

Centuria Capital Limited

The Centuria Capital Limited (Centuria) Board has established a Risk Management Framework for the Group. Risk management is an integral part of the governance of Centuria and is one of the main responsibilities of the Board and Senior Management.

1. OBJECTIVES

The objectives of the Framework are to ensure that:

- The board of directors of Centuria (the Board) and senior management determine the level of risk acceptable to Centuria;
- Risks arising from Centuria's activities are identified and prioritised;
- Acceptable mitigation or treatment strategies to manage, transfer or avoid risks are in place (where applicable);
- Risks and mitigation strategies are subject to review at regular intervals to determine that the nature of identified risks has not changed, evaluate new risks and ensure mitigation strategies remain acceptable and operational;
- Appropriate escalation and communication of risks to enable informed decisions to be made; and
- The Board and its sub-committees, and senior management, receive periodic reports of the risk management process.

2. RESPONSIBILITIES

Key stakeholders in Centuria's risk management process include:

- The Board
 - Its function is to ensure there are adequate policies in place with respect to risk management. The Board and senior management are responsible for determining the level of risk acceptable to Centuria.
- The Audit, Risk & Compliance Committee
 - It oversees Centuria's accounting policies and financial reporting, to review effectiveness of administrative, operating and accounting controls and to monitor the relationship with external auditors.
- The Investment & Lending Committee
 - It manages and oversees Centuria's investments in accordance with the investment objectives and framework as set down by the Board.
- Internal Audit
 - Its function is to review the internal control environment, systems and procedures of Centuria, including the identification of risks associated with these functions.
- External Audit
 - Its function is to perform an audit of financial statements and the underlying information, including the identification of any financial risks to which Centuria may be exposed.
- Centuria Management
 - Management's responsibility is to identify, manage and control risks effecting day to day activities.

3. KEY OUTCOMES

Risk management consists of a systematic process which incorporates identifying, assessing and then dealing with, or otherwise managing, risk.

The key outcomes of managing risk include:

- Maximising opportunities by more effective budget and day to day operational planning;
- Increased knowledge and understanding of key strategic and operational risk exposures;
- Fewer costly surprises, for example by increasing the ability to prevent adverse outcomes;
- Better outcomes in terms of organisational efficiency and effectiveness; and
- Greater transparency in decision-making and the ongoing control of processes.

4. THE RISK MANAGEMENT PROCESS

Management of risk is an integral part of good management. The main elements of the risk management process are:

- Identify the risk
- Analyse the risk
- Evaluate the risk
- Treat risks
- Monitor and review
- Communicate and consult

5. APPLYING THE RISK MANAGEMENT PROCESS

The above risk management processes are applied with new risks or revised risks subject to an ongoing risk review. In addition, Centuria's risk management process also comprises a formal comprehensive annual risk review. Centuria's senior management team measures the risks which have been identified, rates and prioritises them in terms of their impact on Centuria. Results of the annual review are documented, and include mitigation strategies where appropriate. The implementation of mitigating controls is a priority and risk management weaknesses are remedied as soon as practical or possible. Results of the annual review are provided to the Board and relevant sub-committees for review.