RISK MANAGEMENT POLICY

1 PURPOSE

Recognising and managing risk is fundamental to the Company achieving its strategic objectives, and a crucial part of the role of the Board and management. Sound risk management practices can not only help to protect established value, but also can assist in identifying and capitalising on opportunities to create value.

The Company recognises that a failure by it to recognise or manage risk can adversely impact not only on the Company and its shareholders, but also other stakeholders which may include employees, customers, suppliers, creditors, consumers, taxpayers and the broader community in which the Company operates.

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its strategic objectives. To enable the Board to do this, the Company must have an appropriate risk management framework to identify and manage risk on an ongoing basis.

This policy sets out the Company's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Board, management and others within the Company in relation to risk management, and the resources and processes dedicated to risk management. Managing risk is the responsibility of everyone in the Company.

In this policy:

management refers to the senior management team as distinct from the Board, comprising the Company's senior executives, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.

risk means effect of uncertainty on objectives[1];

risk management means co-ordinated activities to direct and control the Company with regard to risk[2];

risk management framework is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Company[3].

2 WHO DOES THIS POLICY APPLY TO?

All directors, officers and employees of the Company must comply with this policy.

3 RISK APPETITE

The Board is responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives (**risk appetite**).

1 As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*
2 As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*
3 As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*

4 RISK MANAGEMENT FRAMEWORK

The framework adopted references the Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines* and involves:

4.1 Risk identification

The risks faced by the Company will be identified and documented in a risk register, as per the example in Appendix A, or equivalent. Risk identification will be undertaken as part of the Company's strategic planning and budgeting process, and may be carried out through a workshop with management and potentially the board, facilitated by an external service provider or by a member of management.

The Company's risks will be classified under the following broad categories:

(a) Commercial

(b) Portfolio management

(c) Health and safety

(d) Business continuity

(e) Operating capability

(f) Asset integrity and transport

(g) People

(h) Contractors

(i) Land access and environmental

(j) Cyber and data

(k) Climate

The individual risks which fall within these categories will be included in the Company's risk register.

4.2 Risk analysis

Once the list of risks is agreed on by management and the Board, the risks will be analysed by determining consequences of the risks eventuating and their likelihood. Existing risk controls and their effectiveness (as perceived by management) should be taken into account when considering how likely the risk event is to occur and the impact/consequences it will have on the business.

Risk prioritisation will be undertaken at the same time as risk identification and will be considered in light of a 5x5 risk matrix, as the per the example in Appendix B, or equivalent.

4.3 Risk evaluation

Prioritised risk should be compared with the risk appetite established by the Board. The output of this process will be a prioritised list of risks for further action.

4.4 Risk treatment

Where the level of risk is above the desired level, management will develop and execute an action plan to address the risk by either: transferring the risk; reducing the risk or accepting the risk or a combination of these approaches. When selecting the way a risk will be treated, the Company will consider the values and perceptions of stakeholders and the most appropriate ways to communicate with them.

4.5 Monitoring and review

The risk register will be reviewed, and if required updated, on at least a quarterly basis, or more often if required.

Risk is a standing agenda item at each Board meeting.

The risk management framework will be monitored and reviewed through the risk activities outlined in section 5. However, the Board may request independent verification in relation to all or some of the risk management framework or individual controls, via internal or external means.

4.6 Documentation

The risk management framework and processes will be documented.

5 RISK MANAGEMENT ACTIVITIES

The Company's annual risk management activities are divided into quarters as follows:

5.1 Quarter One commencing 1 July

Management:

(a) reviews and updates the risk register and/or completes an individual risk report for critical material business risks and presents the register and/or the report to the Board;

(b) the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration in accordance with section 295A of the Corporations Act 2001 (Cth) (**Corporations Act**);

(c) the Chief Executive Officer provides a summary of the Company's annual risk management effort, including a report to the Board on whether the Company's material business risks are being managed effectively; and

(d) prepares the disclosure for inclusion in the Company's corporate governance statement in its Annual Report.

