

RISK MANGEMENT AND OVERSIGHT POLICY

1 Purpose

- 1.1 The purpose of this policy is to assist in the development of organisational capabilities in risk management.
- 1.2 This Risk Management and Oversight Policy forms part of the internal control and corporate governance arrangements of Joyce Corporation Limited (“Joyce” or “Company”) and its controlled entities (“the Group”).
- 1.3 The Board recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Group.

2 Benefits of Risk Management and Internal Control Procedures

- 2.1 Some of the benefits identified in establishing and maintaining risk management procedures are as follows:
 - (a) more effective strategic planning;
 - (b) increased knowledge and understanding of exposure to risk;
 - (c) a systematic, well informed and thorough method of decision making;
 - (d) better utilisation of resources;
 - (e) a strengthening of culture for continued improvement, and
 - (f) creation of best practices to improve the quality of the organisation.

3 Objectives

- 3.1 The objectives of this policy is to:
 - (a) provide a structural risk management framework that will provide senior management and the Board with the comfort that the risks confronting the Group are being identified and managed effectively;
 - (b) create an integrated risk management process owned and managed by the Group personnel that is both continuous and effective;
 - (c) ensure that the management of risk is integrated into the development of strategic and business plans, and
 - (d) enhance shareholder value by minimising losses and maximising opportunities.
- 3.2 This policy defines the key risk terminology, outlines the risk management process and documents the roles and responsibilities of the Board, the Audit Committee and other key personnel.

4 Definitions

The Company has adopted the following definitions from the Australian/New Zealand Standard 4360 on “Standard for Risk Management”:

Consequence	The outcome of an event expressed either in financial terms or qualitatively being a loss, injury, disadvantage or gain.
Likelihood	The possibility of an event happening.
Risk	The chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood.

Risk Assessment	The overall process of risk analysis and risk evaluation.
Risk Analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk Evaluation	The process used to determine risk management priorities by comparing the level of risk against target risk levels or other criteria.
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

5 Risk Management

Risk management is an integral part of the Group's strategic planning, business planning and investment/project appraisal procedures. The focus of risk management is the identification and treatment of risks with the objective to add maximum sustainable value to all the activities of the organisation.

6 Risk Management Framework

The framework adopted involves the following processes:

(a) Risk identification

Risk identification sets out to identify an organisation's exposure to uncertainty. Risks will be classified under the following broad categories: financial; legal compliance and statutory reporting; health safety and environment; other; overseas; construction/contracting; and consulting;

(b) Risk analysis (before existing controls)

Risk analysis involves consideration of the sources of risk, their consequences and the likelihood that those consequences may occur;

(c) Consequences and likelihood of risk

The impact and likelihood of an event and its associated consequences are assessed in the context of the existing controls;

(d) Determine existing controls (risk treatment)

The existing systems and procedures to control risk are identified and their effectiveness is assessed;

(e) Risk evaluation

Risk evaluation involves comparing the level of risk found during the analysis process against risk thresholds. These thresholds will be established in the policy guidelines. The output of the risk evaluation is a prioritised list of risks for further action.

If the resulting risks fall into the low or medium risk categories, they may be accepted with minimal further treatment. Low and medium risk should be monitored and periodically reviewed to ensure they remain acceptable. If risks do not fall into the low or medium risk category, they should be treated using one or more of the options considered in clause (g) below;

(f) Risk treatment

Risk treatment involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include

avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and retaining the risk. The action plans adopted will be documented and its implementation tracked as part of the reporting process, and

(g) Monitoring and reviewing

Risks will be continuously monitored and reviewed, and the effectiveness of the controls in place and of the risk action plans is assessed to ensure changing circumstances do not alter risk priorities.

Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal reviews and other available information.

7 Roles and Responsibilities

- 7.1 The Board is ultimately responsible for the risk management and internal control framework of the Group.
- 7.2 The Board shall regularly review the effectiveness of the risk management and internal control framework.
- 7.3 The Board will review and discuss strategic risks and opportunities arising from changes in the Group's business environment regularly and on an as needs basis.
- 7.4 The Board has delegated some of its responsibilities to the Audit Committee; however, maintains the overall responsibility for the process.
- 7.5 The Board has established an Audit Committee which operates under a charter approved by the Board.
- 7.6 The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to report back to the Board through on the efficiency and effectiveness of risk management.

8 Review of Policy

This policy shall be reviewed by the Company on a regular basis and if required be amended or reviewed to suit the requirements of the Group and adherence to the corporate governance principles.