



Risk Management Policy

September 2021



TABLE OF CONTENTS

| | | |
|----------|---|---|
| 1 | Introduction | 3 |
| 2 | Purpose | 3 |
| 3 | Scope | 4 |
| 4 | Policy Statement | 4 |
| 5 | Risk Management Principles | 4 |
| 6 | Risk Management Process | 5 |
| 7 | Roles and Responsibility | 6 |
| 8 | Reference Documents | 8 |

DOCUMENT CONTROL

ENDORSEMENT

| Doc # | Current version | Approval date | Approved by | Review period | Author | Class |
|---------|-----------------|---------------|-------------|---------------|--------------|-------|
| CHG 007 | 10 | 09/2021 | Board | Biennial | Head of Risk | 4 |

VERSION CONTROL

| Doc # | Version | Revision date | Author/Modifier |
|---------|---------|---------------|-------------------------|
| CHG 007 | 10 | 07/2021 | Corporate Counsel |
| CHG 007 | 8 | 11/2018 | Corporate Counsel |
| CHG 007 | 7 | 06/2017 | CFO & Company Secretary |
| CHG 007 | 6 | 06/2016 | Internal Audit Manager |

Risk Management Policy

1 Introduction

- 1.1 International Organisation for Standardisation (ISO) 31000:2018 Risk Management – Principles and Guidelines defines risks as ‘the effect of uncertainty on objectives’.
- 1.2 Risk management is not a process for avoiding risk, but rather to manage risk, and is the organisational culture, processes and structures which are directed towards realising potential opportunities whilst managing adverse effects.
- 1.3 Collection House Group’s (Collection House’s) Risk Management Policy (Policy) is a key element of its Risk Management Framework (Framework) which also incorporates risk governance and assurance, the risk management System, and risk management process (refer diagram below).



- 1.4 This Policy provides a statement of Collection House’s overall intentions and directions with respect to risk management.

2 Purpose

- 2.1 Collection House’s Policy has been developed to:
 - support effective and informed decision making
 - foster and encourage a risk-aware culture where risk management is proactive and seen as a positive attribute of decision-making, rather than as reactive and a corrective measure
 - ensure a consistent and effective approach to risk management

- ensure appropriate systems are in place to identify, analyse and evaluate risks associated with Collection House's operations and strategies in accordance with the Framework
 - ensure that appropriate risk treatment and mitigation plans are implemented to mitigate the risks identified
 - ensure that risks are reported and escalated to an appropriate level of Management in line with the Framework.
- 2.2 This Policy provides guidance on the roles and responsibilities of Collection House staff, including contractors and visitors, in identifying and managing risk within their areas of responsibility.

3 Scope

- 3.1 This Policy applies to all activities undertaken by Collection House Limited and its subsidiaries, (collectively referred to as Collection House), with risk management to be embedded into Collection House's culture and all areas of its operations.
- 3.2 Risk management has its limitations:
- Risk management will not make decisions for the business, it will help inform decisions.
 - It is impossible to predict all negative consequences, therefore, risk management will not guarantee freedom from all risk.
 - Risk assessments will not be all-encompassing and are therefore not fail-safe.

4 Policy Statement

- 4.1 Collection House recognises that risk management is an integral part of good management practice and integral in assisting Collection House achieve its strategic and business objectives.
- 4.2 Collection House is committed to establishing an organisational culture that ensures risk management is embedded in its activities and business processes.
- 4.3 It is everyone's responsibility to be involved in identifying, evaluating and addressing risks and opportunities that could impact the outcomes for Collection House.
- 4.4 Collection House risks are managed operationally in accordance with this Policy and established risk management principles and processes.
- 4.5 Risks are to be communicated to relevant key internal stakeholders across Collection House in order to successfully integrate risk management into business activities and ensure that identified and emerging risks are appropriately evaluated.

