

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF FREIGHTWAYS LIMITED

Notice is hereby given to all Shareholders that the Annual Meeting of Shareholders of Freightways Limited (Freightways) will be held in the South Level 4 Lounge, Eden Park, Reimers Avenue, Kingsland, Auckland, on Thursday, 31 October 2019 at 10.00 am.

Business

- A. Chairman's introduction
- B. Chief Executive Officer's Review and Trading Update
- C. Resolutions

To consider, and if thought fit, to pass the following ordinary resolutions:

1. That Kim Ellis be re-elected as a Director of Freightways.
2. That Mark Verbiest be re-elected as a Director of Freightways.
3. That the total quantum of the annual Directors' fee pool be increased by \$33,145 from an aggregate of \$662,900 to an aggregate of \$696,045, such aggregate amount to be divided amongst the Directors as they deem appropriate.
4. That the Directors are authorised to fix the Auditors' remuneration.

To consider, and if thought fit, to pass the following special resolution:

5. That the Company amend its existing Constitution, in the manner marked up in the Constitution, as presented by the Chairman to shareholders at the meeting.

Resolution 5 is a special resolution and is required to be passed by a majority of 75% of votes of those shareholders who are entitled to vote and voting on the resolution.

Further information is provided under the heading 'explanatory notes'.

By Order of the Board

Mark Royle
CHIEF FINANCIAL OFFICER

2 October 2019

PROXIES AND REPRESENTATIVES

Shareholders may exercise their right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in their place. A proxy need not be a shareholder of the Company. A body corporate shareholder may appoint a representative to attend the meeting on its behalf. A combined admission card and proxy form is enclosed with this notice. If you wish to vote by proxy you must complete and sign the proxy form and send it to the Company's share registrar, Computershare Investor Services Limited. The proxy form will only be effective if it is received by the Company's share registrar no later than 10.00am Tuesday, 29 October 2019, being 48 hours prior to the commencement of the meeting. A reply paid envelope is enclosed if mailing the proxy form from within New Zealand. If you wish to deposit your proxy by fax, please send it to Computershare on fax (09) 488 8787.

EXPLANATORY NOTES

All references in this Notice of Meeting to the "Listing Rules" are references to the updated NZX Listing Rules dated 1 January 2019.

RESOLUTIONS ON RE-ELECTION OF DIRECTORS

Shareholders should note the average tenure on the Board among the current directors is 5 years, following the appointment of two new directors last year.

The Board is conscious of the need for both continuity of experience and board renewal. In the cases of both directors seeking re-election at this meeting, and who both have the longest tenure on the Board, it is intended that they both retire in a staged manner during the next three year term, enabling appropriate and orderly succession.

RESOLUTION 1: RE-ELECTION OF DIRECTOR

That Kim Ellis be re-elected a director of the Company.

Kim Ellis is retiring by rotation and offers himself for re-election. The Board has determined that Kim Ellis is an independent director and unanimously recommends that shareholders vote in favour of his re-election.

Kim Ellis BCA, B.ENG

Kim was appointed a Director in August 2009. He spent 28 years in chief executive roles in a number of sectors, including 13 years as Managing Director of Waste Management NZ Limited until its sale in 2006 to Transpacific Industries Pty Limited, and has developed businesses in both New Zealand and Australia. Kim is now a professional director working with both private and listed companies. Kim is currently a director and the Chairman of NZ Social Infrastructure Fund Limited, Metlifecare Limited and Sleepyhead Group Limited. He is also a director of Port of Tauranga Limited, FSF Management Company Limited and Ballance Agri-Nutrients Limited, and an advisor to Envirowaste Services Limited.

RESOLUTION 2: RE-ELECTION OF DIRECTOR

That Mark Verbiest be re-elected as a director of the Company.

Mark Verbiest is retiring by rotation and offers himself for re-election. The Board has determined that Mark Verbiest is an independent director and unanimously recommends that shareholders vote in favour of his re-election.

Mark Verbiest LLB CF Inst D

Mark was appointed a Director in February 2010 and Chairman in October 2018. He is a professional director with a strong working knowledge of technology and technology-related businesses, as well as having extensive capital markets experience. A lawyer by training, with widespread corporate legal experience in private practice, he spent over 7 years on the senior executive team of Telecom NZ through until mid-2008, where among other things he had executive accountability for two business units. Mark is currently a director of ANZ Bank New Zealand Limited, Meridian Energy Limited (Chairman elect from October 2019), and Chairman of PE Fund Willis Bond Capital Partners Limited and Mycare Limited, a privately held early stage digital company. Mark is also a member of the Advisory Board of The Treasury.

