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Sustainability Report

20/21

Taking actions for tomorrow

Actions speak louder.

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At Freightways, we pride ourselves on being an entrepreneurial company. We've always been one to solve problems through actions. In this year's Sustainability Report – our first – we want to put on record how we are taking responsible actions that align directly with the Sustainable Development Goals (SDGs) we believe in, right now across our business.

As a major publicly listed company in the transport sector, many of the issues we're tackling are not easy fixes. For example, we cannot yet stop using diesel vehicles because the kilometre range of Electric Vehicles (EV's) is just not sufficient yet. But we can increase delivery efficiencies by accessing technology and through collaboration with different Freightways businesses so that our vehicles travel less kilometres. And we can charge appropriately for each delivery so that our courier drivers can earn more, and can afford to replace older vehicles with modern more efficient and environmentally friendly vehicles.

Our New Zealand operations meet the requirements of the Toitū carbonreduce certification.

We measure our greenhouse gas emissions in line with ISO 14064:1 2006, and we have committed to managing and reducing our emissions in respect of our organisational activities including vehicle fleet, contracted freight and office operations.

Up until now, we have been looking to improve performances year on year as our measure of success. Moving forward, we are starting to look at specific targets for each action that enable us to see whether we are doing enough or more than enough to fulfil our intentions.

This Freightways Sustainability Report sets the groundwork for a step-change. In the years ahead, we look forward to telling you more about the actions we are taking for tomorrow.

Timeline



Sustainable Development Goal (SDG) highlights, stats at a glance...



About Freightways

Freightways is a leading provider of express package and business mail services throughout New Zealand, with complementary businesses servicing information management sectors across Australasia.

The Group's origins date back to 1964 through New Zealand Couriers - a pioneer in the express package industry in New Zealand. Since commencing operations in Auckland, Freightways has grown organically and by acquisition to become a leading New Zealand service provider, with representation in every major town and city throughout the country. We now have businesses in Australia and New Zealand.

Our market leading brands mix a reliance on density with specialist knowledge in each niche.

Express Package

Our multi-brand strategy in the New Zealand express freight market caters to a range of customer needs and delivery timeframes. All share branch networks, air and road linehaul and IT. These brands include New Zealand Couriers, Post Haste, Castle Parcels, NOW Couriers, SUB60, Security Express, Kiwi Express, Stuck, Pass the Parcel and Big Chill Distribution. We also offer airfreight capability for our overnight Express Package delivery service through our joint venture airline, Parcelair.

Mail delivery

DX Mail is New Zealand's only dedicated business mail specialist, offering time-sensitive, physical postal services, from door-to-door to box-to-box.

Digital mailhouse

Dataprint offers mailhouse-print services and digital mail presentation platforms across New Zealand. Our technology and solutions transform data into effective communications with customers.

Information Management

The Information Management Group (TIMG) helps businesses manage their information, offering physical storage and information management services, as well as digital information processing services such as digitisation, automating business workflows, online back-up and eDiscovery services. We have offices in New Zealand and Australia.

Secure Destruction

Shred-X in Australia and TIMG NZ, offer document destruction, eDestruction and product destruction services. Shred-X also provides medical waste services under the Med-X brand.



Performance in FY20

\$630.9m
Revenue

\$47.4m
Net profit after tax

35.5 cents
Earnings per share

What we stand for

At Freightways, we aim to transform the value of everything we move.

Freightways is committed to redefining the future of delivery. We pick up, process and deliver things in ways that help our customers better negotiate their lives. We continue to build powerful, market-leading brands in our four core areas of business across Australia and New Zealand.



The differences we make

Every day we're rethinking the potential of movement to add value. Value is not created when things are static. Our brands move lots of things every day, and as we do so we use the opportunity of movement to explore what could happen to the things we're trusted to deliver.

- We delivered over 38 million mail items last year
- Our document destruction businesses recycled over 56,000 tonnes of paper via our secure destruction services
- Our airfreight network delivered 30 million kg domestically
- We have over 5000 staff and contractors
- We move more than 55 million courier items around New Zealand.

Our independent contractor business model

Our business model, established in 1964, is based on a partnership with independent contractors. Independent contractors own their own vehicles and pay for their own fuel and running costs. This means that they are accountable for their own productivity and are directly financially incentivised to minimise kilometres travelled to provide their services and, as such, minimise emissions.





Case Study

Rethinking the role of plastics across our businesses

Plastic satchels are used in our courier businesses to carry and protect our customer's products and documents because our packaging needs to be tough enough to not puncture or fall apart in use or in transit. Up until now, we have had little choice but to provide satchels derived from fossil-based virgin plastics, because the existing alternatives don't perform well or are not economically viable. The good news is – that's changing.

30%

We've already reduced the amount of plastic required to make our courier satchels by 30%.

Historically, we've used 'class 4' recyclable plastic satchels, often with some recycled content. But in recent years, we have made good progress towards reducing the harm that plastic causes, reducing the amount of plastic required to make our courier satchels by more than 30% and offering our customers a wide range of packaging choices, including a Greenpac™ range made from recycled paper, to avoid waste.

