RISK MANAGEMENT POLICY

POLICY STATEMENT

The identification and effective management of risks are a priority of the Board and the Audit and Risk Committee.

This Risk Management Policy assists the Board in fulfilling its risk assurance and audit responsibilities.

DEFINING RISK

Risk is anything that has the ability to impact on our ability to achieve our goals and objectives and is therefore interconnected with the business plan and our strategy. Risk is assessed in terms of a combination of the impact and likelihood of an event occurring, and can be categorised according to the areas they could potentially impact, including:

- Operating risks;
- Financial risks;
- Organisational risks; and
- Corporate risks.

Arvida accepts some commercial risks in order to achieve strategic objectives and to deliver shareholder value.

OBJECTIVES

Arvida has a number of risk management policies, as well as related internal compliance systems that are designed to:

- Optimise the return to, and protect the interests of, stakeholders;
- Safeguard Arvida's assets and maintain its reputation;
- Improve Arvida's operating performance; and
- Fulfil Arvida's strategic objectives.

ROLES AND RESPONSIBILITIES

The Board is ultimately responsible for overseeing the effectiveness of the risk management system, and the adequacy of the internal compliance and controls, which it believes should be monitored and managed on a continuing basis. Arvida has in place number of mechanisms and internal controls intended to identify and manage areas of material business risk. These include:

- Board committees, such as the Audit and Risk Committee;
- Information management systems;
- Detailed management and financial accounting reporting systems;

- Systems to ensure that capital expenditure above a certain size obtains prior Board approval and that business transactions are properly authorised and executed;
- Financial controls and procedures;
- Established organisational structures, setting out clear lines of responsibility for staff;
- Maintenance of an internal risk register;
- Occupational and health and safety policies. Arvida's health and safety objectives are met by:
    a) Documenting overarching performance standards with measurable indicators in a Health and Safety Management Plan. The Plan identifies health and safety risks and details how these risks are to be managed by Arvida. It is reviewed every two years;
    b) Documenting health and safety policies and communicating these to all employees;
    c) Monitoring, analysing and evaluating health and safety processes and performance data to identify areas of improvement and acting on any improvements identified; and
    d) Monitoring and annually appraising the health and safety performance of senior managers and employees;
- Regular building services monitoring and maintenance; and
- Comprehensive human resources policies.

Arvida, through the Board, Audit and Risk Committee and senior management team, continually monitors and, where necessary, updates the operation and implementation of the risk management system to ensure that Arvida continues to have an appropriate and effective system in place to manage material business risks.

Day to day management and oversight of material business risks, and internal compliance and control systems, is carried out by the senior managers and employees through systems designed and implemented by the senior management team under the guidance of the Board. Those systems provide senior managers and employees with:

- A systematic and uniform process, together with the necessary tools and resources, to enable them to assist in the identification, assessment, monitoring and management of material business risks within their sphere of responsibility.
- Clear communication channels regarding the reporting of material business risk issues and if necessary, the procedure for escalating the issues which arise, or which have the potential to arise, to senior management.

The CEO and senior management team have the primary responsibility to advise the Audit and Risk Committee of any material business risk issues, to provide reports for the Committee and other Directors to review, and for taking steps to address or prevent the occurrence or reoccurrence of such issues.

BOARD IS ULTIMATELY RESPONSIBLE

The Board ultimately has responsibility for internal compliance and control. The Board will report annually to investors and stakeholders on risk management and identification.