IPH Limited
Risk Management
Policy

IPH Limited ACN 169 015 838

1. Introduction

Organisations of all types and scale face internal and external factors and influences that make it uncertain whether and when they will achieve their objectives. The effect this uncertainty has on an organisation's objectives is "risk".

All activities of an organisation involve risk. Organisations manage risk by identifying it, analysing it and then evaluating whether the risk should be modified by risk treatment in order to satisfy their risk criteria. Throughout this process, they communicate and consult with stakeholders and monitor and review the risk and the controls that are modifying the risk in order to ensure that no further risk treatment is required.

Largely based upon the AS ISO 31000:2018 "Risk management – Guidelines", this Policy describes this systematic and logical process. This Policy establishes a number of principles that need to be satisfied to make risk management effective. The purpose of this Policy is to establish how to develop, implement and continuously improve a framework whose purpose is to integrate the process for managing risk into the overall governance, strategy and planning, management, reporting processes, policies, values and culture of IPH Limited (**IPH**). Risk management can be applied to the entire organisation, at its many areas and levels, at any time, as well as to specific functions, projects and activities.

The adoption of consistent processes within a comprehensive framework can help to ensure that risk is managed effectively, efficiently and coherently across an organisation. The generic approach described in this Policy provides the principles and guidelines for managing any form of risk in a systematic, transparent and credible manner and within any scope and context.

Each specific sector or application of risk management brings with it individual needs, audiences, perceptions and criteria. Therefore, a key feature of risk management is to "establish the context" as part of the risk management process, capturing the objectives of the organisation, the environment in which it pursues those objectives, its stakeholders and the diversity of risk criteria which will help reveal and assess the nature and complexity of its risks.

2. Statement of policy

IPH is committed to the effective management of risk, which is central to the continued growth and profitability of the organisation.

The purposes of establishing this Risk Management Policy are to:

- provide a framework for setting objectives and establishing principles for action on risk management;

- take into account business and legal or regulatory requirements, and contractual obligations;

- align risk management with the organisation's strategic context in which the establishment and maintenance of the risk management framework will take place;

- establish criteria against which risk will be evaluated;

- specify how risk management performance will be measured and reported;

- ensure resources are available to assist those accountable and responsible for managing risk;

- ensure risk management activities are conducted and implemented in an agreed, controlled manner;

- achieve a risk management capability that meets changing business needs and is appropriate to the scale, complexity and nature of the organisation;

- ensure any material changes to the company's risk profile are monitored and disclosed in accordance with the company's *Continuous Disclosure Policy*; and

- ensure IPH can comply with the recommendations with respect to management and disclosure of risk set out in Principle 7 (Recognise and manage risk) in the ASX Corporate Governance *Council's Corporate Governance Principles and Recommendations* (4th Edition).

This Policy also specifies the ongoing management and maintenance of the risk management capability, including:

- assigning of accountabilities and responsibilities at appropriate levels within the organisation and within the broader IPH corporate group (**Group**);

- ensuring that the necessary resources are allocated to risk management;

- embedding of risk management within the organisation by communicating the benefits of risk management to all stakeholders;

- utilisation of risk treatment plans;

- updating and communicating of the risk treatment plans, particularly when there is significant change in premises, personnel, process, market, technology or organisational structure; and

- ensuring that the framework for managing risk continues to remain appropriate.

3. Risk Management

Goals and objectives (principles) for risk management

The primary goals for IPH's risk management framework are to support the achievement of maximum sustainable value from all the activities of the organisation; to enhance the understanding of the potential upside and downside of factors that can affect the organisation; and to increase the probability of success of, and reduce both the potential of failure and the level of uncertainty associated with, achieving the objectives of the organisation. Principles that guide IPH's risk management approach are:

- **Risk management creates and protects value.** Risk management contributes to the demonstrable achievement of objectives and improvement of performance in, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, service quality, project management, efficiency in operations, governance and reputation.

- **Risk management should become an integral part of all organisational processes.** Risk management is not a stand-alone activity that is separate from the main activities and processes of the organisation. Risk management is part of the responsibilities of management and an integral part of all organisational processes, including strategic planning and all project and change management processes.

- **Risk management must be a part of decision making.** Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

- **Risk management must try to address uncertainty explicitly.** Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

- **Risk management should be systematic, structured and timely.** A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

- **Risk management should be based on the best available information.** The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

- **Risk management should be tailored.** Risk management is aligned with the organisation's external and internal context and risk profile.

- **Risk management must take human and cultural factors into account.** Risk management recognises the capabilities, perceptions and intentions of people external and internal to the organisation that can facilitate or hinder achievement of the organisation's objectives.

- **Risk management should be transparent and inclusive.** Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the organisation (and, where relevant, decision makers at all levels within the broader corporate group), ensures that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

- **Risk management should be dynamic, iterative and responsive to change.** Risk management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

- **Risk management must be used to facilitate continual improvement of the organisation.** Organisations should develop and implement strategies to improve their risk management maturity alongside all other aspects of their organisation.

Risk management context and requirements

Risk management context and requirements are considered in more detail in IPH's Risk Management Framework. IPH's approach in assessing and managing other specialised risk management programs across the organisation and the Group should reflect the requirements of this Risk Management Policy.

Roles and Responsibilities

A suitable risk management structure must be created and operated for the purposes of planning, executing, monitoring, and improving the organisation's risk management processes. Within IPH and the Group, the risk management structure consists of the following:

- *The Board:* The IPH Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework, including setting risk appetite. The Board's Risk Committee assists the Board in this process.

- *The Board Risk Committee:* The objective of the IPH Board Risk Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to risk management for IPH and its related entities, including in relation to:

  - risk appetite and risk management framework;

  - risk policies, systems, processes and controls; and

  - the effectiveness of the Group's risk management framework.