We are also partnering with the Soft Plastic Recycling Scheme to positively impact on the percentage of soft plastics being recycled in New Zealand. The scheme currently ensures that over 60% of Kiwis have access to soft plastic recycling within 20km of their home.

Right now we have a range of product trials underway that, once they are proven viable, will be rolled out to customers. To help us move forward, we have established four principles as part of Freightways' commitment to making better use of resources, lowering our environmental impact and meeting the expectations of our stakeholders:

- Eliminate the plastics we don't need;
- Innovate to ensure the plastics we do need are reusable, recyclable or compostable by 2025;
- Circulate the plastic produced, by significantly increasing the amounts of plastics reused or by ensuring it is made into new packaging; and
- Increase the recycled content in our plastic packaging

Over the past 12 months, we have been working hard to deliver on these commitments with a range of projects across the Group that, together, will: reduce fossil-based virgin plastics usage; reduce plastics in landfill and the environment; and reduce emissions relating to plastics.

Recycled Content Satchels

This year we are working to progressively introduce New Zealand-made satchels, with 80% of the plastic coming from packaging previously sent to landfill. With our supply partners we are developing, and field testing the new material so that our satchels are tough enough to cope with the wide range of products our customers ship.

Reusable Packaging

We are converting our freight consolidation bags from single-use plastic to a reusable bag design (that is also recyclable). During our sorting process, we consolidate satchels going to the same town or city to make shipping more efficient. The freight consolidation bags are central to this process and must be durable enough to carry large weights. Once opened, the new bag can be reused a number of times, avoiding the waste associated with single-use plastics.

Bio-Based Plastic Packaging

Many of our customers have been asking for more sustainable options to ship their products. We have now identified opportunities for bio-based plastic materials that are made from natural resources such as sugar cane. We are also investigating using two different forms of bio-based plastics: one that is compostable at home or in industrial facilities; and the other that can be recycled along with standard plastics.

We are working directly with New Zealand Government agencies as part of their procurement initiative which targets 'Broader Outcomes', to introduce bio-based satchels to ensure more environmentally friendly plastics are in circulation.

Over the past 12 months we have been working hard on a range of projects across the Group that, together, will reduce fossil-based virgin plastics; usage in landfill and the environment; and reduce emissions relating to plastics.

CEO's report

Taking every opportunity to do what we can

Mark Troughear
Chief Executive Officer



No business today can afford to ignore its wider environmental, social and governance responsibilities. As a significant member of the transport sector, we openly acknowledge that 95%+ of our current emissions are related to our use of fossil fuels. There are practical reasons why we can't change that immediately, but that hasn't detracted from us continuing to seek a more sustainable future.

We've always said that when the technology presents itself, we'll be ready to move. One of the reasons we have focused on improving our contractors' remuneration, for example, is ensuring that when the right vehicles are available, our people have the funds to buy them.

At the same time, we've taken a relentless approach to efficiency, improving consolidation for linehaul and reducing fleet numbers by 4.5%. These actions contribute to lowering our emissions while increasing our parcel volumes.

The UN Sustainable Development Goals (SDGs) underpin our sustainability efforts, and you'll see reference to them throughout this Report. Our five Goals now act as a framework for the actions of all our operations. Each of our business' strategic plans for example includes initiatives aimed at achieving our various SDGs, and we monitor these as part of our management reviews. Progress against the Goals is also reported and monitored at Board level.

This year, as part of our commitment to SDG3, we've focused internally on strengthening mental health and resilience. Recognising that lockdown has put our people under new pressures, we've ramped up our support and trained our leaders to better care for people holistically.

As part of our commitment to SDG8, we continue to provide pathways to move through the business. Our commitment includes leadership training for more than 300 people every year.

Addressing our SDG9 goals has helped us become the go-to people for a wide range of recycling challenges, particularly in Australia. Our Shred-X and Med-X brands have shown the value that can be generated from treating dangerous materials, particularly in a COVID-19 environment. In places like Victoria, our response has been to scale up and help out.

Our Toitū certification certainly adds credibility to the work we're doing around SDG13. We're pleased to see our carbon footprint continuing to reduce versus our revenue.

Of course, we can always do more – and we expect to do so as that becomes feasible. I certainly believe our relative emissions will reduce markedly as new vehicle options enter the market. Our destruction and recycling services will also expand, and our expectation is that we are on the verge of becoming a key enabler in this part of the world for high-value recyclables. Finally, we are confident that our collection and re-use of materials that have traditionally been relegated to waste status will accelerate within the medium term.

Choosing what matters most

How we prioritise our actions

We are committed to incorporating non-financial criteria into our broader decision making and public reporting to meet the rising interest from stakeholders in better understanding our company activities and their impacts.

Three years ago, we conducted an assessment to determine which issues are most material to how we do business and what we report. Specifically, we wanted to gauge which issues were of most interest to the business and which were of interest and concern to our wider stakeholders.

