



## **Risk Management Policy**

### **Pre-empt. Identify. Mitigate.**

The Arq Group Risk Management Policy summarises our approach to risk management oversight and control. We aim to ensure risk and opportunity is managed effectively at Arq Group, in service of achieving our strategic and operational objectives.

Our policies on risk management apply to all people, our subsidiaries and business units within the Group, unless otherwise specified.

### **Our Risk Management Approach**

We continually align our system of risk management and internal control with the principles outlined in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000: 2009 Risk Management Principles and Guidelines).

We formally assesses our risk profile and risk registers annually in conjunction with developing strategic and operational plans. We review the status of these risks at least every quarter. These registers are also revised periodically for each business and functional unit through our business planning, budgeting, forecasting, reporting and performance management processes.

We assess risk against all relevant areas of material business risk. These may include:

- strategic
- operational
- compliance
- technology & security
- product or service quality
- reputation or brand
- market-related risks
- financial reporting
- people
- environmental
- sustainability, and
- ethical conduct.





We embed risk management in the business day-to-day functions through:

- regular focus groups which meet across the business
- monthly meetings between our Risk and senior leaders and
- rotational risk and assurance reviews which aim to cover all main businesses at least annually.

Through these activities, we are focused on embedding a risk-aware culture in all operations of our business so that our leaders are aware of both the exposures and opportunities created by risk.

## **Roles. Responsibilities. Reporting.**

### **Board**

Our Board is ultimately responsible for guiding and monitoring Arq Group on behalf of our shareholders. They sets the company's risk appetite and tolerance to ensure we balance managing our risk and capitalising on opportunity to achieve our objectives.

Our Board ensures that proper risk management systems and internal controls are in place, and that these systems are operating effectively. Our Board delegates this responsibility to a sub-committee: our Audit and Risk Management Committee ("ARMC").

### **Audit & Risk Management Committee (ARMC)**

Our ARMC:

- Reviews the risk management policies together with processes and systems for managing risk and internal control to ensure they remain appropriate and effective;
- Ensures that an up to date risk register is maintained that appropriately describes the risks facing the organization;
- Ensures that an assurance program is in place that monitors the effectiveness of controls and processes managing the key risks facing the organisation; and
- Ensures that our Board receives reports whenever an area of material business risk or exposure is identified.

Our ARMC also receives regular updates from our Group Manager, Risk & Assurance on the progress of risk mitigation actions assigned to Executive management throughout the year.

Further duties of our ARMC are described in our Audit and Risk Management Charter.





## Management

Management (including KMP, Senior Managers and all people managers/supervisors) are responsible for ensuring that risks in their areas of responsibility are identified, managed and reported upon, and for ensuring that a sustainable control environment is maintained and promoted.

Each one of our executives is required to review the effectiveness of the risk oversight and management processes relevant to the material risk issues affecting their business or functional unit.

## Group Manager, Risk and Assurance

Our Group Manager, Risk & Assurance is responsible for:

- design and implementation of an effective and appropriate risk management framework;
- execution of the annual risk oversight program;
- managing the annual internal audit program, and programs for risk and control monitoring;
- reporting, as required, the effectiveness of risk and control activities to management and the ARMC; and
- providing risk management support and expertise across Arq Group.

Our Group Manager, Risk & Audit exercises these responsibilities under the direction of our ARMC, and conducts the risk management program over the areas of material business risk for Arq Group.

## Reporting

Our Chief Executive Officer and our Chief Financial Officer provide a statement to our Board that, in their opinion, the financial records of Arq Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Arq Group, in respect of each financial reporting period. This is in accordance with Principle 4 of the ASX Corporate Governance Principles and Recommendations (Third Edition) and the Corporations Act 2001 (Cth),

This declaration states that the opinion of our Chief Executive Officer and our Chief Financial Officer was formed on the basis of a sound system of risk management and internal control which is operating effectively.

Annually, all members of our executive management provide a specific attestation to our ARMC on the status of risks and related control activities in their areas of responsibility.





## Review

We review our risk management framework annually and as guided by our ARMC to ensure it remains appropriate for the risks facing the our business.

## More Information?

Our Risk Management policy and processes are managed by our Risk & Audit team and governed by the ARMC. For more information you can contact [risk@arg.group](mailto:risk@arg.group)

