

# BD 2 – PEOPLE & REMUNERATION COMMITTEE CHARTER

## CONTENTS

<b>Objectives</b> .....	<b>3</b>
<b>Structure and Composition</b> .....	<b>4</b>
<b>Authority</b> .....	<b>4</b>
<b>Functions of the Committee</b> .....	<b>4</b>
<b>Meetings</b> .....	<b>5</b>
<b>Accountability and Reporting</b> .....	<b>5</b>

The Board of Directors of Freightways Limited (the Board) has resolved to establish a Committee to be known as the People & **Remuneration Committee (the ‘Committee’)**. The Committee is a delegated sub-committee of the Board. Its objectives, structure and composition, term of office, and duties and responsibilities, are as follows:

## Objectives

The primary objectives of the Committee are to develop policies and make recommendations to the Board in respect of:

- the organisational structure of Freightways Limited and its subsidiaries (FRE) to ensure adequate human resource development programmes are in place;
- the remuneration of senior executives of FRE with a view to ensuring that:
  - i) such employees are fairly and equitably remunerated relative to comparable positions within relevant New Zealand markets;
  - ii) such staff are adequately rewarded in relation to performance; and
  - iii) FRE is able to attract and retain people to ensure the achievement of FRE objectives;
- the remuneration of non-executive directors to be submitted to shareholders for approval, with a view to attracting and retaining the non-executive directors required to ensure the achievement of FRE objectives;
- the operating framework for senior management remuneration. Implementation of the framework is delegated to the Chief Executive Officer (CEO) in respect of senior management positions;
- a succession planning system for the CEO and senior management positions which identifies and targets individuals for development; and
- ensuring appropriate employment agreements are in place for the CEO and senior management positions.

The Committee shall also:

- review the performance, and the terms and conditions of employment of the CEO and his/her direct reports annually;
- recommend to the Board any allocation of share options under any share scheme run by FRE from time-to-time in accordance with authorities established by the Board; and
- recommend to the Board any annual payments of short-term incentives for the CEO and his/her direct reports.

## Structure and Composition

The Committee shall comprise of at least two Directors who shall be non-executive Directors, with a quorum of at least two members of the Committee.

Members will be appointed by the Board and will hold office until changed by Board resolution.

Management will not be represented on the Committee, but the Chief Financial Officer or the CEO may be invited to act as Secretary to the Committee. The CEO will provide recommendations to the Committee in respect of his/her direct reports and will participate in the deliberations of the Committee, except in respect of matters relating to his/her own remuneration. The Committee shall be able to request at any time the retirement from the meeting of any person invited to attend the meeting.

## Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- Liaise with the CEO in respect of any ancillary information it requires from any employee of FRE and/or any external party;
- Obtain external legal or other professional advice; and
- Require the attendance of FRE officers at meetings as the Committee deems appropriate.

## Functions of the Committee

In meeting the objectives of the Committee the functions of the Committee will include:

- overseeing FRE remuneration policy and human resource practices as appropriate;
- reviewing and recommending the remuneration of Board Members;
- reviewing and recommending the terms and conditions of employment and remuneration of the CEO and his/her direct reports; and
- making recommendations to the Board in respect of succession planning methodology and reviewing plans for senior management development to ensure organisational safety with respect to succession planning, including discussion with the CEO on performance pertaining to his/her direct reports.

## Meetings

The Committee shall meet formally at least twice per year and at other times, as it considers necessary. The proceedings of all meetings should be minuted.

## Accountability and Reporting

The Committee shall:

- be accountable to the Board;
- regularly update the Board about the Committee activities and make appropriate recommendations; and
- provide copies of minutes of all meetings of the Committee to each member of the Board at the next scheduled meeting of the Board.