To do this, we drew on the Sustainable Development Goals (SDGs) developed by the United Nations because they represent a consistent set of goals within a cohesive framework.

They also align with our wish to take the right actions to improve the lives of our people, the communities we are part of, the environment and the priorities and interests of customers, investors and other stakeholders.

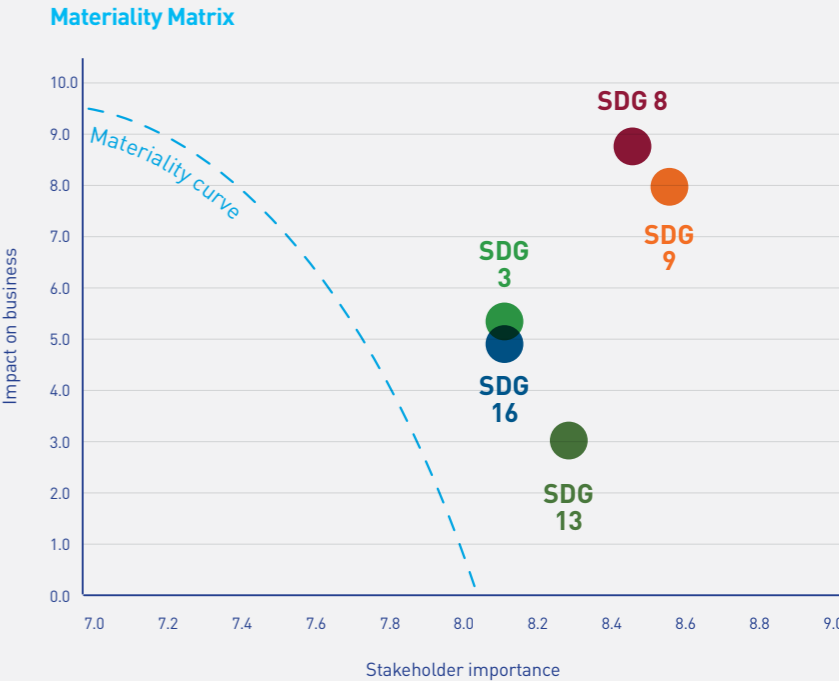
Our materiality process

We first engaged with our own people to identify which SDGs they felt were most important to the business. We asked a broad cross-section of our staff to identify which goals they felt we contributed to already and the ones they felt we should aim to deliver on within our businesses. We then asked a number of working groups to do the same.

To ensure that the SDGs felt real for people, we broke them down into tangible aspects using a combination of the framework's definitions and our own interpretation of what they meant for us in our business settings. We then asked individuals and working groups to score these aspects. We then aggregated the results and assigned those that ranked most highly around the higher-level SDGs.

We then engaged with clients and investors, asking them to rank the SDGs. To assist them, we provided the interpretation of the Goals that our people had used, and asked them to score which Goals were most important to them.

We ended up selecting five of the 17 SDGs as being of prime materiality. These Goals now form the basis for much of our decision making. We have used them in this report to structure the environmental, social and governance actions we have taken within the Freightways Group.





Good health and well-being

Our areas of focus

- Health and safety in employment – injury reduction
- Non-GHG emissions (e.g. particulate, NOx)
- Road safety
- Employee wellness programme

Key programmes and initiatives

The Movement focuses on physical health, mental health and building a sense of community for our employees and contractors across the Group. The Movement is a workplace wellness programme that is unique to Freightways and was developed to support all Freightways teams in becoming more active and to assist in making healthy lifestyle choices easier. The choice of name ‘The Movement’ was based on the general nature of the Freightways businesses – moving documents, parcels and other important items for our customers. We want to make sure employees keep ‘moving’ too.

All Freightways employees have the opportunity to seek assistance and help when personal or work issues arise that may impact on their ability to do their job or affect their wellbeing.

EAP Services offer staff assistance with a mix of professional and confidential counselling services for issues such as:

- Stress and pressure – personal or work
- Depression and anxiety
- Workplace issues and changes
- Bullying and harassment support
- Budgeting/financial advice
- Career planning
- Personal legal advice, and more...

TIMG NZ runs a quarterly employee Net Promoter Score (NPS) survey to monitor employee engagement, while Freightways Information Services (FIS) and TIMG AU actively monitor engagement through a cultural-climate tool, OfficeVibe. OfficeVibe results are measured and compared globally. We rank in the top 20% or better of all employers.

Our Promapp initiative ensures we have clear and consistent processes to track and resolve a full range of wellbeing and health and safety issues should they arise. Promapp is a web-based application used to

create, navigate, share and change business processes, enabling quality assurance, risk management and business continuity. Promapp provides an intuitive online process mapping tool, a central cloud-based process repository, a comprehensive process improvement toolset, supporting the development of smarter and safer ways to work & simplifying process mapping so that business teams can own and improve their own processes.

