



## Risk Management Policy

### 1 Purpose

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

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 profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Company's policy on internal control takes into account the size and scope of current activities. Policies have been established to ensure:

- Capital expenditure and commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework;
- Managing government, political and statutory changes; and
- Environmental regulation compliance.

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 Board 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.

Key management personnel are required to assess risk management and associated internal compliance and control procedures and report back at least annually on this specific matter to the Board. The Board will review assessments of the effectiveness of risk management and internal compliance and control on at least an annual basis.

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 the Board any potential business risk. The Board is then responsible for ensuring that the business risk is mitigated by establishing appropriate controls and monitoring the effectiveness of controls.