

## BOARD OF DIRECTORS - CHARTER

The Board of Directors of Freightways Limited (the Board) has resolved to establish this Charter to govern the manner in which the Board will function. The specific matters addressed by the Charter are as follows:

### DUTIES AND RESPONSIBILITIES

The Board has responsibility for the affairs and activities of Freightways Limited (the Company), which in practice, is achieved through delegation to the Managing Director charged with day-to-day leadership and management of the Company. The Managing Director also has special responsibility to manage and oversee the interface with the public and to act as the principal representative of the Company. In particular the Board will:

- Establish key corporate objectives and strategies for achieving those objectives;
- Monitor management implementation of the strategies;
- Approve budgets and monitor performance against budget;
- Ensure adequate risk management strategies are in place; and
- Monitor the timeliness of the Company's communications with its shareholders and other stakeholders.

The Board will follow the corporate governance rules established by New Zealand Exchange Limited (NZX).

Directors must act in accordance with their fiduciary duties in the best interests of the Company.

Directors must exercise all due skill and care in the performance of their duties.

Directors must at all times comply with this charter and the Company's policies and procedures and in particular the policies and codes applicable to:

- Ethics;
- Insider Trading; and
- Disclosure of interests in shares issued by the Company.

### COMPOSITION

In accordance with the Company's constitution the Board will comprise not less than 3 and not more than 10 directors.

The Board will be comprised of a mix of persons with complementary skills appropriate to the Company's objectives and strategies.

The Board must include not less than 2 persons (or if there are 8 or more directors, 3 persons or one third rounded down to the nearest whole number of directors) who are deemed to be independent in accordance with the definitions in the NZX Listing Rules.

The chief executive officer of the Company will not occupy the position of Chairman of the Board.

## INDEPENDENCE

In accordance with the NZX Listing Rules a director will be deemed to lack independence if he or she:

- Is, or is associated (directly or indirectly) with, a shareholder holding 5% or more of the shares on issue in the Company and is as a result likely to derive a substantial portion of his or her income from that relationship; or
- Is an executive of the Company.

## AUDIT AND RISK

The Board has established an Audit and Risk Committee to:

- Set the principles and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of external and internal audit; and
- Ensure the efficient and effective management of all business risk, and the efficient and effective compliance with relevant legal and company policy requirements.

## APPOINTMENTS

The Board has established a Nominations Committee to keep the performance and composition of the Board under review.

The Committee may put forward as director nominees any persons it considers are required to fill any vacancy or improve the composition of the Board.

The Committee must also review the performance of the Board annually and may make such recommendations in relation to that performance as it sees fit.

## REMUNERATION

The Board has established a Remuneration Committee to review annually the remuneration paid to Directors and senior executives of the Company.

Directors are encouraged to take a portion of their remuneration under the Company's performance based Director Share Ownership Plan in force from time to time.

## TRAINING AND INFORMATION

Directors will upon initial appointment be provided with:

- Detailed written information about the Company, its history and its business;
- Copies of all policies and procedures of the Company; and
- Such induction and training as the Board or the new Director considers necessary to ensure that the new Director has the knowledge and skills required to function as a fully participating member of the Board.

Directors will be provided with comprehensive papers not less than five days prior to each Board meeting.

Directors will be entitled to request any information about the operations of the Company.

All information provided to Directors about the Company and its business is valuable property of the Company and Directors must deal with it only in accordance with the Company's Code of Ethics and related policies.

The Board will regularly review its skills and knowledge and implement such training programmes as are necessary or desirable in order to ensure that Directors keep up with developments in:

- The Company's area of business;
- Standards of corporate conduct; and
- Legal compliance.

## **COMMITTEES**

The Board will establish Committees to deal with particular matters as it considers desirable or appropriate.

Standing Committees established by the Board, operating under their own Charters, are:

- Audit & Risk Committee;
- Remuneration Committee; and
- Nominations Committee.

## **DELEGATION**

The formulation and implementation of policies and reporting procedures for management, other than as referred to above, has been delegated to the Managing Director. This formal delegation is monitored as part of the formal business at meetings of the Board.

## **PERFORMANCE REVIEW**

The performance of the Board against this Charter must be reviewed annually by the Nominations Committee and any resulting recommendations must be implemented promptly.