Other actions

Hundreds of our people took part in Pink Shirt Day this year to Kōrero Mai, Kōrero Atu, Mauri Tū, Mauri Ora – Speak Up, Stand Together, Stop Bullying. Unprompted, Freightways turned into a sea of pink to show our commitment to creating positive, workplace environments that are safe, welcoming and inclusive of everyone. We want Freightways companies to celebrate diversity and be places where everyone feels safe, valued and respected.

During Mental Health Awareness Week, we wanted to give ourselves the opportunity to redefine and rediscover what wellbeing looks and feels like. Each day we sent out an email to our teams focusing on a different wellbeing theme: connection to the land and roots, mental and emotional, physical, family and social, spiritual. Each day we also set a different challenge to help our people on their wellbeing journey, from visiting their local maunga (mountain) to joining with colleagues for a morning tea.

We rolled out the Mental Health Foundation’s “Working Well” training programme to 204 managers and team leaders. The training was developed to assist employers to create positive work environments and increase awareness of mental health and wellbeing at work. A series of 10 workshops were run across the country aimed at:

- Increasing our people’s knowledge and understanding of mental health and wellbeing;
- Giving practical tools to help leaders manage their own mental health and wellbeing; and
- Providing tools to managers and leaders to help support team members and colleagues who may be facing mental health and wellbeing challenges.

We recognise that improving wellbeing is not always easy but when people support each other, the challenge becomes easier and much more fun. Shred-X, Med-X, TIMG Australia and Messenger Services took on the Whole Life Challenge in September 2019 for 6 weeks to help improve 7 key habits: nutrition, exercise, mobilisation, sleep, hydration, wellbeing and reflection. Each participant set their own goals and then earned points for completing them, registering their achievements on their smartphone.

TIMG Australia, Shred-X and Med X introduced an employee portal called The Hive, which offers:

- Centralised company communications, employee-related information;
- Resources for mental, physical and financial wellbeing in the “wellbeing centre”; and
- A reward and recognition section that gives employees the ability to recognise others, facilitating more moments of meaningful recognition.

Results

- We had no Category 1 injuries in FY2020.
- Our Lost Time Injury Frequency Rate has been maintained at 10.
- We made significant progress towards being a safer company. 415 employees completed the new Agoge manual handling training. 374 employees completed dangerous goods awareness training. 24 employees completed manual handling leadership training.



The role of SDG3 in our business

People lie at the heart of who we are. Relationships, expertise and hard work are integral to our ability to add value on a daily basis. Our commitment to SDG3 reflects our commitment to protect the health and wellbeing of those who work here, and to minimise the adverse impacts that our vehicles have in communities. Applying this SDG to how we plan ensures that we always carefully consider the human implications in the acquisitions we make and the actions and initiatives we undertake.

813

Staff underwent some form of health and safety training

Zero

The amount of Category 1 injuries in FY2020



SDG8

Decent work and economic growth

Our areas of focus

- Profitability
- Professional development and Management/Leadership
- Growing the incomes of our contractors

Key programmes and initiatives

We set clear targets for our internal KPIs, our financial returns and the returns our investors can expect from us.

At every level of our businesses, many Freightways team members are also shareholders in our business due to our employee share purchase scheme.

We actively encourage our people to pursue a range of career pathways with us in a range of ways:

- Our induction programme Welcome;
- Freightways Fundamentals for those interested in enhancing their leadership skills;
- Our Management Concepts programme for our emerging leaders;
- Our Commercial Trainee Programme places new graduates in roles within the Group complete with mentoring;

- Our LEAD programme for senior leaders; and
- Everyone at Freightways has the opportunity to attend a course as part of their professional development.

Our courier business model includes specific 'payment for effort (PFE)' mechanisms to ensure our driver contractors are appropriately remunerated in areas such as 'residential delivery' and 'Saturday delivery'. This means that as well as targeting increases in average courier pay, our business financially rewards specific efforts around customer pick-up and delivery.

Our workplaces welcome, acknowledge and value diversity in our people – and we strive to be a fair employer for our staff and a good business partner for our contractors. We monitor team turnover, with team retention being one measure of the success of our company culture.



The role of SDG8 in our business

To be successful as a business, employer and as a partner to our contractor drivers, we need to foster an inclusive work environment and provide the services that meet the needs of our customers. Success depends on building an environment where a diverse team of committed Kiwis and Australians can contribute, develop their skills and be paid fairly. Our businesses growth is fuelled by encouraging our team of professionals to consistently learn and develop.



356

Staff completed self-improvement training of some form from July 2019 to June 2020

2700

Staff across New Zealand and Australia took part in our Diversity and Inclusion survey last year

Other actions

Each business inside the Group celebrates and acknowledges their staff in ways that fit with their culture.

Some examples are:

- Both Post Haste and New Zealand Couriers' create regular staff newsletters that acknowledge staff service and effort both inside the business and with community/charity activities they're involved in.
- Many Freightways businesses recognise significant work anniversaries with certificates and gifts.