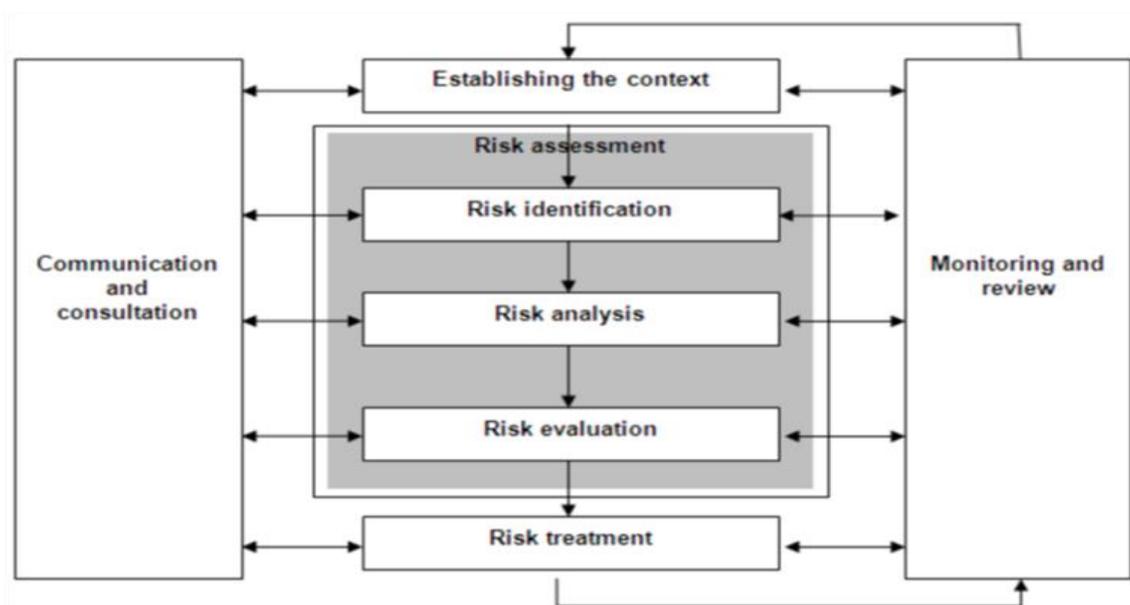
5 Risk Management Principles

- 5.1 The risk management principles under which this Policy operates and which support effective risk management across Collection House are set out below:
- risk management must be aligned with Collection House's strategic and business objectives
 - risk management must be embedded within Collection House's operations, processes and systems

- accountability, ownership and governance over risk management must be formally defined and assigned
- risk management enables risks facing Collection House to be prioritised, promoting informed decision making and ensuring that appropriate actions are taken to assist the organisation to achieve its strategic and business objectives
- risk management processes must be systematic, transparent and applied consistently across the organisation
- staff, contractors and visitors have responsibility for proactively identifying and managing risks associated with their role and / or within their area of responsibility.

6 Risk Management Process

6.1 Collection House's risk management process is based on ISO 31000:2018 *Risk management – principles and guidelines*, and is a series of steps that enable risks to be identified, assessed and treated in the context of the environment in which it operates.



6.2 An overview of each of the steps in Collection House's risk management process is as follows:

- Communication and consultation - a continuous process which is evident at all levels within the risk management process, and with roles and responsibilities defined and assigned.
- Establishing the context – internal and external factors are considered when identifying and managing risks associated with the achievement of Collection House's strategic and business objectives. The objectives, strategies, scope and parameters of Collection House's activities are also established, including the criteria used to analyse and evaluate risks.
- Risk assessment - the overall process for identifying, analysing and evaluating risks to Collection House.
- Risk identification - the sources of risks, areas of impact, events, and their causes and potential consequences are identified, including risks associated with not pursuing an opportunity.
- Risk analysis - consideration of the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur.

- Risk evaluation - provides a framework to assist in making decisions, based on the outcomes of the risk analysis, about which risks require treatment and the priority for treatment implementation.
- Risk treatment - the process of selecting one or more options for preventing or mitigating the risk identified, and the implementation of the options identified.
- Monitoring and review - the process whereby Collection House's risk management process is monitored and reviewed on a regular basis to determine whether risks and associated treatments are appropriate and remain relevant.

