

# Risk Management Policy

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## 1 Applicability

A reference to **Deep Yellow** in this policy is a reference to:

- (a) Deep Yellow Limited ABN 97 006 391 948 (**Company**) and each of its subsidiaries (together the **Group**); and
- (b) any joint ventures under a Group company's operational control.

This policy applies to all directors, officers, employees, consultants and contractors of Deep Yellow (**Personnel**).

All Personnel are responsible for the effective application of the policy.

A copy of this policy is made available on the Company's [website](#). Risk management training or awareness sessions will be held from time to time, as required.

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## 2 Purpose and objectives

Recognising and managing risk is a crucial part of the role of the directors of the Company (the **Board**) and Deep Yellow management. Deep Yellow recognises that a failure by it to recognise or manage risk can adversely impact not only Deep Yellow and its shareholders, but also other stakeholders.

Deep Yellow's risk tolerance is defined by the Board, and is consistent with Deep Yellow's strategy.

This aim of this policy is to integrate risk management into Deep Yellow's strategy and operations.

This policy sets out Deep Yellow's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Board, management and others within Deep Yellow in relation to risk management, and the resources and processes dedicated to risk management. Managing risk is the responsibility of everyone in Deep Yellow.

In this policy:

**management** refers to the senior management team as distinct from the Board, comprising Deep Yellow's senior executives, being those who have the opportunity to materially influence the integrity, strategy and operation of Deep Yellow and its financial performance.

**risk** means effect of uncertainty on objectives<sup>1</sup>;

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<sup>1</sup> As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2009 *Risk management – Principles and guidelines*

**risk management** means co-ordinated activities to direct and control Deep Yellow with regard to risk<sup>1</sup>;

**risk management framework** is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Deep Yellow.<sup>2</sup>

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### **3 Risk management framework**

The following framework references the Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk management – Principles and guidelines and involves:

#### **3.1 Risk identification**

The risks faced by Deep Yellow will be identified and documented in a risk register. Risk identification will be undertaken as part of Deep Yellow's strategic planning and budgeting process.

Deep Yellow's activities give rise to a range of risks which are considered under the categories included in the Deep Yellow risk register.

#### **3.2 Risk analysis**

Once the list of risks is agreed on by management and the Board, the risks will be analysed by determining consequences of the risks eventuating and their likelihood. Existing risk controls and their effectiveness (as perceived by management) should be taken into account when considering how likely the risk event is to occur and the impact/consequences it will have on the business.

Risk prioritisation will be undertaken at the same time as risk identification and will be considered in light of a risk matrix.

#### **3.3 Risk evaluation**

Prioritised risk should be compared with the risk appetite established by the Board. The output of this process will be a prioritised list of risks for further action.

#### **3.4 Risk treatment**

Where the level of risk is accepted, the risks will be monitored. Where the level of risk is above the desired level, management will develop and execute an action plan to address the risk by either: transferring the risk; reducing the risk or accepting the risk or a combination of these approaches. When selecting the manner in which a risk will be treated, Deep Yellow will consider the values and perceptions of stakeholders.

#### **3.5 Monitoring and review**

The risk register will be reviewed and, if required, updated on at least an annual basis, or more often if required.

The risk management framework will be monitored and reviewed through the risk activities outlined in the Appendix to this policy. However, the Board may request independent verification in relation to all or some of the risk management framework or individual controls, via internal or external means.

#### **3.6 Documentation**

The risk management framework and processes will be documented.

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<sup>1</sup> As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2009 *Risk management – Principles and guidelines*

<sup>2</sup> As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2009 *Risk management – Principles and guidelines*

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## **4 Roles and responsibilities**

### **4.1 Managing Director/Chief Executive Officer**

The Managing Director/Chief Executive Officer of the Company (**CEO**) is responsible for designing and implementing Deep Yellow's risk management framework, and ensuring that Deep Yellow operates within the risk appetite set by the Board.

The CEO is required to:

- (a) report to the Board on all matters associated with risk management, as required;
- (b) report to the Board as to the effectiveness of Deep Yellow's management of its material business risks, at least annually;
- (c) review and update the Deep Yellow risk register and present the register to the Board on at least an annual basis;
- (d) provide to the Board (together with the Chief Financial Officer or equivalent) with a Declaration before it approves the annual and half-year financial statements;
- (e) prepare the disclosure in relation to Recommendations 7.1 and 7.4 of the Principles and Recommendations for inclusion in the Company's corporate governance statement prepared in accordance with ASX Listing Rule 4.10.3; and
- (f) review this policy and make recommendations to the Board about any proposed changes.

In fulfilling the duties of risk management, the CEO may have unrestricted access to Deep Yellow employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Chairman.

### **4.2 Risk Committee**

The Board has established a separate Risk Committee, which is responsible for overseeing the Company's risk management framework. The role of the Risk Committee is set out in the Company's Risk Committee Charter.

Ultimate responsibility for the Company's risk management framework rests with the Board.

### **4.3 Board**

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.

The Board is responsible for:

- (a) setting Deep Yellow's risk appetite and providing input into Deep Yellow's risk profile;
- (b) overseeing the risk management framework designed and implemented by management, noting updates to the Deep Yellow risk register and questioning management, if required;
- (c) noting the Declaration before it approves the Company's annual and half-year financial statements;
- (d) approving changes to this policy; and
- (e) reviewing the Deep Yellow risk management framework at least annually to satisfy itself that it continues to be sound and that Deep Yellow is operating within the risk appetite set by the Board.

### **4.4 Management**

Senior executives are responsible for assisting the CEO design and implement Deep Yellow's risk management framework, and ensuring that Deep Yellow operates within the risk appetite set by the Board.

Management will seek assistance from managers and other employees as required.

**4.5 Other Personnel**

All personnel across Deep Yellow are responsible for observing Deep Yellow's policies, procedures, delegations and minimising risks to Deep Yellow at all times.

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**5 Review**

The Risk Committee will review this Risk Management Policy at least annually, and update it as required.

Date adopted	29 June 2017
Last amendment	
Last review	