

RISK MANAGEMENT POLICY

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Purpose

Freightways Limited (FRE) operates in environments that contain a number of operational and strategic risks. It will actively manage risk to ensure it operates safe workplaces 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 FRE 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 FRE's business objectives;
- To apply risk management practices to enhance strategic, tactical and operational decision making; and
- To ensure that FRE operates in a sustainable manner.

Scope

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

Where FRE 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 FRE's customers and employees, or affect FRE's financial sustainability, the strength of its brands or its ability to implement its strategy.
Senior Manager	Person who reports either (i) directly to the Chief Executive Officer (CEO) or (ii) directly to a direct report of the CEO.

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 Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Senior Managers shall ensure that risks to the FRE Group 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 & Risk Committee are responsible for setting policy, assessing and monitoring strategic risks and ensuring management maintains an effective risk management review and management process.

Reporting & Managing Risks

Each FRE Group company will perform an annual assessment of the risks that could prevent it from implementing its strategy and achieving its objectives. These risks will be assessed on their own for the likelihood of them happening and their potential impact on the profitability of the operations. Existing mitigation strategies will then be assessed and the materiality of the risk will be revised taking into account mitigation policies. These risks will be consolidated at FRE and strategies will be defined to ensure that all important risks are properly managed.

FRE's CEO and CFO, working with Senior Managers, will update the Group Risk Profile drawing on FRE Group company documentation and report this profile to the Audit & Risk Committee at each meeting and on at least an annual basis.