

RISK MANAGEMENT POLICY

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Purpose

Freightways operates in an environment that contains a number of operational and strategic risks. It will actively manage risk to ensure it operates a safe workplace and is able to sustain the achievement of its business objectives.

Risk management techniques and capability assist managers to focus on uncertainties and vulnerabilities associated with the future, thereby improving the likelihood of meeting business objectives.

The objectives of the risk management policy and associated processes are:

- To allow Freightways to pursue opportunities that involve risk in an informed manner, so as to meet the expectation of stakeholders;
- To enable full and due consideration to be given to the balance of risk and reward in pursuing the achievement of Freightways’ business objectives;
- To apply risk management practices to enhance strategic, tactical and operational decision making; and
- To ensure that Freightways operates in a sustainable manner.

Scope

The Risk Management Policy applies to all Freightways Group companies and their employees.

Where Freightways has significant influence over an operation (including an equity interest) it will seek to promote the application of this policy.

Definition

Term	Definition
Risk	any threat, lost opportunity or circumstance that could compromise the safety and security of our customers and employees, or affect Freightways’ financial sustainability or the strength of its brands.

Responsibility and Accountability

The management of risk is a core management responsibility.

All management and staff are accountable to employ risk management processes within their area of control to aid in the achievement of business objectives. A process to ensure risk has been adequately identified, considered and can be managed, should be evident in all key decision-making processes.

The Managing Director, Chief Financial Officer and Subsidiary Management shall ensure that risks to the business are identified and evaluated, that effective responses and control activities are developed and that appropriate monitoring and timely re-evaluation is conducted.

The Board and its Audit and Risk Committee are responsible for setting policy, assessing and monitoring strategic risks and ensuring management maintains an effective risk management framework.

Reporting & Managing Risks

Each Subsidiary should establish and maintain risk documentation to monitor and report risks that threaten achievement of business objectives. Goals and targets for each Subsidiary should reflect its particular business and operating environment risks. Records and planning documentation should include information on risks associated with projects and initiatives.

Subsidiaries are responsible for communicating and reporting risk information to Freightways' Managing Director and Chief Financial Officer as part of the performance reporting cycle. This should include information on the status of risk response and control activities. Any risks rated as 'high' or which are considered to be outside Freightways' appetite or tolerance should be reported immediately.

The Freightways' Managing Director and Chief Financial Officer, working with Subsidiary Management, will update the Group Risk Profile drawing on Subsidiary documentation and report this profile to the Audit and Risk Committee on at least an annual basis.