Australian Shareholders' Association
Australian Shareholders' Association Limited
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Qube Strives to Thrive

Company/ASX Code	Qube Holdings Limited/QUB
AGM time and date	Thursday, 23 November 2023
Location	PriceWaterhouseCoopers (PwC), Level 15, One International Towers, Barangaroo, Sydney
Registry	Computershare
Type of meeting	Hybrid
Monitor	Peter Gregory and Chad Moffiet
Pre-AGM Meeting	Yes with Chair Allan Davies, Rem Chair Jackie McArthur, GM Safety, Health and Sustainability Belinda Flynn, Corporate Counsel & Company Secretary Adam Jacobs and Investor Relations Manager Paul Lewis.

Monitor Shareholding: The individual(s) involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Re-election of Jacqueline McArthur	For
2	Adoption of the Remuneration Report	For
3	Approval of award of Performance Rights under the LTI Plan to the Managing Director	For
4	Approval of the grant of STI Rights to the Managing Director	For
5	Increase in Non-executive Directors' Fee Pool	For
6	Approval of Grant of Financial Assistance	For
7	Proportional takeover provisions	For

2. Summary of Issues and Voting Intentions for AGM

- Decarbonisation as a challenge and an opportunity –
    - During FY23, Qube made progress on its decarbonisation plan, including enhancing their climate-related financial disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures. Qube made additional investments in fleet upgrades, with 90 per cent of their heavy vehicle fleet now transitioned to Euro 5/6. Qube also trialled a range of alternative fuel technologies, including trialling the world's first electric triple road train.
    - In FY24, Qube's climate focus will be on strengthening and streamlining their data collection and management processes. It is expected this will facilitate greater transparency and traceability of Qube's supply chain emission data and provide them with the tools to improve how they manage and report their environmental impacts and progress.
    - Their dependence on diesel is the major focus for Qube.
    - Qube is committed to be ahead of its competition and to capitalise on this as a value add for its customers.

- Challenging market conditions –
  - Qube predicts inflationary pressures to remain and for economic uncertainty to continue into FY24. However, Qube expects that is well positioned to prosper in these tough economic conditions through a combination of their diversified operations, balance sheet strength, experienced management and operational team and network of strategic infrastructure assets.
  - While improving since last year, labour and skill shortages continue especially in regional areas for Qube Bulk, and for the Forestry sector in Australia and New Zealand. Qube aims to be an employer of choice through its strong culture, and by offering a broad range of opportunities and competitive remuneration.

- Board composition and renewal –
  - The board comprises 8 Non-Executive Directors (NEDs) of whom 4 who have been associated with Qube since its ASX listing in 2011. ASA does not regard these long-standing directors as being independent, and is concerned that the majority of NEDs, including the chair and deputy chair, are not independent.
  - As of 11 November 2023 (following the resignation of Nicole Hollows) Qube will have only 3 NEDs who have joined the board since 2019.
  - Nicole Hollows resignation will leave only one female director making Qube's target of 40% of female directors by 2025 more challenging.
  - Qube has an urgent need to address these issues of succession, independence and diversity while also achieving the right balance of skills and experience to lead the company forward. The chair acknowledges this and is committed to the right board appointments being made, indicating a preparedness to add a director during a transition period.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

