

Remuneration Policy

Introduction and Purpose

Infratil supports the recommendation in the NZX Corporate Governance Code and the FMA Corporate Governance Handbook that the remuneration of Directors and executives should be transparent, fair and reasonable. This policy applies to Directors, and sets out Infratil's expectations for Portfolio Entities to adopt in relation to the remuneration of their executives.

Director Remuneration

The total remuneration available to Directors (in that capacity) is approved by Shareholders from time to time. The Board determines the level of remuneration paid to Directors within the amounts approved by Shareholders.

Directors are paid a base fee and may also be paid, as additional remuneration:

- an appropriate extra fee as Chair or Member of a Board Committee; and
- an appropriate extra fee for any special service as a Director as approved by the Board.

Remuneration is reviewed annually by the Board, and fees are reviewed against fee benchmarks in New Zealand and Australia and to take into account the size and complexity of Infratil's business. Details of the Director fee structure, and fees paid, are provided in the Annual Report.

Under Infratil's Constitution, Directors are not required to hold shares in Infratil. However, in recognition of the benefits of aligning Directors' interests with those of shareholders, non-executive Directors are encouraged to take up a portion of their fees paid through the issue of shares to those Directors. All Directors who take up this option either hold those shares themselves or those shares are held on their behalf by associated parties. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by Infratil.

Manager Remuneration

The day-to-day management of Infratil has been delegated to Morrison & Co, under a Management Agreement. The Management Agreement sets out the terms of the services provided by Morrison & Co and the basis of fees, including base fees and incentive fees. Details of fees paid to Morrison & Co are disclosed in the Annual Report.

Infratil's management includes people employed by the Morrison & Co, including the Chief Executive and Chief Financial Officer. Those people are remunerated by Morrison & Co, and the only cost to Infratil of these people is the Management Fee payable to Morrison & Co.

Portfolio Entity Executive Remuneration

Infratil's policy is that all Portfolio Entities should adopt remuneration policies for their executives which set remuneration at levels that are fair and reasonable in a competitive market, and that include elements that are dependent on the Portfolio Company's performance and the performance of the individual.

Establishing appropriate remuneration policies is complex and each Portfolio Company has a policy that is appropriate for its business – there is no "one-size-fits-all" methodology.