



RISK MANAGEMENT POLICY

1. Purpose of managing risk

The Alesco Group is committed to minimising uncertainty in achieving the company's objectives through an effective and efficient risk management framework.

The **Alesco Group** faces many risks including financial, human capital, technological, compliance, environmental, sustainability, operational, strategic, reputational, ethical and product related risks. The Alesco Group's policy is to balance these risks with rewards in conducting its business activities. The Alesco Group is prepared to take advantage of potential opportunities while managing potential adverse effects so as to meet its objectives of delivering sustainable growth and value to shareholders.

2. Alesco's risk framework

The Alesco Group's approach is to embed risk management in the everyday company practices and business processes so that it is relevant, effective and efficient. While part of the everyday business process, risk identification is to be considered in connection with:

- strategic and operational planning;
- management and board decision making;
- project planning and execution;
- change management processes.

The Alesco Group's approach is to provide a cohesive and unified approach to managing material business risks faced by the Alesco Group. The Alesco Group will achieve this through a Risk Management Framework which will:

- identify functional areas of risk;
- set the vision for risk management across the Alesco Group;
- identify the requirements and ensure compliance with applicable standards; and
- identify the systems and processes by which risks are identified, assessed, reported, mitigated, monitored and reviewed.

3. Risk management responsibilities

The Board

The Board of Alesco is committed to good corporate governance practices to ensure that the Alesco Group is directed and managed appropriately. In this regard, the Board of Alesco is committed to ensuring accountability and that control systems are commensurate with the risks involved to enable Alesco to create value and optimise its performance. It is responsible for the oversight and review of the Risk Management Framework at the Alesco Group to ensure it is sufficiently clear and in line with the company's overall risk tolerance and expectations of stakeholders and for reporting to stakeholders on how risks are managed at the Alesco Group.

To assist the Board of Alesco in this role and, in addition to its financial reporting obligations, the Audit and Compliance Committee is responsible for monitoring the overall risk management framework and policies of the Alesco Group.

In doing this, the Audit and Compliance Committee will monitor whether:

- the systems of control which management have established effectively safeguard the Alesco Group's assets (both real and intangible);
- the accounting records are properly maintained in accordance with statutory requirements;
- there is a sound system of risk oversight, management and internal control;
- financial information provided to the Board of Alesco, shareholders and potential investors and to the public is relevant and reliable; and

In performing this function, the Audit and Compliance Committee will periodically report to the Board of Alesco on these matters.

Chief Executive

The Chief Executive is responsible for the overall risk management system, including:

- providing leadership in relation to identifying and managing material business risks in the business;
- identifying and prioritising the company's material business risks;
- monitoring the status of control or minimisation strategies in relation to those material business risks;
- periodically reporting on material business risks to the Board of Alesco and Audit and Compliance Committee;
- ensuring the risk management framework is implemented across the different areas of operations.

Group General Managers

The Group General Managers are responsible for the overall risk management system of their division, including:

- providing leadership in relation to identifying and managing material business risks in the business;
- identifying and prioritising the material business risks;
- monitoring the status of control or minimisation strategies in relation to those material business risks;
- periodically reporting on material business risks to the Chief Executive of the Alesco Group, and where necessary the Board of Alesco;
- ensuring the risk management framework is implemented across the different areas of operations.

Senior Executives

Senior executives (who are not otherwise Group General Managers) are also expected to participate in the risk management process, including:

- identifying and prioritising material business risks relevant to their areas of responsibility in line with their strategic and business plans in their respective business areas;
- monitoring and reviewing these risks and the controls in place to minimize the risks;
- ensuring staff are adopting the company's risk management framework as developed and intended.

Employees

Employees are expected to:

- recognise, communicate and respond to expected, emerging or changing material business risks;
- participate in the process of developing the company's risk profile;
- implement control strategies within their areas of control;
- share responsibility and learning on material business risks.

Group Risk Manager

The Group Risk Manager will facilitate and coordinate the implementation of the overall Group risk framework and ensure that there is an overarching consistency in systems and processes adopted across the business. The Group Risk Manager and other key managers will report to the senior executives on a regular basis to provide insight into the risk framework and process

4. The risk management process

This involves:

- **Establishing the context:** The external and internal environments are considered and information on these flows into the system by way of the Board of Alesco and its Committees, the senior executive of the Alesco Group through the Executive Committee, management and employees including those responsible for managing risk management systems.
- **Risk assessments: Identifying, analyzing and assessing risks.** This is done in many ways including formal, regular risk review sessions run by the Group Risk Manager, insurers, the Safety Network and external consultants, business strategy reviews, internal and external audits, safety initiatives such as the annual Alesco Safety Day, employee on the job risk assessments, the company's whistleblower programme, employee surveys and the budgeting process.
- **Risk treatment:** This is done by developing and maintaining mitigation strategies arising from risk assessments such as insurance, processes and policies, physical control systems, delegated authorities and strategic initiatives.
- **Monitoring and reviewing:** This is done by providing assurance by way of internal and external financial, operational and safety audits, statutory period end questionnaires, management representations, employee surveys, CEO/CFO declarations, divisional, corporate and a consolidated group Risk Registers, incident reporting, reporting by the Group Risk Manager to the Executive Committee and the oversight of the Audit and Compliance Committee.

- **Communication and consultation:** with employees including training, workshops, newsletters, intranet access and encouraged risk reporting.

4. Definitions

Alesco Group: Alesco Corporation Limited and its subsidiaries.

Alesco Safety Day: The annual safety day held across the Alesco Group

Chief Executive: The Chief Executive Officer of the Alesco Group

Executive Committee: The senior executive team of the Alesco Group

Risk Management Framework: The process by which risks are identified, assessed, analysed, treated, monitored and reviewed

Risk Register: A listing of risks rated for consequences, likelihood of occurring and control in place so that they are then rated for impact and required mitigation.

Safety Network: A network of senior occupational health and safety and corporate personnel within the Alesco Group

5. Review of this policy

This policy will be reviewed on a regular basis to ensure its effectiveness and relevance.
