

# Risk Management Policy

**Experience Co Limited**

ACN 167 320 470

# EXPERIENCECO

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# EXPERIENCECO

## 1. Policy statement

Risk management forms part of Management's normal business practice. EXP's Senior Management will review all key operational and strategic risks (financial, non-financial, environmental and social) at least on an annual basis.

## 2. Purpose

Identifying and responding to key or material risks in a formal manner aligns with good corporate governance practice and the ASX Corporate Governance Principles and Recommendations which sets out expectations of listed entities for management of risk, including oversight by the Board and the Audit & Risk Committee.

## 3. Roles and responsibilities

### **The Audit and Risk Committee (ARC) – Sub-committee of the Board**

- On a regular basis (at least twice a year):
  - Review EXP's risks and management framework with Senior Management to be satisfied that it continues to be sound, to determine whether there have been any changes in the material business risks relative to EXP.
  - Risks will be documented in a risk register which will form part of the regular review.

### **Senior Management (CEO, CFO and extended Management Team)**

The role of Senior Management includes:

- Identification of key operational and strategic risks
- Ensure appropriate accountability within the business to minimise and / or mitigate risk
- Understand and monitor the status of the material operational and strategic risks and uncertainties facing the business
- Promote a culture of risk management and mitigation throughout the business
- Reporting to the EXP Audit and Risk Committee on the effective management of corporate risks

### **Risk Owner**

Senior Management may delegate to a Risk Owner the responsibility for management / mitigation of specific risks or categories of risk, who will oversee, monitor and report on those allocated risks to Senior Management.

## 4. Risk Assessment Process

The risk management process sets out the key steps to be followed when conducting a risk assessment.

### **Identify the risk**

The process of actively analysing operations and the operating environment, to identify operational and strategic risks that may be present or foreseeable.

### **Assess the likelihood of a risk:**

- Consider the probability of the risk – likelihood; and
- Consider the frequency of, and exposure to the risk for the short to medium term

### **Assess the consequences of a risk:**

- Categories assist in assessing the consequences of a risk. Where a risk has multiple consequences, including financial and non-financial consequence, and severity ratings differ, select the consequence category providing the 'most conservative' result (i.e., the higher consequence rating).

### **Apply the risk to the risk matrix**

Risk can be assessed taking into account current controls and their effectiveness to modify consequence and/or likelihood.

### **Monitor, review, communicate**

Escalate any potential risks to the ARC as part of the regular reporting process such that:

- New risks are emerging that have a 'High' or 'Very High' risk rating
- Known risks have moved into the 'Very High' risk rating.

## Appendix A: Key definitions

### **Risk**

Defined as an uncertainty of outcome with a potential negative effect. Risks can be assessed in terms of likelihood and impact.

### **Risk category**

Risk categorisation is the grouping of like risks that facilitate easy reporting and tracking of risk by Senior Management and the Board.

### **Risk appetite**

Risk appetite is the broad-based amount of risk that the Company is willing to accept in pursuit of its objectives. It is generally used as a guide in strategy-setting.

### **Consequence / impact**

A consequence/impact is the outcome of an event and has an effect on objectives.

### **Likelihood**

Likelihood is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively and can be expressed either qualitatively or quantitatively.

### **Risk profile**

A risk profile is a description of a set of risks that, for EXP, is communicated through the use of a Heat Map which illustrates the position of particular risks in the context of the overall risk profile.

### **Level of risk / risk rating**

The level of risk (or "risk rating") is estimated by considering and combining consequences and likelihoods. A consequence is the outcome of an event. Likelihood is the chance that something might happen. Consideration of both the consequence and likelihood of a risk will determine the level of escalation and action required to mitigate the impact of the risk to an agreed or acceptable level.

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