RESOLUTION 3: DIRECTORS' FEES

That the total quantum of the annual Directors' fee pool be increased by \$33,145 from an aggregate of \$662,900 to an aggregate of \$696,045, such aggregate amount to be divided amongst the Directors as they deem appropriate.

The Directors review fees annually to ensure the aggregate amount available for Directors' remuneration is adequate to allow Directors' fees to remain aligned with market levels. The increase in the aggregate fee pool requested of shareholders is 5%.

This year, the Directors obtained independent market advice from PricewaterhouseCoopers (PwC). A summary of PwC's benchmarking report is attached, including an independence declaration from the PwC engagement partner. The Directors propose to apply an increase this year which allows non-executive Directors to be paid at approximately or just below the median level of peer group market data presented in the PwC report. The proposed increase also allows for the introduction of fees for members of Board committees. Freightways is an outlier in not currently providing Board committee member fees. Board committees these days undertake a significant amount of work, as delegated by the Board.

It should be noted that currently the aggregate annual fees paid to directors amounts to \$613,000. The total amount of proposed fee increases the Board is contemplating paying going forward amounts to \$39,900 in aggregate above current levels, and would leave a balance of \$43,145 unused (6.2 percent of the aggregate increased fee pool) for any unforeseen and extraordinary work.

Last year's increase to the aggregate pool of Directors' fees was solely to allow for the addition of an Australian non-executive Director, who was appointed effective 20 August 2018. That Board appointment replaced the Board position held by the previous executive Managing Director, who retired effective 31 December 2017. The Directors did not apply any annual incremental adjustment to fees levels last year so the current fee levels have not been adjusted for two years.

In accordance with NZX Main Board Listing Rule 6.3.1, the Directors and their Associated Persons are restricted from voting on this resolution.

RESOLUTION 4: AUDITORS

The present auditors of the Company are PricewaterhouseCoopers. Under the Companies Act 1993 they will continue in office.

RESOLUTION 5: AMENDMENT OF CONSTITUTION

That the Company amend its existing Constitution, in the manner marked up in the Constitution, as presented by the Chairman to shareholders at the meeting.

The former NZX Listing Rules (dated 1 October 2017) have been replaced by updated NZX Listing Rules (dated 1 January 2019). A number of amendments are required to be made to the existing Constitution of the Company to make it consistent with the Listing Rules (as required by Listing Rule 2.18.1).

The amendments proposed are limited to those required to conform to the Listing Rules and certain minor changes to update aspects of the Constitution that are now outdated, to better reflect current practice, including for shareholder meetings to be conducted by a mix of in person and visual communications and to allow for electronic voting. References to clause numbers are to clause numbers in the Constitution as proposed to be amended.

The following amendments are proposed for the purposes of alignment with the Listing Rules and can be summarised as follows:

- **Election of Directors:** clause 13.1(e) has been amended to require each resolution for appointment of a director to relate to one director only, to comply with Listing Rule 2.3.3.
- **Director Rotation:** the director rotation framework set out in former clause 13.3 has been removed and replaced with a provision that makes all directors subject to the rotation requirements in the Listing Rules (currently these requirements are in Listing Rule 2.7).
- **Executive Director:** the term "Managing Director" has been replaced with "Executive Director" in clause 15, in line with the definition in the Listing Rules. References to the term of appointment of an Executive Director have been removed to reflect that the Listing Rules require an Executive Director (if any) to be subject to the same rotation requirements as the non-executive directors.

- **Voting at Meetings of Shareholders:** Clause 6 of Schedule 1 has been amended to require that voting at shareholder meetings must be conducted by poll so long as the Listing Rules require all voting to be conducted by poll.

The following amendments are also proposed:

- Updating the reference to NZX's company name in the Constitution from "New Zealand Exchange Limited" to "NZX Limited".
- Allowing for shareholder meetings to be conducted by a mix of in person and audio-visual communications.
- Allowing for the Board to provide for a means of electronic voting that enables those participating in a shareholder meeting via electronic means to transmit an electronic vote to the meeting.
- Removing the ability for notices of meetings of the Board or notices of written resolutions of directors to be delivered to the directors via facsimile.
- Making consequential changes in numbering.

Pursuant to the Companies Act 1993, the proposed amendments must be approved by a special resolution of shareholders. As the amendments do not impose or remove a restriction on the activities of the Company or affect the rights attaching to shares, the shareholder minority buy-out rights under the Companies Act 1993 do not apply.

The Company's solicitors, Russell McVeagh, have provided an opinion to the NZX that they consider that the Constitution after the proposed amendments will comply with the Listing Rules.

A mark-up of the Constitution setting out all of the proposed amendments can be viewed at www.freightways.co.nz/about/corporate-governance/.