

Summary: Risk Management Policy

Purpose and Objective

The identification and management of risk reduces the uncertainty associated with the execution of our business strategies and allows the Group to maximise opportunities that may arise.

Risk arises in many forms and can have positive or negative impacts on the Group's ability to achieve its stated objectives. Risk has the potential to impact the reputation, regulatory, operational, human resources and financial performance of the Group and thus our ability to meet our stated objectives.

Philosophy and Guiding Principles

The Group's philosophy and approach in effective risk management is underpinned by 3 key principles as follows:

- (i) **Culture.** We seek to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks, promoting prudent risk taking by minimising the hazard dimension of risk and maximising the opportunity dimension. In short, we seek to promote a risk-smart workforce across the Group.
- (ii) **Structure.** We seek to put in place an appropriate organisational structure that promotes good corporate governance, provides for proper segregation of duties, defines clearly risk taking responsibility and authority, and promotes ownership and accountability for risk taking.
- (iii) **Process.** We seek to implement robust processes and systems for effective identification, quantification, monitoring and controls of risk. We seek to improve our risk management and internal control policies and procedures on an on-going basis and ensure that they remain sound and relevant by benchmarking to global best practices.

On the above principles, the Group undertakes a continuous process of risk identification, monitoring, management and reporting of risks throughout the organisation, to provide assurance to the Board and stakeholders. The effectiveness of risk management policies, and processes is reviewed on a regular basis and where necessary improved. Furthermore, the risk management processes facilitates alignment of the Group's strategy and annual operating plan with the management of key risks.

Board Level Oversight

The Board has overall responsibility for the oversight of material risks in the Group's business. The Finance, Investment and Risk Committee ("FIRC") assists the Board in the oversight of the Group's risk profile and policies, effectiveness of the Group's risk management system including the identification and management of significant risks and

reports to the Board on material matters, findings and recommendations pertaining to risk management. The Audit Committee provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems.

Risk Management and Internal Control Model

The Board has approved a Group Risk Framework for the identification of key risks within the business. This framework defines 25 categories of risks ranging from environmental, operational and management decision making risks. The Group adopts the Committee for Sponsoring Organisation of the Treadway Commission (COSO) Model and the Australia / New Zealand Risk Management Standard (AS/NZ 4360) as the best practice benchmarks for assessing the soundness of its financial reporting, and the efficiency and effectiveness of its risk management, internal control and compliance systems.

Responsibility of Management

The identification and management of risk is delegated to management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals. The Risk Management Committee is comprised of relevant members from the Senior Management team and is responsible for setting the direction of corporate risk management, monitoring the implementation of risk management policies and procedures including the adequacy of the Group's insurance programme. The Risk Management Committee meets and reports to the FIRC quarterly.

Risk assessment and mitigation is an integral part of the Group's annual business planning and budgeting process. The key risk management activities also include scenario planning, business continuity / disaster recovery management and crisis planning and management. Close monitoring and control processes, including the establishment of appropriate key risk indicators and key performance indicators, are put in place to ensure that risk profiles managed are within policy limits. The Group has in place a formal programme of risk and control self assessment whereby line personnel are involved in the on-going assessment and improvement of risk management and controls in selected areas. Additionally, external consultants are engaged from time to time to review the Group's risk management framework and processes.

Assurance on Risk Management Effectiveness

Role of Internal Audit

The Group's Internal Audit function carries out reviews and internal control advisory activities which are aligned to the key risks in the Group's business to provide independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of the risk management, financial reporting processes and internal control and compliance systems.

Certification by Management

In order to provide assurance to the Board, via the FIRC, the CEOs of the business groups submit to the FIRC on a semi-annual basis, a report on the key risks and mitigation strategies for their respective areas. On an annual basis, the Group CEO and Group CFO provide a written certification to the Board confirming the soundness of financial reporting, and the efficiency and effectiveness of the risk management, internal control and compliance systems.