



TOTE TASMANIA PTY LTD (AND SUBSIDIARIES)
COMPANY FINANCE POLICY

POLICY NUMBER: FIN/1003

SUBJECT: RISK MANAGEMENT

1. POLICY STATEMENT

TOTE Tasmania has a sound risk management process based on the Australian Risk Management Standard (AS/NZS 4360:2004). Risk management is integrated into all business activities of the Company and aligned to its strategic directions. Key risks are identified and treatment strategies to mitigate those risks are regularly monitored and reviewed by Senior Management and the Board / Sub-Committees as appropriate.

2. DESCRIPTION

- 2.1 TOTE Tasmania considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Company's strategic and operational objectives and goals and risk information is therefore an important input into the planning process.
- 2.2 TOTE Tasmania manages risk utilising, where appropriate, the AS/NZS 4360:2004 standard from Standards Australia, and consultants or advisors may be used in the risk identification and management process.
- 2.3 The objectives of the Risk Management policy within TOTE Tasmania are:
 - To confirm and communicate the Company's commitment to risk management to assist in achieving its strategic and operational goals and objectives;
 - To formalise and communicate a consistent approach to managing risk for all activities and establish a reporting protocol;
 - To ensure that all significant risks are identified, assessed and where necessary treated;
 - To assign accountability to all staff for the management of risks within their areas of control; and

- To provide a commitment to staff to ensure that risk management is a core capability and part of the Company's culture.
- 2.4 Risk Management procedures include the following:
- An annual risk review and quarterly reporting of progress against risk management plans;
 - Annual strategic planning process;
 - Review of potential risks associated with all Board papers; and
 - Project, event and process specific risk management.
- 2.5 Reporting Procedures
- A formal review of risks facing the Company is to be conducted at least on an annual basis. The results of the review will be presented to the Audit, Risk and Compliance Committee for appraisal and approval of treatments identified and then to the Board. The progress of treatments for all extreme and high risks will be presented to each Audit, Risk and Compliance Committee meeting
 - Each paper requiring a decision from the Board will highlight all identified risks.
 - Each divisional plan will include risk actions identified as being the responsibility of that Divisional Head.
- 2.6 Risk Treatments for particular risks may include the following:
- Insurance to pass the exposure for cost impact to a third party;
 - Implementation of mitigating controls (policies and procedures) to reduce the impact or likelihood of a risk event; or
 - Accepting the risk exposure as no cost effective actions are available to mitigate the risk.
- 2.7 The Company's approach to risk treatment (risk appetite) will vary depending on the nature of the risk, the business area of impact, the likely consequence and the likelihood of occurrence.
- 2.8 Management will conduct an annual review of the efficiency and effectiveness of the Risk Management policy and supporting processes.

3. RESPONSIBILITY

- 3.1 The responsibility for Risk Management within TOTE Tasmania rests with all staff:
- The Board is ultimately responsible for the oversight of the management of risk. Part of this responsibility includes determining the level of risk that is tolerable for the Company and for ensuring that the necessary treatment plans are implemented for those risks that are considered to be unacceptable.

- The Audit, Risk and Compliance Committee will be accountable for the oversight of the processes for the identification and assessment of the general risk spectrum, reviewing the outcomes of risk management processes, and for advising the Board as necessary.
- The Chief Executive Officer is responsible for establishing a risk conscious culture.
- The Chief Financial Officer is responsible for ensuring that Risk Management procedures and reporting are developed and maintained.
- Senior Managers are responsible for ensuring that Risk Management procedures are adhered to within their areas of responsibility and support the identification and treatment of Company wide risks.
- All staff are responsible for the identification of potential risks to the Company.