Results

- Our profit in FY20 was \$47.3m.
- FY19 saw a 7% year on year increase in average contractor earnings to \$103.5K p/a across Express Package. In the first quarter of FY21 (till Oct 2020) that average increased a further 10%.
- 36 senior leaders have now completed our advanced leadership programme (LEAD), 12 in 2017, 2018 and 2019.
- 42 emerging leaders have now completed our Management Concepts programme since 2017.

- 167 people completed the Freightways Fundamentals programme – compared with 251 in 2018 and 90 in 2017.
- 111 people attended the Freightways Express Package Sales Training.
- We continue to diversify as an organisation. 11.3% speak more than one language, 48.1% are other than European, 43% are Millennials or Gen Z.



Industry, innovation and infrastructure

Our areas of focus

- Product and process innovation
- Customer experience
- Data security
- New business opportunities (e.g. waste diversion)

Key programmes and initiatives

We've introduced a product management and design thinking approach to how we innovate. Over the past 12 months we've put together a team called The Startery dedicated to the creation and incubation of new products & services (or even whole new lines of business). So far that's led to two new initiatives; one that is leveraging our existing capabilities, www.notwasted.co.nz, and one that is stretching our capabilities in a brand new data privacy market www.mychecks.co.nz.

Our Express Package teams are using data analytics to improve productivity – using heat mapping and other tools to improve efficiency, manage congestion and improve route planning.

Our Express Package teams are using data mining to better understand market verticals to better serve specific customer groups. We're using systems integration and parcel management to win new business and develop our existing portfolios.

Other actions and results

To promote product stewardship and a true circular economy, Shred-X has explored initiatives with used coffee cup recycling and repurposing partners. Through our partnership with Detpak RecycleMe™ and Closed Loop Environmental Solutions' Simply Cups programmes, Shred-X collected and processed approximately 87 tonnes of disposable coffee cups in the last financial year. Traditionally, disposable coffee cups are disposed of in landfill, however, through these partnerships, the cups collected by Shred-X are diverted from landfill and recycled or repurposed into new products.

Shred-X and TIMG NZ have achieved the highest industry certifications for their secure destruction facilities and operations located throughout Australia and NZ.



The role of SDG9 in our business

Freightways businesses are focused on adding value for our customers at every opportunity. Whether it is working to constantly improve our transport businesses, helping our customers improve their supply chain and 'final mile' services, or introducing 'step-change' improvements in our Information Management businesses, we play an integral role in helping our customers work more efficiently, responsibly and profitably.

56,000 tonnes

Of paper was diverted from landfill by TIMG NZ and Shred-X

87 tonnes

Of used coffee cups were collected from cafes and restaurants throughout Australia for repurposing



Through partnerships with recyclers, Shred-X and TIMG NZ recover over 98% of the material collected and processed through their facilities. They process over 56,000 tonnes of paper per year for recycling. Both companies continue to explore repurposing and recycling solutions for an array of products other than paper, including used coffee cups, Quick Service Restaurant (QSR) waste, electronics (e-Waste) and textiles, with an aim to ensure ethical disposal and landfill diversion wherever

possible. These disposal solutions include waste-to-energy conversion and recycling with various new technologies currently being explored.

In an industry where clinical and sharps waste is traditionally synonymous with landfill, Med-X is exploring robotic technology to support the reduction of landfill disposal and promote recycling.

This recovery system could reduce landfill volumes by over 28%.

'Hub & Spoke' freight distribution

We first introduced a 'hub & spoke' freight distribution methodology to New Zealand in 1982. This way of working promotes productivity and reduces emissions because vehicles travel fewer kilometres.



SDG13

Climate action

Our areas of focus

- GHG emissions
- Reducing plastic usage and waste (see case study, page 10)

Key programmes and initiatives

Our carbon footprint is Toitū carbonreduce certified and Toitū carbonzero certified. We use the Toitū carbonreduce carbon tool to link our targets to science. This is our sixth year of reporting under the Toitū carbonreduce programme.

- We support Keep NZ Beautiful.
- We are a member of the Love NZ Soft Plastic Recycling Scheme.
- Our Freightways Environmental Statement sets out our goals for growth, cleaner air, waste minimisation, education awareness and responsible partnerships.
- Emissions targets are set as part of the annual Toitū carbonreduce certification.
- Our CEO, Mark Troughear is an original member of the Climate Leaders Coalition – a coalition of leading companies that have committed to working together to make New Zealand businesses more sustainable.

Other actions

- Our CEO regularly reports to the Board on sustainability including emissions.
- Our annual report includes emissions and measures for our Group.
- We have been actively reviewing and testing new technology – e.g. DX Mail have been trialling hybrid motorbikes and Messenger Services are trialling electric trucks.
- TIMG in Australia have introduced LED automated lighting not only in offices but also the warehouses.
- Messenger Services have appointed a specialist to investigate new technologies as alternatives to traditional diesel vehicles.



