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## RISK MANAGEMENT

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### RISK MANAGEMENT REVIEW PROCEDURE AND INTERNAL COMPLIANCE AND CONTROL

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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 Board has established an Audit and Risk Committee to bring transparency, focus and independence to overseeing the Company's risk management framework.

The role of the risk committee is to:

- i. monitor management's performance against the entity's risk management framework, including whether it is operating within the risk appetite set by the board;
- ii. review any material incident involving fraud or a break-down of the entity's risk controls and the "lessons learned";
- iii. receive reports from internal audit on its reviews of the adequacy of the entity's processes for managing risk;
- iv. receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- v. make recommendations to the board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the board; and
- vi. oversee the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business.

The Audit and Risk Committee is granted all necessary powers to perform its role. This includes the right to obtain information, interview management and internal and external auditors (with or without management present) and seek advice from external consultants or specialists where the committee considers that necessary or appropriate.

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

- i. 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;
- ii. formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- iii. 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 practices are in place that are directed towards achieving the following objectives:

- i. compliance with applicable laws and regulations;
- ii. preparation of reliable published financial information; and
- iii. implementation of risk transfer strategies where appropriate eg insurance.

The responsibility for managing risk management and internal control effectiveness is delegated to management. Management is required to report quarterly to the Audit and Risk Committee on the items listed in points (i) to (vi) above and immediately in the event of any material incident involving fraud or a break-down of the entity's risk controls.

The Board will review assessments of the effectiveness of risk management and internal compliance and control at least annually.