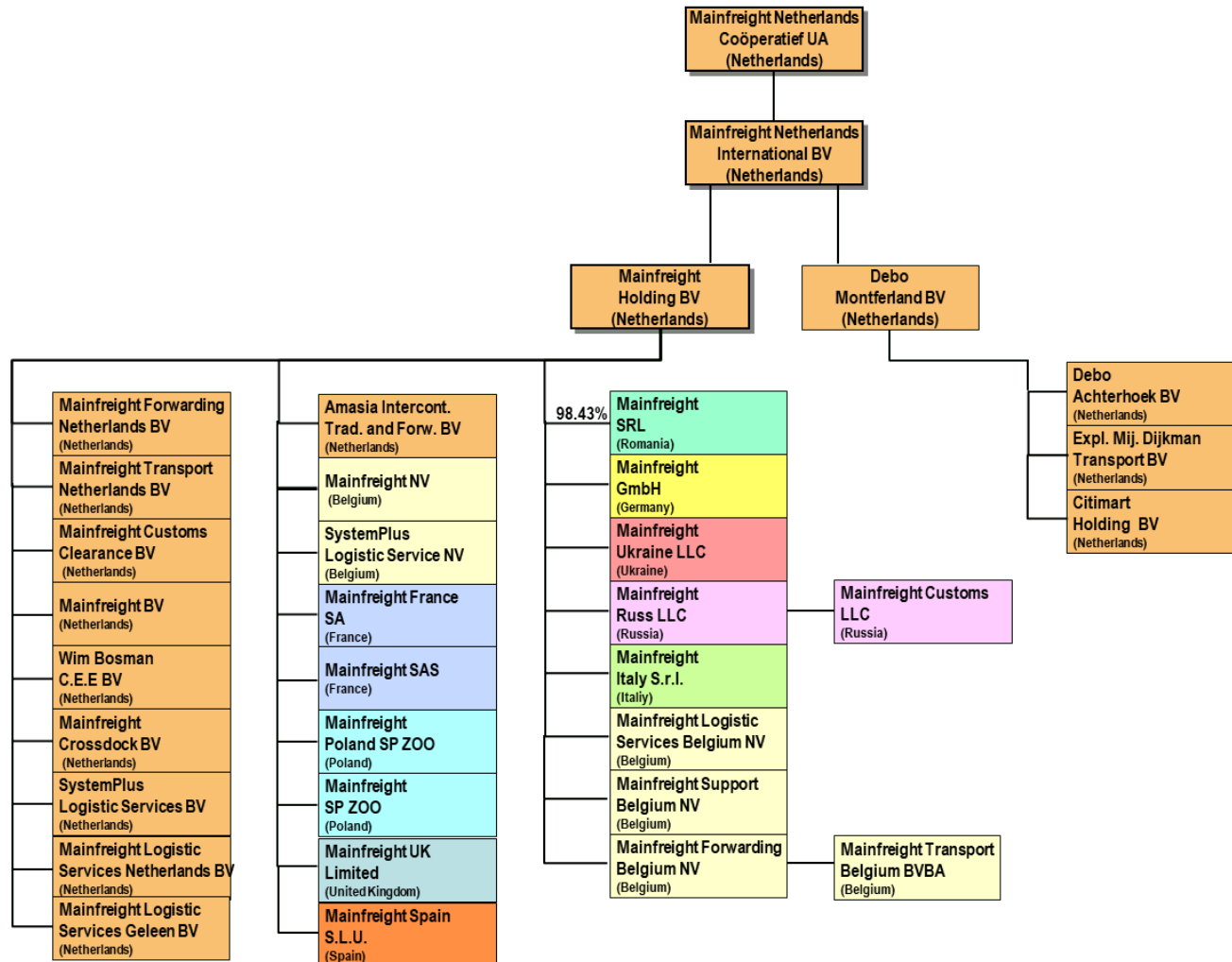
No.	Author Name	Authorised by	Version Number	Date	Details of Changes
1					
2					
3					
4					
5					
6					
7					
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Appendix One: Group Structure Diagram



