

Risk Management

1 Purpose

Risk management is the culture, processes and structures that are directed towards identifying and controlling risks to ensure that they do not have a negative impact on the Company.

Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting.

Risk management allows for:

- More efficient strategic planning;
- Better cost control;
- Enhanced shareholder value by minimising losses and maximising opportunities;
- Increased knowledge and understanding of risk exposure;
- A systematic, well informed and thorough method of decision-making;
- Minimised disruptions; and
- Better utilisation of resources.

This policy outlines the systems, practices and procedures to be followed by the Company to ensure effective risk identification, management and compliance.

2 Policy

The Board determines the Company's "risk appetite" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The following committees have been established to assist the Board in internal control and business risk management:

- Audit and Risk Management Committee; and
- Remuneration, Nomination and Diversity Committee

The Board has delegated to the Audit and Risk Management Committee responsibility for monitoring the Company's risk management systems and reporting on its assessment of the effectiveness of such systems to the Board on a regular basis.

The Audit and Risk Management Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- annually submit a report on its assessment of the Company's risk management systems, practices and procedures in terms of effective risk identification and management and compliance with internal guidelines and external requirements;
- assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Remuneration, Nomination and Diversity Committee is responsible for mitigating the risk associated with the compensation arrangements for the Directors, the Chief Executive Officer, the executive committee and employees.

This Committee is also responsible for assisting the Board in appointing and terminating (if necessary) members of the Board.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks. This includes reviewing whether the Company has material exposure to economic, environmental and social sustainability risks. The Committee will decide if such exposure requires disclosure and whether the Company's policies relating to corporate responsibility are adequate to manage these risks;
- formulating strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- compliance with applicable laws and regulations;
- preparation of reliable published financial information; and
- implementation of risk transfer strategies where appropriate e.g. insurance.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back at least annually on this specific matter to the Audit and Risk Management Committee.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on at least an annual basis.

Each financial year, the Chief Financial Officer and Chief Executive Officer are required to provide formal representations to the Board confirming the Company's financial report is founded on a sound system of risk management with internal compliance and controls that implements the policies adopted by the Board; and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Every employee has a responsibility for ensuring that any known breach of an internal control is reported to the appropriate level such that it can be dealt with accordingly. Every employee is encouraged to identify and report to their manager any potential business risk.

The manager is then responsible for ensuring that the business risk is mitigated by establishing appropriate controls and monitoring the effectiveness of controls. Any significant control defect should be reported to the Audit and Risk Management Committee via the Chief Executive Officer.