

Risk Management Framework Policy

Introduction

This Risk Management Framework Policy (**Policy**) sets out Ridley Corporation Limited's (**Ridley**) commitment and approach to managing and embedding a risk management framework which promotes a culture of risk awareness and the achievement of Ridley's strategic objectives through the management of strategic and operational business risks, including long term risks such as climate change, environmental and social risks.

Risk Management Framework

Ridley's risk management framework is based upon the principles from AS/NZS ISO 31000:2018 Risk Management Guidelines and Principle 7 of the ASX Corporate Governance Principles and Recommendations.

Risk management is the combination of organisational systems, processes, procedures and culture that facilitates the identification, assessment, evaluation and treatment of risk in order to protect Ridley and assist in the successful pursuit of its strategies and performance objectives.

Ridley's risk process includes the following steps:



Roles and Accountabilities of Participants in the Risk Management Framework

Whilst the Ridley board of directors (**Board**) is ultimately responsible for the risk management framework, Ridley has developed a structure to identify and manage risks to the achievement of its strategic objectives across the business on an ongoing basis. All Ridley personnel have a role to play in the management of risk. The following describes the key roles and accountabilities.

Board

The Board is responsible for:

- approving this Policy;
- setting and approving the Risk Appetite Statement; and
- overseeing the implementation and effectiveness of the risk management framework.

To assist the Board in discharging its risk management and oversight responsibilities it established the Audit and Risk Committee (**ARC**) and the Ridley Sustainability Committee (**RSC**).

The ARC's roles and responsibilities include the review, oversight, and reporting to the Board on the following:

- the Strategic Risks and Business Unit Operational Risk registers, including the effectiveness of the key internal controls for managing and mitigating key risk areas and status of future risk treatments to be applied to further manage high and very high rated risks;
- the adequacy of risk reporting;
- adequacy of systems and processes to manage product quality;
- any material incident involving fraud or a breakdown of key controls; and
- compliance with the Financial Risk Management Policy, the Commodity Risk Management Policy, Corporate Governance Statement, Code of Conduct and the Taxation Policy, all of which support the Board Charter objective of effective management of risk throughout Ridley.

The RSC's roles and responsibilities relating to risk include the review, oversight and reporting to the Board on Ridley's progress in delivering the sustainability pathway.

Management

The Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**) and senior management are responsible and accountable for ensuring that material risks to the achievement of the Strategic Plan to the best of their knowledge are identified, analysed, evaluated and mitigated to the extent possible. This includes managing the operations and allocating resources in a manner that balances risk and reward that is consistent with the company's objectives, risk appetite profile and delegated authority.

Management is responsible for:

- the implementation of this Policy and the Risk Management Framework Procedure;
- regularly reporting to the Board/ARC on how effectively the organisation is managing its material risks and risk response strategies in place to manage these risks;
- regularly assessing and identifying current and emerging risks that may impact the achievement of the strategic objectives, and updating the risk registers;
- allocating resources to implement controls and strategies to manage and mitigate the key strategic, operational and emerging risks in order to operate within the Board's set risk appetite; and
- developing, fostering and monitoring the risk culture throughout the organisation to ensure it is consistent with the Board's Risk Appetite Statement.

The General Manager Strategy and Risk (**GMSR**) oversees risk management to help drive a positive risk culture throughout Ridley. Ridley outsources the Internal Audit function to a Consultant(s). The GMSR reports to the CFO and the Internal Audit Consultant(s) reports to both the ARC Chair and the CFO.

Risk Management and Internal Audit responsibilities include:

Risk Management

- day to day management of the risk management framework;
- assisting the business to ensure compliance with this Policy and the risk management framework elements;
- assisting the business to identify, monitor and respond to risks, both known and emerging;
- educating the business on the risk framework and supporting a risk culture; and
- reporting to the ARC on the status of material business risks and the strategies the business has in place to manage these risks.

Internal Audit

- developing an annual Internal Audit Plan that is risk based and focused on providing independent assurance on the effectiveness of internal controls designed to manage the material risks; and
- providing independent and objective assurance to the Board/ARC and senior management on the effectiveness of internal controls designed to manage Ridley's material risks.

Policy Review

This Policy applies to all Ridley subsidiaries and associates and is subject to review at least annually by the Board and will be amended (as appropriate) to reflect current best practice and changes in regulatory requirements.