All subsidiaries 100% ownership except where otherwise indicated

Subsidiaries of Mainfreight Netherlands



Overview of responsibilities

Tax	Frequency	Preparation	First Review	Second Review	Signing Authority / Final Approval	Lodgement
Approved issuer levy	As required	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team
Customs	As required	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team
Fringe benefit tax	Quarterly	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team
Goods and services tax	Monthly	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team
Income tax	Annually	Advisor	Accountant	Financial Controller	CFO	Advisor
Payroll taxes	Monthly	Payroll Team	Accountant	Financial Controller	Financial Controller	Payroll Team
Research & development tax credits	Annually	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team
Statutory reporting (deferred Tax / IFRS Income tax notes)	Annually	Finance Team	Advisor	Financial Controller & External Audit team	CFO	Finance Team
Transfer pricing	As required	Advisor	Advisor	Financial Controller	CFO	Financial Controller
Withholding taxes	Monthly	Finance Team	Accountant	Financial Controller	Financial Controller	Finance Team

Specific responsibilities

Title	Roles & responsibilities
Chief Financial Officer	<p>All Taxes</p> <ul style="list-style-type: none"> Final approval for New Zealand income tax returns. Statutory Reporting in Annual Report Assist, advise or instruct regional financial controllers in complex or unusual tax issues Liaison with Audit Committee or Board for tax matters Consideration of issues raised by Finance or Payroll Team or external. Review of tax impact on occurrence of a significant event eg acquisition. Review of advice from advisors or binding rulings to confirm key assumptions / background facts
Regional Financial Controllers	<p>Income tax</p> <ul style="list-style-type: none"> Liaison with advisors in relation to any queries for income tax return. Review of income tax calculation prepared by advisors. Review of transmittal report / advice from advisors or binding rulings to confirm key assumptions / background facts. <p>Other taxes</p> <ul style="list-style-type: none"> Consideration of issues raised by Finance or Payroll Team or external. Review of exceptions reports, and reconciliations prepared by Finance or Payroll Team. Review of returns on occurrence of a significant event.

Title	Roles & responsibilities
	<ul style="list-style-type: none"> Review of advice from advisors or binding rulings to confirm key assumptions / background facts
Finance Team	<p>All taxes (other than payroll)</p> <ul style="list-style-type: none"> Compilation of source data for preparation of returns. Preparation of exception reports and reconciliations for Financial Controllers.
Payroll Team	<ul style="list-style-type: none"> Preparation of exception reports and reconciliations for Financial Controllers.
Advisors	<p>Income tax</p> <ul style="list-style-type: none"> Consideration where the tax treatment differs materially to the financial accounting treatment. Annually review changes to accounting policies. Review of tax sensitive accounts. Preparation of supporting Workpapers for tax position. <p>All taxes</p> <ul style="list-style-type: none"> Provision of tax advice, as required

IT Systems

The following IT system(s) are used to fulfil the roles and responsibilities described above:

- Accounting and operating systems used to capture all transactions including tax
- Transport – On Account (accounting system) & Mainstreet (operating system)
- Warehousing - On Account (accounting system) & MIMS (operating system)
- Air & Ocean – CargoWise (accounting & operating system)

Appendix Three: Tax Status Report



Entity/ies	
Country	
Period	To be filed with annual CBCR report
External Advisor	
Status of Report	Subject to non-disclosure right or legal professional privilege

Tax Representation	Response	Additional comments
What is the applicable corporate tax rate?	[insert]	[If applicable, include details of proposed changes of tax rate]
What is the effective tax rate?	[insert]	[If there is a variance of more than 10% confirmation of key differences between accounting and tax results]
Are all of the tax filings up to date?	[Yes / No]	[If no, include further details of why tax returns have not been filed].
Is the entity liable to pay or has the entity paid any penalties and/or interest to the Revenue Authority during the period	[Yes / No]	[If yes, please include further details].
Have any voluntary disclosures been made to the Revenue Authority during the period?	[Yes / No]	[If yes, please include details]
When was the entity last subject to an audit / risk review?	[insert year risk review concluded]	[Include further details of tax types / periods under review].
Is the entity currently under audit / risk review?	[Yes / No]	[Include further details of tax types / periods under review].
Were there any material differences between the statutory tax disclosures and the income tax return.	[Yes / No]	[If yes, include further details].
Have any material issues been identified as a result of variances reporting or by the external advisor during the period?	[Yes / No]	[Any reports in relation to material issues should be attached, rather than summarised].
Has the entity had a pre-lodgement meeting with the Revenue Authority and/or obtained any binding rulings or indicative views from the Revenue Authority?	[Yes / No]	[Only entities with a large enough footprint should endeavour to have pre-lodgement meetings with the Revenue Authority]
Have any new controls been implemented in the period?	[Yes / No]	[Include brief description of new controls implemented. Any reports in relation to the controls implemented should be attached]
Have any existing controls been tested during the period?	[Yes / No]	[Include brief descriptions of controls tested. Any reports in relation to the controls testing should be attached].