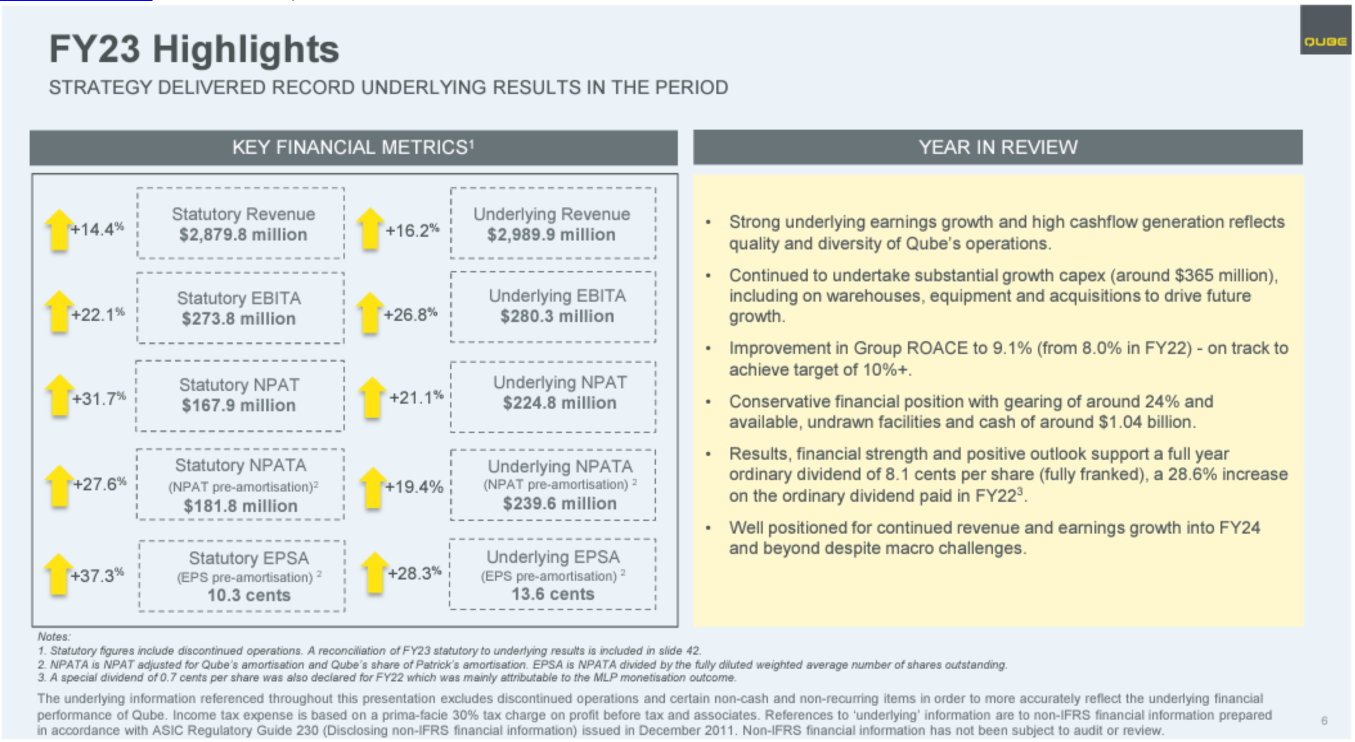
Financial performance

(As at FYE)	**2023**	**2022**	**2021**	**2020**	**2019**
NPAT ($m)	224.8	185.7	91.6	87.5	196.16
UPAT ($m)	239.6	200.7	142.5	104.2	123.2
Share price ($)	2.85	2.73	3.17	2.91	3.04
Dividend (cents)	8.1	7.0	6.0	5.2	6.7
Simple TSR (%)	7.3	-11.9	10.6	.2	22.8
EPS (cents)	10.3	7.1 *	4.8	6.2	12.5
CEO total remuneration, actual ($m)	2.87	3.14	4.18	3.54	5.22

* From continuing operations – excludes Moorebank monetisation

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

A good summary of the FY23 results are presented in the [Qube Managing Directors FY23 results presentation](). This chart provides an overview of Qube's record results in FY23:



The Qube business is very diverse with exposure to all of the Australian industries that move freight. And FY23 was like most years for Qube, where many of its business segments did well but some will face headwinds - Forestry and Resources did not deliver to expectation due to external factors. It is likely that in FY24 there will be some softening in containers from a general slowdown in the economy, that NZ forestry will be impacted by export demand, and that resources volume may soften. Although the FY24 guidance provided is for profit growth to continue, it is likely to be more modest than seen in FY23; Qube expect to deliver positive returns to shareholders despite external challenges.

