

Risk Management

Group Risk Management Policy

The Board is responsible for the approval and review of the group's risk management and internal controls framework and policies in accordance with its Risk Management Policy. However management of risk and the implementation of appropriate controls to mitigate such risks is the responsibility of management including taking out appropriate insurance policies for insurable risks associated with the Company's businesses.

The Company's approach to the management of risk includes both a 'top-down' strategic direction from the Board by communicating policies on standards and on authority and expenditure limits including through formal Delegation of Authority documents, and by a 'bottom-up' approach with reporting by management on internal controls, financial and non-financial processes and risk management action plans.

To assist the Board in discharging its responsibilities in relation to risk management, the Board has delegated the recognition and management of risk to the Audit & Risk Committee in accordance with its Charter.

The Company's formal Risk Management Methodology incorporates a holistic and structured approach to the identification and mitigation of business risks by key business units. This standardised risk approach covers strategic, operational, reputational, compliance and financial risks of each of the Company's strategic business units. The accountability for managing such key risks rests with the CEO and CFO of each business unit, including Corporate Head Office.

In accordance with the Risk Management Methodology, formal risk assessments are conducted at least annually, with reporting to the Audit & Risk Committee on major risks and action plans.

This includes reporting on all material financial and non-financial risks across all business units. Detailed sign-offs by key process owners and internal controls management questionnaires are completed by all business units at least annually as part of the Company's full-year and half-year financial reporting procedures.

Occupational Health & Safety

Independent Occupational Health and Safety compliance reviews are conducted on a regular basis on key businesses of the Company. Such reviews are either conducted by internal resources or in conjunction with external consultants. In addition, the Company's operations have scheduled workplace inspections and self audit systems to ensure compliance with Occupational Health and Safety Regulations.

Treasury

The Company's financial structure includes a number of covenants to various lenders, requiring a structured level of monitoring and management to ensure compliance. The Company's Treasury Risk Management Policy articulates the recognition, measurement and management of interest rate risk, foreign exchange exposure, hedging, credit risk, liquidity levels and monitoring of economic and financial conditions.

The parameters of the all policies, including the Treasury Risk Management Policy, are periodically reviewed by the Audit & Risk Committee to ensure they remain appropriate and address current issues.

Internal Audit

The Company's Group Internal Audit function, which is independent of all operating business units, performs regular internal audits on key areas of risk within the business to verify that the internal control framework is adequate and remains effective. In addition, projects conducted by Internal Audit also monitor the compliance with policies adopted by the Board including compliance with the relevant Delegation of Authority documents to verify that the policies adopted by the Board are implemented.

The Internal Audit Plan, agreed with management, is approved annually by the Audit & Risk Committee. A summary of key internal audit findings, and control weaknesses not adequately addressed by management, are reported directly to the Audit & Risk Committee. In addition independent external projects are conducted by specialist contractors reviewing and making recommendations for improvement on specific areas on a regular basis in key businesses within the Company.

Management Risk and Compliance Committee

The Company's Management Risk and Compliance Committee monitors the implementation and effectiveness of sound governance policies and procedures across the Group in line with ASX Recommendations. Such policies and procedures include the risk management and internal controls framework, the code of conduct and the compliance process adopted by management.

This Committee is supported by various divisional Management Risk and Compliance Committees with divisional management having on-going day-to-day control of business unit risks and the implementation of the necessary action plans. These divisional Management Risk and Compliance Committees report at least bi-annually on their divisional risk management, compliance programs and governance processes appropriately tailored to their specific industries, to provide effective management of all relevant matters.

The responsibilities of the Committee include the formulation of annual Compliance Programs and the co-ordination and monitoring of such programs to provide timely implementation and review of action plans. The Committee reports at least bi-annually on all material aspects of such risk and compliance programs to the Audit & Risk Committee and in writing to the Co-Chief Executive Officers and Finance Director (as Chief Financial Officer) on the appropriateness and effectiveness of these programs.

The Board also receives bi-annually a signed, written statement from the Co-Chief Executive Officers and Finance Director that, in their opinion, the financial statements give a true and fair view in all material respects of the Company's financial condition and that the Company's operational results are in accordance with accounting standards, and that this opinion is based on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.