

AUDIT & RISK  
COMMITTEE CHARTER

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The Board of Directors of Freightways Limited (the Board) has resolved to establish a Committee to be known as the Audit & Risk Committee (the 'Committee'). The Committee is a delegated sub-committee of the Board. Its objectives, membership, term of office, and duties and responsibilities, are as follows:

## Objectives

The primary objectives of the Committee are as follows:

- 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. This objective enables the Committee to satisfy itself on behalf of the Board that management are discharging their responsibilities in accordance with established processes and wherever practical, best practice methodologies.
- To ensure the efficient and effective management of all business risk, and the efficient and effective compliance with relevant legal and company policy requirements.

## Structure and composition

The Board will annually confirm the membership of the Committee, which is to be comprised of a minimum of three non-executive Directors. The non-executive Chairman of the Board may be appointed as a member of the Committee or attend ex officio. The majority of Committee Members must be independent. All members must be financially literate. The Committee must have one member who is a financial expert and who has knowledge of the application of accounting rules and standards. However, where the current financial expert ceases to be a member of the Committee, it is acknowledged that the Committee may not have a financial expert for a short period while a replacement is found.

One of the members will be appointed Chairman of the Committee by the Board, but must not be the Chairman of the Board, either as an appointed member or ex officio.

The Committee has the authority to direct individuals to participate in the Committee from time to time, including but not limited to the Chief Financial Officer, the External Auditors and the Internal Auditors (if applicable).

## Meetings

The Committee will meet as it deems necessary to properly fulfil its obligations and discharge its duties. In addition, the Chairman is required to call a meeting of the Committee if requested to do so by any Committee member, the Company's Managing Director, the Chief Financial Officer, or the External Auditors.

A quorum shall consist of no less than three Committee members, one of whom shall be the Chairman or a nominee of the Chairman.

Minutes will be taken and presented to the next Board meeting.

Any Director of the Board shall be entitled to attend a meeting of the Committee.

## **Access**

The Committee shall have the authority to seek any information it requires from any officer or employee of the Company or any subsidiary company and such officers or employees are instructed by the Board to respond to such enquiries.

The Committee is authorised to take such professional advice as it considers necessary to execute its duties and responsibilities.

## **Duties and Responsibilities**

The duties and responsibilities of the Committee are as follows:

### ***External Audit***

- Recommend to the Board the appointment of the External Auditor and ensure through liaison with the External Auditor, that the Company and its subsidiaries are discharging their responsibilities to meet relevant legislation and regulatory requirements governing corporate entities, including generally accepted accounting practice and applicable financial reporting standards.
- Ensure the lead partner of the External Auditor is changed every 5 years.
- Approve the scope and emphasis of the annual audit plan, timetable and audit fee.
- Review draft financial statements with management and the External Auditors, and recommend final acceptance of the full financial statements for each financial year and half year to the Board.
- Provide advice on and review the Group's Annual Report prior to consideration by the Board.
- Receive, consider and ensure appropriate action is taken on the External Auditors' report to management on the status of internal control and management systems.
- Review accounting policies and practices, in particular new accounting policies or amendments to existing accounting policies, to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards.

### ***Internal Audit***

- Recommend the appointment of the Internal Auditors to the Board, where the internal function is outsourced.
- Review the nature, scope, objectives and function of internal audit, including review of and agreement to the annual internal audit plan, and regular review of achievement against the agreed plan. The annual internal audit plan should be developed having regard to the organisation's identified risks and risk treatment plans.

- Review issues identified by internal audit and the resolution of such by management.
- Ensure the continued independence of the internal audit function and that it complements and is consistent with the external audit programme, including assurance of compliance with corporate policies and procedures.

## ***Risk Management***

- Review and recommend to the Board adoption of the Risk Management Policy and management's recommended risk management framework.
- To review management's prioritisation of risks as set out in the framework and recommend key risks to the Board for which risk management plans will be developed and implemented.
- Review and approve management's annual risk management programme to ensure risks are managed in a systematic and prioritised manner and assessed regularly.
- Ensure management undertake regular legal and statutory compliance reviews, including assessment of all elements of the group.
- Review annually the Code of Ethics and related procedures to ensure compliance.

## ***Risk Monitoring and Reporting***

- Ensure the development of regular reporting mechanisms to the Board to give assurance on compliance with the Risk Management Policy.
- Where an internal audit function exists, review risk or compliance issues identified by Internal Audit and the resolution of such issues by management.
- Review the Risk Management Policy annually.
- Review and approve management's annual compliance management programme to ensure risks are managed and seek assurance that training is implemented in a systematic and prioritised manner.

## ***Protected Disclosures (Whistleblower) Arrangements***

- Ensure the Company has in place arrangements to facilitate the disclosure and investigation of serious wrongdoing in or by the Company and protect those who make disclosures of information about serious wrongdoing in accordance with the related legislation.
- Ensure the Company co-operates with any investigations of serious wrongdoing undertaken by an Appropriate Authority, Minister of the Crown or an Ombudsman.

## **Other Committee Duties**

- Review other financial issues as delegated by the Board.
- Identify and direct any special projects or investigations deemed necessary.
- Undertake other duties as delegated by the Board from time to time.
- Review the Committee Charter annually.
- Review Delegation of Authority to management annually.