With Qube's capital management there are two notable observations.

Firstly, Qube is a business that needs to continually invest capital to expand its capacity and productivity but will often not see the expected return on this investment for several years. An example of this is the continuing investment in the Moorebank logistics operation. The IMEX (the automated facility to move containers between Port Botany and Moorebank) has commenced operation but will not reach full capacity and functionality for several years. And the Intermodal which facilitates the movement of containers from Moorebank to interstate and regional destination – this is still under construction.

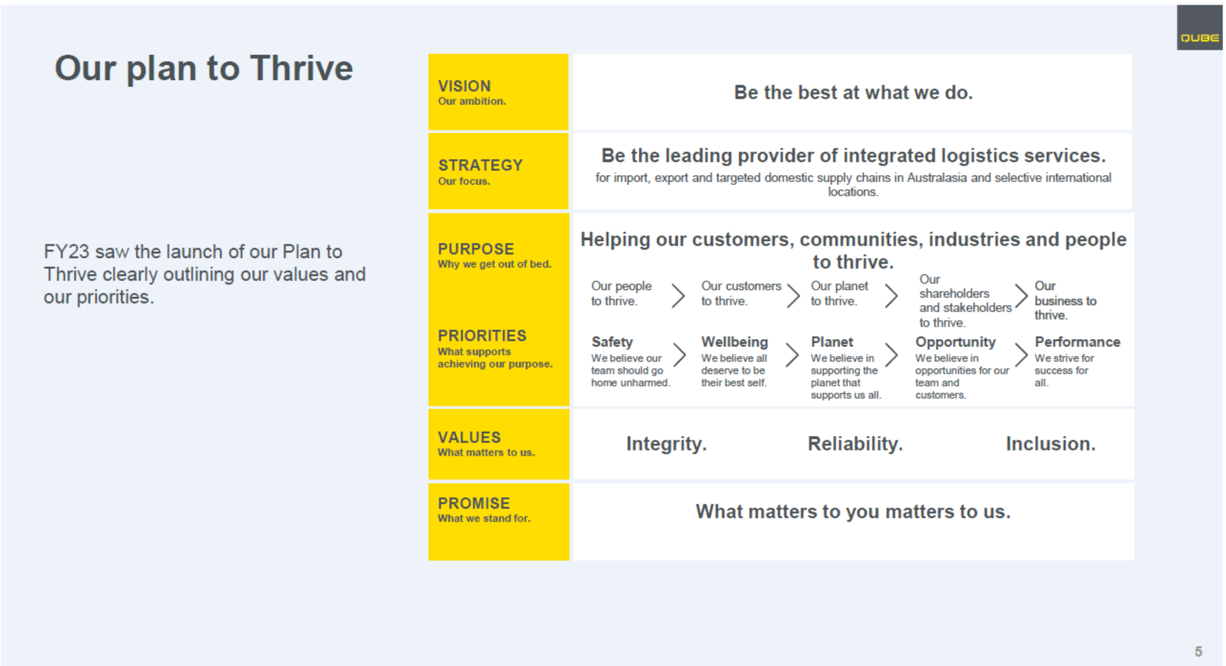
And secondly during FY23 Patrick repaid $100m of shareholder loans to Qube comprising $63.75m in cash and $36.25m converted into shares.

Qube has a strong balance sheet with a gearing of 23.7% and is well positioned to take advantage of opportunities that further enhance the business.

Governance and culture

As part of the board renewal process that is underway during FY23 Qube has put in place a NED recruitment policy, and a NED equity plan including minimum shareholding requirement of 100% of base board fee - existing directors have till May 2025 to comply.