7 Roles and Responsibility

7.1 The roles and responsibilities for the oversight, implementation and operation of risk management processes within Collection House is as follows:

| Board of Directors | Audit & Risk Management Committee | CEO and ELT |
|--|---|--|
| <ul style="list-style-type: none"> • Champion for and oversight of Collection House's governance and risk management processes. • Set 'tone at the top' for the integration of risk management into Collection House's operations, processes and systems. • Provide oversight and direction to the Chief Executive Officer (CEO), and Executive Leadership Team (ELT) to enable the effective implementation of the Risk Management Framework (Framework). • Establish and review, at least annually or more frequently as required, Collection House's risk appetite and tolerance, that is, 'the amount and type of risk that Collection House is willing take in order to meet its strategic objectives'. • Review Collection House's risk profile, including material business risks at least quarterly, or by exception as required, and providing direction for risks assessed as EXTREME or HIGH . • Review Collection House's strategic risks and the appropriateness of risk treatment options at least six-monthly. • Review, and satisfy itself, annually or more frequently as required, with the effectiveness of the implementation and management of the Framework by the CEO, ELT, and staff. | <ul style="list-style-type: none"> • Oversee Collection House's risk management and compliance activities performed by staff, including the CEO and ELT. • Review and approve the Risk Management Policy (Policy) Framework (Framework), and oversee the risk management system, including the risk management function and its resourcing. • Review effectiveness of Collection House's risk management policies and processes to enable the effective identification and management of financial and business risks, including fraud and corruption. • Review Management's evaluation of the effectiveness of internal controls and the insurance program. • Review appropriateness of actions taken by Management to manage and mitigate incidents involving fraud or break down of the internal controls environment. • Review effectiveness of Collection House's business continuity arrangements, including whether business continuity and IT disaster recovery plans have been periodically tested. • Review, on a quarterly basis, and provide recommendations to the Board of Directors on the Framework and associated risk management policy and processes. | <ul style="list-style-type: none"> • Periodically review Collection House's risk profile, that is Collection House's willingness and ability to take risks. • Set 'tone at the top' to ensure a risk-aware culture so that risk management is integrated into Collection House's operations, processes and systems. • Assign risk management accountabilities to team members, and provide appropriate resources to enable adequate risk management, including training where appropriate. • Review and approve policies and procedures as required from time to time to enable compliance with relevant legislative requirements. • Report to the Board of Directors and Audit & Risk Management Committee, quarterly or more frequently as required, on the effectiveness of the Framework, the effectiveness of risk treatment plans for EXTREME or HIGH risks, and any new or emerging EXTREME or HIGH risks. • Provide six-monthly and annual declarations to the Board of Directors that Collection House's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. • Review the Policy at least annually. • Ensure that sufficient and adequate resources, including budget, are available to assist in managing risks. |