The Board:

(a) notes the updated risk register and/or individual risk reports and questions management if required;

(b) notes the Chief Executive Officer and Chief Financial Officer declaration for the purposes of section 295A of the Corporations Act;

(c) notes the Chief Executive Officer summary regarding the Company's annual risk management effort (includingthe effectiveness report); and

(d) approves the disclosure for inclusion in the Company's corporate governance statement in its Annual Report.

5.2 Quarter Two commencing 1 October and Three commencing 1 January

Management:

(a) the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration in accordance with section 295A of the Corporations Act ;

(b) reviews the status of risk management strategies, and reviews and updates the risk register and/or complete an individual risk report for critical material business risks and provide the register and/or the report to the Board.

The Board:

(a) notes the Chief Executive Officer and Chief Financial Officer declaration for the purposes of section 295A of the Corporations Act; and

(b) notes the updated risk register/individual risk reports and questions management if required.

5.3 Quarter Four commencing 1 April

Management:

(a) the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration in accordance with section 295A of the Corporations Act;

(b) reviews this Risk Management Policy and make recommendations to the Board about any proposed changes;

(c) unless reviewed by a specific committee of the Board, reviews the Company's risk management framework to satisfy itself that it continues to be sound;

(d) reviews the Company's Board Charter and Audit and Risk Committee Charter and role descriptions for management to ensure accountability for all risk management is included;

(e) reviews and updates the risk register and/or completes an individual risk report for critical material business risks and presents the register and/or the report to the Board.

The Board:

(a) determines the Company's overall risk appetite;

(b) approves the Risk Management Policy and provides input into the Company's risk profile;

(c) notes the Chief Executive Officer and Chief Financial Officer declaration for the purposes of section 295A of the Corporations Act; and

(d) notes the updated risk register/individual risk reports and questions management if required.

6 RISK MANAGEMENT ROLES AND RESPONSIBILITIES

6.1 Board

The Board is responsible for setting the Company's risk appetite, for overseeing the risk management framework designed and implemented by management and to satisfy itself that the risk management framework is sound. The Board is also responsible for monitoring and reviewing the Company's risk profile.

Ultimate responsibility for the Company's risk management framework rests with the Board.

6.2 Chief Executive Officer

The Chief Executive Officer has responsibility for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The Chief Executive Officer is required to report on the progress of, and on all matters associated with, risk management as a standing item at each Board meeting. The Chief Executive Officer is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

6.3 Management

Senior executives are responsible for assisting the Chief Executive Officer identify, assess, monitor and manage risks.

6.4 Managers and supervisors

Managers and supervisors must:

(a) monitor material business risks for their areas of responsibilities;

(b) provide adequate information on implemented risk treatment strategies to management to support ongoing reporting to the Board; and

(c) ensure staff are adopting the Company's risk management framework as developed and intended.

6.5 Individual staff

All staff within the Company should:

(a) recognise, communicate and respond to expected, emerging or changing material business risks;

(b) contribute to the process of developing the Company's risk profile; and

(c) implement risk management strategies within their area of responsibility.

7 REVIEW

The Company's risk management framework is evolving. It is an on-going process and it is recognised that the level and extent of the risk management framework will evolve commensurate with the development and growth of the Company's activities. This policy incorporates the principles relating to effective risk management as detailed in the QCA Corporate Governance Code which the Company has adopted. An annual review of this policy will be undertaken by the Board.

Appendix A — Template Risk Register

Corporate Risk Register										
Category	Risk event	Impact	Resolution/Action	Responsible	Timing	Progress of Actions	Consequence	Likelihood	Risk	Update
						↔				
						↓				

Appendix B – Template Risk Matrix

			Consequence				
		Health and Safety					
		Environment					
		Community and Heritage					
		Reputation					
		Production & Financial					
Likelihood							
Historical:	*Frequency:*		1. Minor	2. Moderate	3. Serious	4. Major	5. Catastrophic
		5. Certain					
		4. Likely					
		3. Possible					
		2. Unlikely					
		1. Rare					

Findings rating and response obligations.

Risk Rating	Descriptor
Extreme	
High	
Medium	
Low	

Specific likelihood and consequence criteria will be set by the Company.