Qube has a wide ranging group of customers and provides very innovative services to satisfy their logistics needs. To engage with stakeholders, including staff and shareholders, Qube presents a number of videos on their website to display their many capabilities. This breadth of Qube's offering to customers means Qube has a geographically distributed workforce with its 9000 people working across 180 locations. It is a challenge to embed a culture across this diverse organisation and in the Qube FY23 Sustainability Report the detailed story of Qube's journey is described. It starts with a clear and simply expressed statement of Qube's plan to Thrive –



This is actively shared throughout the organisation. The priorities of Wellbeing, Opportunity and Performance and the Values give the people of Qube an understanding of what they can expect from Qube and what Qube expects from them. Its implementation is supported by active involvement of all Qube people and measured through a simple scorecard for the organisation and the management. The culture of Qube is valued and developed as a key ingredient of the company's success.

Key events

Qube's has had a continuing approach of expansion into adjacencies where its capabilities and scale can deliver enhanced future results as well as further diversifying the business. In FY23 Qube made these strategic investments:

- The acquisition of 50% of the New Zealand Pinnacle Group, that operates a range of logistics services including empty container parks, container transport and refrigerated container maintenance and repair services. This provides an entry into the New Zealand containerised logistics market through a partnership with an experienced, quality management team. Qube expects to expand the business and move to 100% ownership during FY24.

- The acquisition of Kalari, a Queensland and South Australia based operator of road and remote bulk haulage that is complementary with Qube's existing bulk mine to market and mine resupply operations. It is synergistic with Qube's existing rail and port infrastructure.
- Qube completed its bulk warehouses in Rockingham and Port Headland and acquired land adjacent to its existing Esperance operations to expand that site.
- In February 2023, the National Intermodal Company (NIC) advised Qube that it had exercised its option to acquire land at Beveridge, north of Melbourne. Consequently Qube has an option to acquire up to 200ha of developable land for consideration consistent with the price paid by NIC to acquire this land. Qube is assessing whether or not to exercise the option and is reviewing potential funding and partnering options if it proceeds with this development.

4. Rationale for Voting Intentions

Resolution 1 Re-election of Jacqueline McArthur **- For**
Ms McArthur is seeking re-election for her second term as a director of Qube. She has had extensive supply chain and logistics experience as a user, rather than supplier of these services. Thus, she brings a perspective of different side of the industry to the board table. She has been a member and chair of the remuneration committee and has contributed to remuneration being better aligned with shareholders. At the AGM Jackie will be the only female director on the Qube board.

Resolution 2 Adoption of the Remuneration Report **- For**
The Remuneration Report is comprehensive and balanced, linking STIs and LTIs to financial and non-financial performance for long-term shareholder value. It is largely in line with ASA guidelines except that there is no financial gateway on the STI. However, the CEO STI scorecard is 50% direct financial outcome and 30% achievement of specific strategy and growth objectives that will lead to financial outcomes.
Overall, ASA supports this resolution as it aligns with performance, peer performance, market relativity, and shareholder benefits.

Resolution 3 Approval of award of Performance Rights under the LTI Plan to the Managing Director **- For**
This issue of Performance Rights is consistent with the Remuneration Report. The Managing Director's FY24 remuneration package includes a maximum LTI opportunity of $1,690,331. Therefore, he would be granted 560,989 Rights, which has been determined by dividing the LTI maximum opportunity by the 10-trading day Volume Weighted Average Price (VWAP) of Qube Shares of $3.01 following the announcement of Qube's FY23 financial results.
Vesting of these rights is subject to EPSA GAGR (60% weighting) and Relative TSR (40% weighting) as described in the Appendix of this report.

Resolution 4 Approval of the grant of STI Rights to the Managing Director **- For**
This issue of Rights is consistent with the Remuneration Report. The allocation of 233,147 Rights is 50% of the Managing Directors FY23 STI award, being $702,500. The number of rights allocated is based on 10 trading day VWAP of Qube's shares of $3.01.