The role of SDG13 in our business

The efficiencies that our transport business bring to our customers supply chain substantially reduce emissions through the economy. In addition, services such as supermarket to home deliveries, are now vastly reducing emissions and keeping private vehicles off the road using our modern fleet (which is now starting to introduce electric trucks - EV's). We are in what is now a high-emissions industry – but long-term planning and collaboration mean we are able to directly introduce supply chain improvements that will help safeguard the planet for future generations.

Our Sustainable Development Goals

freightways.co.nz

5,145.79 tCO₂e

Absolute reduction in Scope 1,2 and 3 emissions in 2018/19 against our base year of 2013/14

Results

By rationalising our runs, we have decreased the Freightways fleet across our brands by 4.5% whilst continuing to deliver the same number of items.

We achieved a 5,145.79 tCO₂e absolute reduction in Scope 1, 2 and 3 emissions in 2018/19 against our base year of 2013/14. However, compared to the base year, 2019/20 emissions increased by 358.50 tCO₂e due to Freightways introducing international airfreight during the COVID-19 period (to support Kiwi business needing export capacity).

From the base year of 2013/14, we reduced emissions intensity (for Scope 1, 2 and 3 emissions) by 33.24 tCO₂e/\$M.

In terms of actions to reduce our emissions, our key initiative (i.e. modernising our aircraft fleet) was completed just prior to 2017. We are now making evolutionary improvements including:

- Reviewing our courier run structures to significantly reduce the number of vehicles on the road;
- Embarking on initiatives around route optimisation, including using Artificial Intelligence (AI) for route planning; and
- Continuous conversion to LED lights in our facilities

We expect to continue to drive emissions reduction through our supply chain via freight/logistics, vehicle fleet, energy efficiency and packaging. These criteria are included in our suppliers' contracts.

Areas of focus are: assessing electric vehicles; packaging; our supply chain; transport; energy efficiency and logistics. We expect fit for purpose 'non-fossil fuel' vehicles (linehaul trucks/delivery-vans) to be major contributors to reducing emissions once they are feasible for our network requirements.

Key barriers we face are a lack of economically viable energy alternatives, the rate of technology development/innovation and access to low-carbon alternatives (e.g. EVs). In the current trading environment, the additional costs relating to reducing emissions are also challenging. In real terms, there are simply not EV courier vans or linehaul trucks than can travel the distances required to meet network connection requirements without recharging before travel segments are complete. Once EV's increase their effective travel range, they will be a viable option for more of our fleet – our team is keeping a very close eye on developing technologies for break throughs in this area. However, until 'non-fossil fuel' technologies have moved forward – maintaining

modern fleets ensures Freightways is minimising the environmental impact of their vehicle network.

Our carbon emissions for the year were as follows:

Scope	tCO ₂ e
Scope 1	3,884.41
Scope 2	825.95
Scope 3 Mandatory	18,165.11
Scope 3 Additional	27,953.63
Scope 3 One time	0.00
Total gross emissions	50,829.10

Run density

The key to increased fleet productivity, and therefore reduced kilometres travelled/reduced emissions, is to deliver more packages and make better use of existing fleet resources. We call this 'run density'. Over the last 10 years, our run density strategies have enabled our largest express package business to grow the volumes of packages delivered by 80% while only growing fleet size by 6%. Total gross GHG emissions (tCO₂e) per million dollars of revenue has decreased by 24% compared to base year of 2013/14.



SDG16

Peace, justice and strong institutions

Our areas of focus

- Integrity around ethics, bribery and corruption
- Transparency

Key programmes and initiatives

Our range of policies and processes includes:

- Charters for our Board and each of our sub-committees
- Code of Ethics
- Disclosure & Communication Policy
- Diversity & Inclusion Policy
- Insider Trading Policy
- Protected Disclosure (Whistleblower) Policy
- Remuneration Policy
- Risk Management Policy

Our website includes detailed information about:

- Our Board of Directors
- Our Leadership team
- Our brands
- Our results
- Our dividends – including our dividend history, reinvestment plan and policy

We report on our actions through:

- Disclosures to the NZX and ASX
- Climate Leaders Coalition Annual Questionnaire

Our actions

- We are committed to being a good corporate citizen.
- We pay taxes in the countries we operate in.
- We pay our suppliers on time, every time.
- We ensure we only enter into responsible partnerships.
- We abide by all laws and regulations.

Results

- We paid a total of \$18.9 million in income tax in FY20.
- No legal actions were brought against us by regulators or other authorities.
- We had no environmental or workplace safety breaches.



The role of SDG16 in our business

As a publicly listed business that partners with numerous other institutions and contractors in both Australia and New Zealand, our geographic spread of brands, employees and worksites, our desire to contribute to business and community leaves no flexibility in the context of ethics and legal obligations. Whether it be gender equality, diversity of thought and origin, or justice – we will be fair and accountable.