- **The Chief Risk Officer:** The IPH Chief Risk Officer reports to and supports the Board Risk Committee and the Board, including by coordinating the:

    - development of the Risk Management Framework and this Risk Management Policy and keeping these documents up to date;

    - documentation of internal risk policies and structures in accordance with IPH's approved Risk Management Policy and Risk Management Framework;

    - risk management activities and appropriate risk management training; and

    - compilation of risk information and provision of reports for the Executive Risk Committee and the Board Risk Committee.

- **The Executive Risk Committee:** The Executive Risk Committee is comprised of members from IPH executive management, including the IPH Chief Risk Officer, and is responsible for periodically reviewing IPH's risk profile, fostering a risk-aware culture and reporting to the Board on the effectiveness of the risk management framework and of IPH's management of its material business risks, including risks across the Group.

- **Business Unit Boards and Business Unit Leaders:** Business Unit Boards and Business Unit Leaders are responsible for the effective identification, assessment, management, monitoring, reporting and control of risk within their areas of responsibility in accordance with the Business Unit's approved risk management process methodology, and for developing risk management performance targets and a risk aware culture.

- **Project Steering Committees:** Project Steering Committees are established for the purpose of internal projects coordinated by IPH. Project Steering Committees are responsible for reviewing relevant project risks and reporting material risks to the Executive Risk Committee.

- **All managers, supervisors and employees**: All managers, supervisors and employees are responsible for taking all reasonable and practicable steps to perform their responsibilities delegated under this Policy; implementing appropriate and agreed risk controls; reporting inefficient, unnecessary or unworkable risk controls; reporting risk events and near miss incidents; and cooperating with management on incident investigations.

Accountability

Enhanced risk management includes comprehensive, fully defined and fully accepted accountability for risks, controls and risk treatment tasks. Designated individuals must accept accountability, be appropriately skilled and have adequate resources to check controls, monitor risks, improve controls and communicate effectively about risks and their management to external and internal stakeholders. This can be facilitated by:

- identifying risk owners that have the accountability and authority to manage risks;

- identifying who is accountable for the development, implementation and maintenance of the framework for managing risk;

- identifying other responsibilities of people at all levels in the organisation for the risk management process;

- establishing performance measurement and external and/or internal reporting and escalation processes; and

- ensuring appropriate levels of recognition.

Risk accountability should be recorded in job/position descriptions, databases or information systems.

Integration into organisational strategy, governance and processes

Risk management should be viewed as central to the organisation's management processes, such that risks are considered in terms of effect of uncertainty on objectives. The governance structure and process are based on the management of risk. Effective risk management should be regarded by managers as essential for the achievement of the organisation's objectives.

Risk management should be embedded in all the organisation's practices and processes in a way that it is relevant, effective and efficient. The risk management process should become part of, and not separate from, those organisational processes. In particular, risk management should be embedded into policy development, business and strategic planning and review, and change management processes, and all decision making within the organisation and across the broader corporate group should involve the appropriate consideration of risks and the application of risk management.

The requirements, context, scope, risk criteria, definitions, and approach specified in the organisation's Risk Management Framework provide a structure and approach for specific risk management processes.

Resources

The organisation will allocate and budget for appropriate resources for risk management. Consideration should be given to the following:

- people, skills, experience and competence;
- resources needed for each step of the risk management process;
- the organisation's processes, methods and tools to be used for managing risk;
- documented processes and procedures;
- information and knowledge management systems; and
- training programs.

Policy communication

Enhanced risk management includes continual communications with external and internal stakeholders, including reporting of risk management performance, as part of good governance. Communication with stakeholders is an integral and essential component of risk management such that properly informed decisions can be made about the level of risks and the need for risk treatment against properly established and comprehensive risk criteria.

IPH will establish internal communication and reporting mechanisms in order to support and encourage accountability and ownership of risk. These mechanisms should ensure that:

- key components of the risk management framework, and any subsequent modifications, are communicated appropriately;
- there is adequate internal reporting on the framework, its effectiveness and the outcomes;
- relevant information derived from the application of risk management is available at appropriate levels and times; and
- there are processes for consultation with internal stakeholders.

IPH will establish mechanisms as to how it will communicate with external stakeholders, including complying with its obligations with respect to continuous disclosure with respect to risk, as well as the recommendations with respect to management and disclosure of risk set out in Principle 7 (Recognise and manage risk) in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th Edition).

Implementing risk management

Risk management in IPH and across the Group will be implemented by ensuring that the risk management process outlined in IPH's Risk Management Framework is applied through a risk management plan at relevant levels and functions of the organisation and the Group as part of its practices and processes. In implementing its framework for managing risk, IPH will:

- define the appropriate timing and strategy for implementing the framework;

- apply this Risk Management Policy and associated processes to existing organisational processes;

- comply with legal and regulatory requirements;

- hold information and training sessions; and

- communicate and consult with stakeholders to ensure that its Risk Management Framework remains appropriate.

Risk monitoring

Ongoing monitoring and review is necessary to ensure that the context, the outcome of the risk assessment and risk treatment, as well as management plans, remain relevant and appropriate to the circumstances. Any agreed improvements to the process or actions necessary to improve compliance with the process will be notified to the appropriate managers.

IPH will ensure that risk assessment and risk treatment resources are available to review risk, to address new or changed threats or vulnerabilities, and to advise management accordingly.

Continued improvement

An emphasis should be placed on continued improvement of risk management through the setting of organisational performance goals, measurement, review and the subsequent modification of processes, systems, resources, capability and skills.

This will be supported by (at least) an annual review of performance and revision of processes, and the setting of revised objectives for the following period.

Version	Date	Approved by
2.0	17 June 2021	IPH Board