Resolution 5 Increase in Non-executive Directors' Fee Pool **- For**
Qube last increased this fee pool in 2021. Total director fees in FY23 were $1.9 million and directors are considered to be fairly compensated. Thus, there is now limited headroom to sustain further fee increases and/or to allow for flexibility in new director appointments.

As part of Qube's director succession plans, it is expected that at least one additional NED will be recruited during FY24. We support this to increase the number of independent directors and to enable a period of director transition over the next few years. Given this an increase in the fee pool from $2.0 million to $2.5 million is appropriate.

Resolution 6 Approval of Grant of Financial Assistance **- For**

This is a resolution that is used where the assets and liabilities of subsidiaries for various reasons can't be grouped, and where during a transaction, the acquirers require security beyond the individual subsidiary engaged in the transaction. On 12 May 2023 a wholly owned subsidiary of Qube acquired 100% of the issued share capital of Kalari Pty Ltd; as described in full in the Notice of Meeting this resolution makes Qube compliant with obligations under its Financing Arrangements.

Resolution 7 Proportional takeover provisions **- For**

Qube is renewing, for a further 3 years, its constitutional provisions which prevents a takeover offer to be made for a specified portion of each shareholders shares. The ASA prefers full takeovers so that shareholders are not left with a controlling shareholder.

Under the Corporations Act, Shareholder approval of provisions relating to proportional takeovers extend for a three-year period. Once the three-year period elapses those provisions cease to have effect unless Shareholder approval is renewed by special resolution.

Appendix 1

Remuneration framework detail

CEO rem. Framework for FY23	Target* $m	**% of Total**	Max. Opportunity $m	**% of Total**	Actual FY23	**% of Total**
Fixed Remuneration	1.53	**36%**	1.53	**33%**	1.53	**54%**
STI - Cash	0.54	**13%**	0.75	**16%**	0.70	**24%**
STI - Equity	0.54	**13%**	0.75	**16%**	0.64	**22%**
LTI	1.62	**38%**	1.62	**35%**	Not vested	
Total	4.23	**100.0%**	4.65	**100%**	2.87	**100%**

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.
*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

The CEO's Fixed Remuneration in FY22 was $1,489,352, increasing to $1,534,043 in FY23 (+3.0%). The actual STI awarded for FY23 was $702,500 in cash, with a similar amount awarded in deferred equity, totalling 130.8% of the target and 93.5% of the maximum.

The CEO's total actual remuneration in FY2023 was $2.87M, of which 46% was performance related remuneration, which includes earned STI, and LTI which did not vest due to unfavourable movements in the Qube share price.

A large portion of the CEO's pay is at risk, contingent on meeting performance hurdles. For the CEO, the Max STI is 98% of Fixed Remuneration (FR), awarded based on financial measures and non-financial measures (Safety, health and sustainability, Strategy and growth, and Business and operations). In FY23, the CEO achieved 93.5% of the maximum STI, compared to 64.7% in FY22. STIs are paid in the following year, 50% in cash and 25% in equity, with the final 25% vesting as equity in the next year. STI Performance Rights are granted after the release of financial results and these Rights vest following the release of the subsequent year financial results.

Commencing in FY23 Qube's LTI is based on two metrics and is based on Performance Rights to be settled into fully paid shares after 3 years:

- Earnings Per Share Pre-Amortisation CAGR has a 60% weighting. There is a hurdle of 5% and maximum of 10%.
- Relative Total Shareholder Return has a 40% weight. This is against a peer group of companies with a hurdle at 50th percentile and maximum at 85th percentile.

Both commence with 31% of maximum payment at the hurdle and 100% at the maximum with a straight line pro-rata award in between.

For FY23 the actual payment was based on the previous LTI structure of Stock Appreciation Rights. It is not comparable to the new Performance Rights structure that was introduced for FY23 and which will determine shares to be awarded following FY25 results when the Performance Rights vest.

For FY23 fixed remuneration increased by 3% after consideration, as part of Qube's annual remuneration review process. This includes benchmarking like companies to ensure Qube is in line with market movements.