Zero

Legal actions brought against us

Zero

Environmental or safety breaches

Our environmental approach and strategies

We recognise that our core business is reliant on transportation to service our customers. As an emissions-intense organisation, we believe our commitment to the Toitū certification process will encourage our people and our partners to make environmentally positive decisions every day.



Guiding Principles

- We recognise that protecting the environment today is essential to creating a sustainable business future.
- We actively seek to minimise the environmental impact of all our activities.
- We work in partnership with all stakeholders to promote good environmental practice.
- We comply with relevant environmental legislation.
- We are a Toitū certified organisation. Our greenhouse gas emissions are measured in accordance with ISO 14064-1:2006 and we are committed to managing and reducing our relative emissions.
- We recognise that by gaining efficiencies for our core business model we enable our services to be delivered with as low environmental impact as possible.
- We regularly review our operational activities, systems and training to ensure our business practices are aligned with these guiding principles.

Toitū certification

Toitū certification allows us to take a very positive step toward reducing our carbon emissions and further minimising our relative impact on the environment. We are currently committed to a five year reduction plan, with longer-term targets being developed on an ongoing basis.



01 Our Responsible Growth strategy

Goal: To balance the commercial needs of our business with our responsibility to protect the environment in which we operate.

Supporting policies:

- When implementing our positioning, people, performance and profit strategies, we will incorporate tactics that support our environmental approach.
- We will ensure development, growth and capital projects align with our commitment to Toitū certification, so that as we grow we reduce our carbon emissions and minimise our environmental impact.

03 Our Conservation & Waste Minimisation strategy

Goal: To implement actions that, wherever practical, see us recycle, reuse and minimise waste of the products and resources we consume.

Supporting policies:

- Our range of recyclable courier satchels is currently transitioning to contain no less than 80% New Zealand sourced plastic waste.
- Wherever possible, our destruction business utilise 'best in class' recycling technologies to avoid resource waste and landfill solutions.
- We position and promote our document destruction business in the marketplace as 'secure recycling'.
- We encourage our customers to receive electronic invoices to minimise paper wastage.
- We commit to identifying, measuring and documenting our carbon emissions as part of our Toitū certification. We will continue to develop and refine systems to reduce emissions overtime.

05 Our Responsible Partnership strategy

Goal: To seek to partner and work with others who can demonstrate a commitment to the environment.

Supporting policies:

- To make our business partners aware of our environmental policy, our Toitū certification commitment, and the expectations arising from these.
- Where all other things are equal, to choose the partners and contractors who can demonstrate sound environmental policies.

02 Our Cleaner Air strategy

Goal: To promote cleaner air by minimising carbon emissions.

Supporting policies:

- Our vehicle fleet will not be leased for a period longer than four years to ensure that it's within current emission technology.
- As part of this transition we are continuing to trial hybrid and electric vehicles.
- Our contractors are strongly encouraged to use later model, lower emission vehicles.
- Our hub & spoke network is segmented and reviewed on a continuous basis to ensure minimisation of kilometres
- Our aviation business actively measures and manages its performance to ensure minimisation of fuel usage and emissions.
- We maintain Toitū certification by measuring our carbon emissions on a business by business basis and committing to managing and reducing them.

04 Our Education & Awareness strategy

Goal: To promote education and awareness of better environmental practice among stakeholders.

Supporting policies:

- We promote our environmental approach among staff and ensure individuals understand their role with our environmental objectives.
- Our suppliers are actively encouraged to demonstrate their environmental practices to ensure they align with our objectives.
- We actively promote the benefits of good environmental practice among our customer base.
- We endeavour to actively educate and communicate with our staff, contractors, customers and suppliers, our commitment to Toitū certification, ensuring they understand our objectives and the role they can play in achieving these.

Case Study

Shredding preconceptions

In Australia, our destruction businesses Shred-X and Med-X are successfully challenging preconceptions of what can be recycled, and building robust brands in the process.

98.5%

Diversion from landfill



Beyond paper destruction

Shred-X's secure destruction facilities and operations are in every State and Territory of Australia. Incorporating the latest and most environmentally sustainable shredding technologies, they have achieved the highest industry certifications. Through the company's partnership with Australian recyclers, Shred-X recovers 98.5% of the material collected and processed through its facilities (diverted from landfill).

Now processing almost 50,000 tonnes of paper per year for recycling, Shred-X continues to explore repurposing and recycling solutions for an array of products other than paper, including: used coffee cups; Quick Service Restaurant (QSR) waste; electronics (e-Waste); and textiles. The aim is to ensure ethical disposal and landfill diversion wherever possible. Disposal solutions include waste-to-energy conversion and recycling, with various new technologies currently being explored.

At the sharp end of sustainability

Sister company Med-X Healthcare Solutions is a brand built from the same sustainability and innovation blueprint. In an industry where clinical and sharps waste is traditionally synonymous with landfill, Med-X is exploring robotic technology to support the reduction of landfill disposal and promote recycling, even amidst increased essential service operations during the COVID-19 pandemic.

