
Risk Management Policy

Axiom Properties Limited (Company)

1 Overview

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Company.

This Policy sets out the Company's approach to risk, including the responsibilities of the Board, management and others within the Company in relation to risk management.

2 Risk Management Procedure

The Company's yearly risk management activities are divided into quarters as follows:

2.1 Quarter One commencing 1 July

Senior management undertakes the following activities:

- (a) reviews and updates the risk map and/or completes an individual risk report for critical material business risks and provides the risk map and/or the report to the Board;
- (b) the Managing Director/Chief Financial Officer provide a certification that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of governance, risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks, in accordance with the requirements of Recommendation 7.3;
- (c) the Managing Director provides a summary of the Company's management of its material business risks and report to the Board on the effectiveness of whether those risks are being managed effectively, in accordance with the requirements of Recommendation 7.2; and
- (d) prepares the annual report disclosure with respect to Recommendation 7.4 for the Board's approval.

The Board undertakes the following activities:

- (a) notes the updated risk map and/or individual risk reports and questions management if required;
- (b) notes the Managing Director/Chief Financial Officer certification for the purposes of Recommendation 7.3;
- (c) notes the Managing Director summary regarding the effectiveness of the Company's management of material business risks for the purposes of Recommendation 7.2; and
- (d) approves the annual report disclosure with respect to Recommendation 7.4.

2.2 Quarter Two commencing 1 October and Three commencing 1 January

Senior management reviews the status of risk management strategies and reviews and updates the risk map and/or completes an individual risk report for critical material business risks and provides the risk map and/or the report to the Board.

The Board notes the updated risk map / individual risk reports and questions management as it considers necessary.

2.3 Quarter Four commencing 1 April

Senior management undertakes the following activities:

- (a) documents and/or reviews the Company's *Risk Management Policy*;
- (b) publishes any updates to the Company's *Risk Management Policy* on the Company's website;
- (c) reviews the Company's *Board Charter* and role descriptions for management to ensure accountability for all risk management is included;
- (d) identifies or reviews material business risks, develops risk management strategies and presents full company risk profile by completing a risk map.
- (e) allocates and/or reviews owners of critical material business risks in the risk map.

The Board determines the Company's overall risk tolerance levels, approves senior management's risk management policy and provides input into the Company's risk profile.

3 Role of the Board and Delegated Responsibility

The Board is responsible for approving the Company's policies on risk oversight and management, setting the Company's risk appetite, and satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board is also responsible for monitoring management's performance against the Company's risk management system and ensuring it is operating within the risk appetite set by the Board.

The Board conducts regular reviews of the Company's exposure to contemporary and emerging risks and identifies specific emerging risks and implements the appropriate controls and monitoring mechanisms to manage those risks.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management, as required.

Audit Committee and Audit Committee Charter

The entire Board sits as the Audit Committee which has the role of, among other things, monitoring and reviewing the integrity of the financial reporting of the Company and any significant financial reporting judgments. It also reviews the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems. The role of the Audit Committee is set out in the Company's *Audit Committee Charter*.

4 Role of the Managing Director and Accountabilities

The Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company listed in this Policy are updated to reflect any material change.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a quarterly basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

5 Authority of the Managing Director

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

6 Role of Managers and Supervisors

Managers and supervisors must:

- (a) monitor material business risks for their areas of responsibilities;
- (b) provide adequate information on implemented risk treatment strategies to senior management to support ongoing reporting to the Board; and
- (c) ensure staff are adopting the Company's risk management framework as developed and intended.

7 Role of Individual Staff

All staff within the Company should:

- (a) recognise, communicate and respond to expected, emerging or changing material business risks;
- (b) contribute to the process of developing the Company's risk profile; and
- (c) implement risk management strategies within their area of responsibility.

8 Risk Profile

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company as at the date this policy was adopted by the Board can be categorised as follows:

- (a) Market-related
- (b) Financial reporting
- (c) Product or service quality

- (d) Operational
- (e) Environmental
- (f) Human capital
- (g) Sustainability
- (h) Occupational Health & Safety
- (i) Political
- (j) Strategic
- (k) Ethical conduct
- (l) Economic cycle/marketing
- (m) Reputation
- (n) Legal and compliance
- (o) Cyber-security
- (p) Climate change

The Board addresses specific risks which fall within these categories in the Company's risk map.

9 Risk Management Strategies

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

9.1 Hedging Policy

The Company uses derivative financial instruments, such as interest rate swaps, to hedge risks associated with interest rate fluctuations. Foreign Exchange transaction exposures are not considered relevant to the Company but the Company's exposure to FX is reviewed on an on-going basis. It is the responsibility of the Managing Director and the Company Secretary to:

- manage the net interest rate exposure to ensure that the Company can meet its profit targets and protect the Company's solvency; and
- minimise the impact of adverse interest rate movements through the use of interest rate management tools as and when required.

The Board has ultimate responsibility for:

- authorisation of new financial accommodation and arrangements; and
- approval of new financial instruments recommended to the Board.

9.2 Regular budgeting and financial reporting

The Company has regular budgeting in place. It is the role of the Audit Committee (or its equivalent) to review the integrity of the financial reporting of the Company. The Audit Committee is to ensure the

Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

9.3 Clear limits and authorities for expenditure levels

The Company's *Board Charter* sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

9.4 Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act

The Company's *Compliance Procedures* have been designed for the purpose of ensuring the Company complies with its continuous disclosure obligations.

9.5 Procedures to assist with establishing and administering corporate governance systems and disclosure requirements

The Company has adopted a Corporate Governance Manual which contains policies and procedures to assist the Company establish and maintain its governance practices.

10 Responsibility to Stakeholders

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's Risk Profile.

11 Continuous Improvement

The Company's risk management system is evolving. It is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities.