



## RISK MANAGEMENT POLICY

### Purpose

It is the purpose of this policy statement to ensure that there is a shared understanding of what is meant by risk and risk management and the Company's objectives in seeking to manage risk.

### Definitions

**Risk** – The exposure to the possibility of something happening that will have an impact on organizational objectives. Risk arises out of uncertainty and has two elements: the *frequency/likelihood* of something happening and the *severity/impact* of the consequences resulting from that event.

**Risk Appetite** – This is the amount of risk, on a broad level, that the Company is willing to accept or tolerate in pursuit of its objectives.

**Risk Management** – The culture and process for the systematic application of policies, procedures, and practices to the tasks of establishing the context, identifying, analyzing, assessing, treating, monitoring, and communicating risks that will direct the Company towards the effective management of potential opportunities and adverse effects.

Essentially risk management is an obligation and desire to protect the Company's assets, staff, operational environment, and reputation as a provider of the highest quality products and services.

To achieve the economic expectations of Company's stakeholders, the organization must pursue opportunities involving some degree of risk. The Company's policy is to give full and due consideration to the balance of risk and reward, and as far as practicable, to optimize the rewards gained from its business activities.

### Objectives

- To use risk management to support and enhance our activities in all areas of our organization.
- To integrate risk management into the management culture of Company and to ensure that risk management is an integral part of all our decision-making processes.
- To use a structured risk management program to minimize reasonably foreseeable disruption to operations, harm to people and damage to the environment and property.
- To foster an environment where Company employees assume responsibility for managing risks and have the confidence to do so based on the training and empowerment provided by the organization.
- To strive to continually improve our risk management practices.

## **Rationale**

The rationale for this approach to risk management is that it:

- provides a structured basis for strategic planning;
- enhances the effectiveness and efficiency of Company's operations;
- encourages pro-active rather than reactive management;
- improves the quality of decision making throughout Company; and
- safeguards Company's assets, people, finance, and property.

## **Responsibilities**

- The CEO is accountable to the Board, through its Audit and Risk Committee for the implementation of the risk management plan and processes and is ultimately responsible for the management of risks in the Company.
- All Company employees are responsible for managing risks within their area of accountability and responsibility.

## **Procedures**

A systematic risk management program will be established based on Australian Standards.

It is the responsibility of all Company employees, involved with the application of risk management to be familiar with the requirements of this policy statement.

## **Monitoring and Review**

The Board, through the Audit and Risk Committee will monitor and review the implementation of the risk management program.

The CEO in conjunction with the CFO/VP Finance and the leadership team will facilitate the development of a common risk management approach across Company by:

- implementing the risk management program;
- sharing information with broad applicability across all areas of the business; and
- reporting on the progress of implementing the risk management program.