This innovative technology will deliver contactless waste disposal solutions as well as the recovery of single-use sharps containers. With this process, the clinical waste segment represented by single-use sharps would be almost fully recoverable and diverted from landfill. It is expected to reduce landfill volumes by over 28%.





“Thanks to their work, thousands of Kiwis have been able to live independent lives and reach their full potential, in ways that were simply impossible for other generations.”

As a Group and through our brands, we work with a variety of environmental, educational and charitable groups. That support has continued through the COVID-19 period.

Key community initiatives

- Kidsline (part of Lifeline)
- Keep New Zealand Beautiful
- The Hearing House (Loud Shirt Day)
- Beanies for Babies
- Auckland Rescue Helicopter
- Cancer Society
- Auckland Kidney Society
- McGrath Foundation
- Clontarf Foundation
- Child Cancer Foundation
- KidsCan
- Duffy Books in Homes
- New Zealand Breast Cancer Foundation
- Rotary St Johns
- Save the Kiwi Trust

Case Study

Our actions in the community

We engage with communities big and small through sponsorships that add support to what those communities value. We see being a good corporate citizen as an extension of working in a sustainable way and inspiring others to be responsible.

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Charities or communities across Australia and New Zealand helped

Hear's to The Hearing House

For 15 years New Zealand Couriers (NZC) has partnered with The Hearing House's amazing team of medical specialists and committed volunteers. The team at Hearing House are dedicated to helping children with hearing loss to listen and speak through cochlear implant and hearing technologies, along with appropriate support and therapy.

Thanks to their work, thousands of Kiwis have been able to live independent lives and reach their full potential, in ways that were simply impossible for other generations. Our New Zealand Couriers team contributes to their work in a range of ways: from hands-on support moving fundraising items nationwide during Loud Shirt Day to hosting youngsters at our workplaces and encouraging our branch staff to bring out their 'Loudest Shirts'.

Helping those affected by the bushfires

The Australian Bushfires of late 2019 made international headlines with over 18 million hectares of land destroyed and more than 2000 homes lost. The crisis raged on for over 200 days, exacting a human cost that included more than 30 people dead and more than a billion animals perished.

Shred-X chose to focus their fundraising efforts on helping two wildlife organisations - one in Victoria (Wildlife Victoria) and the other in NSW (WIRES). Our marketing sponsorship campaign focused on donating a percentage of our national Shred-X sales over a period of 1 month, while a concurrent staff fundraising initiative included the opportunity for Med-X and Shred-X employees to make a personal contribution to the wildlife funds. We are proud to have raised and donated over \$20,000 to WIRES and Wildlife Victoria.

Other community initiatives that our Shred-X team supported this year have included:

- NBCF (National Breast Cancer Foundation)
- Jeans for Genes
- Movember
- Convoy for Kids
- Special Children's Christmas Party

Encouraging the potential of young Aboriginal men

As part of TIMG Australia's celebration of cultural diversity in our workforce, we partner with the Clontarf Foundation. This hard-working organisation exists to improve the education, discipline, self-esteem,

life skills and employment prospects of young Aboriginal men and to equip them to participate more meaningfully in society.

As a corporate partner of the Foundation, we look to invest in the 'capacity building' of young Aboriginal men, empowering them to develop as individuals who will in turn, bring their positive energies and skills to their communities.

Can do for KidsCan

Freightways and our New Zealand businesses partner with KidsCan. Our special focus is on Kiwi kids at schools nationwide.

Education is a child's ticket out of poverty. It is how we at Freightways try to help break the cycle of hardship, and it is at the core of everything KidsCan does. Food, a warm jacket, solid shoes, feminine hygiene products - these are things we want every child to take for granted. We are helping to level the playing field, giving children whose families are struggling the same opportunity to learn as anyone else.

Glossary

Class 4
Low-Density Polyethylene
LTIFR
Lost time injury frequency rate
MSL
Messenger Services Limited
SDGs
Sustainable Development Goals
TIMG AU
The Information Management Group Australia
TIMG NZ
The Information Management Group New Zealand
Toitū
Toitū carbonreduce certification indicates a carbon footprint has been measured, verified and is being reduced in line with climate science and best practice

Company particulars

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Mark Verbiest (Chairman)
Kim Ellis
Abby Foote
Peter Kean
Mark Rushworth
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Auditors
PricewaterhouseCoopers 15 Customs Street West Auckland
Share registrar
Computershare Investor Services Limited 159 Hurstmere Road Takapuna North Shore City 0622 DX CX10247
Stock exchange
The fully paid ordinary shares of Freightways Limited are listed on NZX Limited (the New Zealand Stock Exchange)

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	Post Haste Limited 32 Botha Road Penrose DX EX10978 AUCKLAND Telephone: 09 579 5650 www.posthaste.co.nz www.passtheparcel.co.nz	Fieldair Holdings Limited Palmerston North International Airport Palmerston North DX PX10029 PALMERSTON NORTH Telephone: 06 357 1149 www.fieldair.co.nz
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