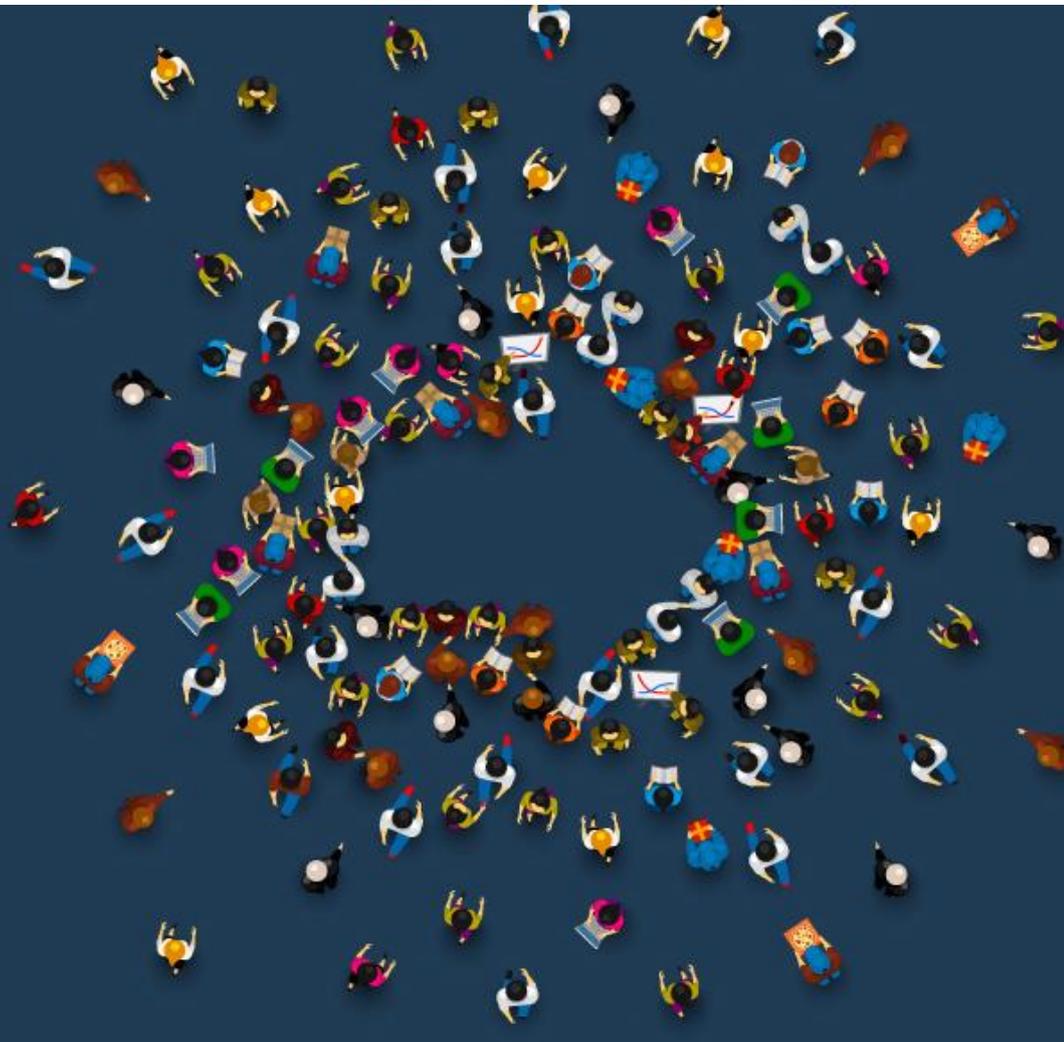
| Operational Management Team | Internal Audit | Head of Risk |
|---|--|---|
| <ul style="list-style-type: none"> Identify and manage risk within their areas of responsibility. Implement appropriate controls to mitigate identified risks. Conduct operations in line with the Framework and Policy. Develop and support a risk aware culture. Day to day operational management of risks and control activities. Perform an annual review of risks within their areas of responsibility. | <ul style="list-style-type: none"> Provide independent and objective assurance on the effectiveness of controls to mitigate risks identified. Perform independent testing and assessment of whether controls are operating as intended. Provide assurance to the Board and Management relating to the effectiveness of risk management within Collection House. Periodically review the Framework and report on its effectiveness. | <ul style="list-style-type: none"> Lead and foster a risk awareness culture to encourage staff at all levels to proactively identify, assess and manage risk. Review, and where appropriate, update the Framework, Policy and associated procedures for approval by the Board of Directors, and Audit & Risk Management Committee. Assist in developing policies and procedures to mitigate new or emerging risks, such as new or changes to legislation. Provide reports, at least quarterly or more frequently as required, summarising Collection House's risk profile and material business risks, and their treatment plans, to an appropriate level of Management. Review Collection House risk register(s), including specific business area risks and project risks to assess the appropriateness of the risk criteria and risk treatment applied. Assign responsibility to Management and staff for risk controls and risk management, and perform regular follow up to ensure that appropriate action(s) have been taken by Management and staff. Prepare periodic risk and compliance reports for Management, at least quarterly or more frequently as required, to the Board of Directors, Audit & Risk Management Committee, and ELT. |

Staff, including contractors and visitors

- Identify, evaluate and address risks and opportunities that could impact the outcomes for Collection House.
- Report to their manager or supervisor any real or perceived risks that may significantly or materially affect Collection House's performance or reputation, or may expose Collection House to legal or regulatory action.
- Comply with risk management principles outlined in the Framework and Policy.
- Attend risk management training where required.

8 Reference Documents

- 8.1 Risk Management Framework – CHG | PR 008
- 8.2 This Policy is based on the following prescribed legislative requirements and international best practice:
 - Prudential Standard CPS 220, Risk Management.
 - ISO 3100:2018: Risk management – Principles and guidelines.
 - Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management – Integrating with Strategy and Performance.



**We're here to help.
Get in touch with us today.**

(07) 3292 1000

corporate.services@collectionhouse.com.au

Level 12, 100 Skyring Terrace Newstead QLD 4006, Australia

collectionhouse.com.au

