



Freightways Limited

Directors' Fees Benchmarking
Report
Summary
27 June 2017

Independence declaration

PwC's Reward Services team has been engaged by Freightways' Board Remuneration Committee (the Committee) to provide independent benchmarking services in relation to Freightways' directors' fees (the Services).

As lead engagement Partner for the provision of the Services to the Committee, I declare that no influence has been brought to bear upon me or to the best of my knowledge and belief, any other member of the engagement team, by any Board member, employee or executive of Freightways or any other party regarding the services or outcomes of the Services.

In my professional opinion all members of the PwC engagement team are therefore independent for the purposes of the Services as outlined in the commentary to Recommendation 5.2 of the NZX Corporate Governance Code 2017.

Dated: 27 June 2017



Chris Place
Partner
PricewaterhouseCoopers

Summary – Freightways directors’ fees market analysis

Non executive directors’ (NEDs’) fee market data has been provided by PwC for Freightways from a peer comparator group of 18 NZX-listed companies. Details of the peer group are provided in Appendix 1.

The basis for the peer group composition was comparable market capitalisation. Companies included fall in a range of 50% - 200% of Freightways’ current market capitalisation of \$1,167m. The peer group sample was evenly weighted with 9 larger and 9 smaller companies than Freightways by market capitalisation. Median market capitalisation across the peer group was \$1,139m (average \$1,266m).

The table below shows a summary comparison of the current Freightways’ directors’ fees against the median of the peer comparator group. Data is current to 1 September 2016 and has been sourced from the PwC Directors’ fees database and supplemented with publicly available information from annual reports.

Summary Table:

Position	Sample	Market Median	Freightways’ fee policy	Comparison against median
Chairman	18	165,500	152,000	92%
Chair of Audit / Risk Committee ¹ (Aggregated)	16	99,400	90,500	91%
Chair of Audit / Risk Committee (Committee fee only)	16	16,700	10,500	63%
Chair of Remuneration Committee ² (Aggregated)	12	89,000	85,000	96%
Chair of Remuneration Committee (Committee fee only)	12	10,000	5,000	50%
NED	18	85,000	80,000	94%
Total Approved pool fee ³	17	720,000	533,000	74%
Total Fees Paid ⁴	17	626,000	487,500	78%

¹ Analysis of each of the 16 companies that had this role/paid additional remuneration to this role.

² Analysis of each of the 12 companies that had this role/paid additional remuneration to this role.

³ Analysis for the 17 companies who disclosed pool fees.

⁴ Analysis for the 17 companies for whom total fee spend could be determined from the most recent annual report.

Appendix 1 – Peer Group – Market capitalisation

Organisation name	Full market cap (\$m)	Annual revenue (\$m)	Gross assets (\$m)
Mainfreight	2,200	2,280	1,280
Trade Me	2,101	218	869
Kiwi Property Group	1,858	183	3,000
Chorus	1,858	1,008	4,094
Infratil	1,700	1,657	5,947
Goodman Property	1,613	166	2,461
Precinct Properties	1,459	146	1,739
Sky Network Television	1,447	928	1,944
Metlifecare	1,186	106	2,586
Summerset	1,092	86	1,707
Heartland Bank	914	282	3,547
Briscoe Group	888	583	298
Argosy Property Limited	831	100	1,456
NZ Refining Company	785	354	1,290
Fonterra Shareholders' Fund	748	147	637
Property for Industry (PFI)	729	71	1,122
The Warehouse Group	725	2,945	1,243
Sanford Limited	660	464	798

Source: Market capitalisation data: www.nzx.com, 28 May 2017, revenue and gross assets data from latest annual reports.