

## **RISK MANAGEMENT POLICY**

The Audit and Risk Committee is established by the Board to ensure that the Group has established a sound system of risk management. The Audit and Risk Committee is primarily responsible for operational and other non-financial risks and for financial and information technology risks.

### **1. COMPOSITION**

The Audit and Risk Committee will consist of at least three members, with at least two members being non-executive directors. The Chair must not be the Chair of the Board. Committee membership will be reviewed at least annually. A quorum shall be any two members.

The Audit and Risk Committee may invite attendance from any staff of the company and seek external advice to assist in its duties.

If a member or attendee has a conflict of interest in a matter this must be indicated at the commencement of the meeting. However, the Audit and Risk Committee will have the discretion to allow the person to participate in the relevant item or not, according to the Group's policy on conflicts of interest.

### **2. ROLE**

The Audit and Risk Committee is established to monitor and review on behalf of the Board the system of risk management which the Group has established. This system should identify, assess, monitor and manage operational and compliance risks.

The Audit and Risk Committee determines the Group's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control.

The Audit and Risk Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system.

Although it is not possible to provide absolute assurance that all corporate risks will be fully avoided or even mitigated, the Audit and Risk Committee should aim to minimise any adverse impact on the Group that may result from the occurrence of an identifiable corporate risk.

### **3. REPORTING PROCEDURES**

Meetings of the Audit and Risk Committee will be held at least two times per year. The Audit and Risk Committee must review and update this Risk Management Policy from time to time and assess the Audit and Risk Committee's effectiveness annually, with a view to ensuring that its performance accords to as great an extent as is mandatory and otherwise practical, with the ASX Corporate Governance Council's Principles and Recommendations and the CSA's National Policy 58-201 – *Corporate Governance Guidelines*, as amended from time to time.

#### **4. RESPONSIBILITIES**

In fulfilling its role outlined in section 2, the Audit and Risk Committee shall ensure that:

- it communicates any material changes to the Board as to the management of risk, the risk profile, and the associated internal controls of the Group;
- risks are identified and monitored through a systematic review of the Group and its operations;
- a risk register is maintained which describes the risks, the likelihood of occurrence, mitigating strategies and consequential risk. These must be updated regularly and reviewed by the Audit and Risk Committee every six months;
- adequate policies and procedures have been designed and implemented to manage risks identified;
- proper remedial action is undertaken to redress areas of weakness identified by the system of risk management and/or the Audit and Risk Committee;
- a system of reporting and investigating incidents, breaches or excessive risks operates effectively;
- when requested to do so by the Board or when the Audit and Risk Committee considers it appropriate, an investigation is undertaken and its findings reported to the Board;
- there is a system whereby the Managing Director and the Board are immediately notified of any information which might have a material effect on the price or value of the Company's securities, and that such information is publicly released in accordance with the requirements of the Company's disclosure policy and the applicable securities laws and rules;
- it obtains, each year, a statement from the Managing Director and Chief Financial Officer or any of their equivalents, to the Board that the Company's risk management and internal compliance and control system is operating effectively in all material respects;
- the Audit and Risk Committee Charter is made publicly available on the website; and
- the Company's annual report explains any departures by the Group from the Audit and Risk Committee Charter.

#### **5. SPECIFIC RISKS TO BE MANAGED BY THE COMMITTEE**

Outlined below are some specific operational and compliance risks, inter alia, which are the responsibility of the Audit and Risk Committee.

The Audit and Risk Committee is responsible for:

- promoting and supporting an organisational culture that is committed to risk management through open communication and effective risk management leadership;
- implementing a structured risk management training program to educate management and staff in the awareness of corporate risks and best practices in the management of corporate risks;
- reviewing the Group's main corporate governance practices as required under the applicable securities laws and rules for completeness and accuracy;
- ensuring appropriate policies, procedures, controls and monitoring and reporting mechanisms have been adopted by the Group to prevent breaches of and ensure compliance with all relevant legislation and regulations, including but not limited to matters relating to occupational health and safety, industrial relations, environmental and trade practices;
- ensuring there is adequate employee education and support to facilitate safety, security and good health in the workplace and monitoring of workplace safety;
- ensuring that the Group operates in accordance with the terms of all licences and permits issued to it by any government body or any other authority;
- ensuring that the management of the Group pays due attention to ethical considerations in implementing the Group's policies and practices;
- adopting procedures and policies for the improvement and preservation of the reputation of the Group; and
- ensuring that the Group has put appropriate insurance in place.