



AJ LUCAS GROUP LIMITED

RISK MANAGEMENT STATEMENT

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AJ Lucas Group Limited

INTRODUCTION

The Board of **AJ LUCAS GROUP LIMITED (AJL)** has adopted this Risk Statement as an efficient mechanism to focus the Group on appropriate risk oversight, risk management and internal control as well as providing a safe working environment for its people.

AJL is committed to ensuring that the Risk Statement is followed throughout the Group, at all levels and in all situations, in order for the Group to achieve its goals.

This Risk Statement sets out the responsibilities of the Board in ensuring that at all times AJL employees and contractors must be aware and alert to risk situations, such as health, safety and working environment risks, and endeavour to report these risk situations as soon as possible. To that end, the Board has, with the assistance of management, developed and implemented a risk procedure based on the elements of AS/NZS4360:1999 which must be followed by every employee and contractor.

PRINCIPAL FUNCTION IN MANAGING RISK

The role of the Board includes to:

- monitor corporate risk management and compliance processes;
- ensure that Group conduct complies with all regulatory and legal obligations;
- ensure best practice is achieved as far as possible in the implementation of corporate policies and compliance processes; and
- aim to improve the Group's risk management performance.

The Audit and Risk Committee has been delegated primary responsibility to oversee the risk management processes which incorporate policies, procedures and guidelines for managing risk. The processes cover areas such as tendering and contract negotiation, design and project management, occupational health and safety, environmental management, regulatory and legal risk, ethical conduct, gather and releasing of material information, crisis management and IT disaster recovery and business continuity planning.

RESPONSIBILITIES AND AUTHORITY

The responsibilities and authority of the Audit and Risk Committee will include the following:

- to review and monitor reported risk situations arising from the operation of the Risk Management Procedure, the Risk Matrix, the Risk Report Form, the Risk Register, and the Risk Treatment Plan;
- to review and recommended for Board approval Group risk management policies;
- to ensure that the strategic context of the risk management strategy is complete and takes into account the environment within which the Group operates and the requirements of all stakeholders;
- to identify and monitor the key risk exposures including operations, reputation, regulation, contract, information and strategy.
- to ensure the CEO and CFO regularly review corporate risk management processes including an ongoing assessment of the adequacy of internal control systems; and
- to ensure risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board.

REGULAR REVIEW

The review of risk management reports is a standing agenda item. In addition, management, as required, engages external parties to audit or otherwise review the Group's risk management policies and report to the Board.

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