

Risk Management Policy

Rubicor Group Limited

OTHER RELATED POLICIES AND CHARTERS:

1. Rubicor Equal Employment Opportunity Policy
2. Rubicor Occupational Health & Safety Policy
3. Rubicor Workplace Policy
4. Audit & Risk Management Committee Charter

1. Introduction

Rubicor Group Limited and all its related bodies corporate (*Rubicor* or *Rubicor Business* as the context permits) are committed to ensuring that:

1. its culture, processes and structures facilitate realisation of Rubicor's business objectives whilst risks are recognised, monitored and wherever possible, mitigated; and
2. to the extent practicable, its systems of risk oversight, management and internal control complies with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The objective of this Policy is to:

- encourage appropriate tolerance of risks across all Rubicor Businesses;
- establish procedures to analyse risks within agreed parameters across all Rubicor Businesses;
- establish appropriate risk delegations and corresponding frameworks across Rubicor; and
- ensure Rubicor has in place a risk framework which can measurably react should the risk profile of Rubicor change.

Risks governed by this Policy include potential risks and this Policy extends to both Rubicor's financial and operating risks, where the context permits.

2. Risk Management Framework

Rubicor believes that risk should be managed and monitored on a continuous basis. Rubicor has designed a framework to allow Rubicor to achieve its business objectives whilst assisting management and ideally, providing early warnings of risks.

Key components of the Policy which bring together a number of procedures and controls within Rubicor are as follows:

- Identification and assessment of all risks;
- Monitoring and wherever possible, mitigation, of identified risks;
- Periodic reporting; and
- Assessment of effectiveness of risk management framework.

Each component is considered in turn below.

2.1 Identification and assessment of all risks

2.1.1 Responsibility

While risks across all Rubicor Businesses will be centrally collated by the Risk Management Committee, each Business Principal is responsible for the continual identification and subsequent reporting by all employees of risks within their specific Business unit. Each Business Principal is required to notify at first instance the Secretary of the Risk Management Committee of an identified risk.

2.1.2 Risk Management Committee

The membership of the Risk Management Committee should be a wide representation of management who have a good understanding across all Rubicor Businesses. The Risk Management Committee will be chaired by the Rubicor General Counsel and Company Secretary and the Secretary of the Risk Management Committee will be the Rubicor Group Financial Manager. Other members of the Risk Management Committee will be the Rubicor Chief Operating Officer and the Rubicor Internal Audit Manager. All Business Principals will be invited to attend Risk Management Committee Meetings as well.

The Risk Management Committee is expected to meet prior to, and report to, each scheduled Audit & Risk Management Committee Meeting (being at least four times per year).

2.1.3 Risk Register

All identified risks will be assessed by the Risk Management Committee in accordance with AS/NZS 4360:2004 and recorded on the Rubicor Risk Register. The Rubicor Risk Register will record, among other things:

- a description of the risk;
- the Rubicor Business(es) owning the risk;
- the 'rating' attaching to the risk;
- proposed actions and actions taken to mitigate or lessen any exposure to Rubicor; and
- details as to when the risk was identified and when it was last reviewed.

2.2 Monitoring and mitigation of identified risks

Risks which have been recorded on the Rubicor Risk Register should be continually, but as a minimum periodically, reviewed by the Risk Management Committee, with the assistance of the relevant Business Principal wherever necessary. Wherever necessary, following a review, the Rubicor Risk Register should be updated.

Mitigated risks should also be recorded on the Rubicor Risk Register with appropriate precautions from reoccurrence communicated across the appropriate Rubicor Businesses.

2.3 Periodic reporting

The Audit & Risk Management Committee assists the Rubicor Board with a range of governance oversights, having responsibility for among other things, overall risk management.

At each Audit & Risk Management Committee Meeting, the Committee will review the Rubicor Risk Register (or an extract thereof) as reported by the Risk Management Committee. All newly identified 'material' business risks are to be considered in turn by the Audit & Risk Management Committee.

In accordance with its Committee Charter, the Audit & Risk Management Committee will regularly report on its activities, issues and related recommendations to the Rubicor Board.

2.4 Assessment of effectiveness of risk management framework

In accordance with its Charter, the Rubicor Board of Directors are responsible for, among other things, ensuring that effective risk management programs are in place to protect Rubicor's assets and shareholder value.

Rubicor's risk framework promotes a robust structure so that all risks are appropriately identified, assessed, monitored and mitigated wherever possible, across all Rubicor Businesses. Assessment of all aspects of the Rubicor risk framework (including the comprehension of all 'material' business risks and a performance review of the Risk Management Committee) by the Rubicor Board will take place on an annual basis (at a minimum).

In addition, all Directors, Business Principals and Senior Management, should promote a culture of voluntary and transparent risk reporting and ongoing, regular risk assessment throughout all levels of Rubicor.

3. Specific Risk Framework Tools

As part of the Rubicor risk framework, the following guidance is given with respect to certain commonly identified risks.

3.1 Financial risks

3.1.1 Financial Delegations

As part of the Rubicor risk framework, Rubicor's processes include:

- a financial delegations policy, differentiating between budgeted and non-budgeted items, across Businesses; and
- procedures for an independent review of approved amounts from time to time, regardless of approver, quantum, identity of recipient and/or whether such payments appear to be recurring or unique in nature.

3.1.2 Insurance

As part of the Rubicor risk framework, Rubicor's processes include:

- procedures with respect to insurance renewals; and
- procedures with respect to the introduction of new insurances.

3.1.3 Taxation

As part of the Rubicor risk framework, Rubicor's processes include procedures to ensure Rubicor is compliant with the relevant taxation legislation.

3.1.4 Treasury

As part of the Rubicor risk framework, Rubicor's processes include procedures to monitor, analyse and assess the impact of:

- interest rates;
- foreign exchange rates; and
- any other key economic metric.

on Rubicor's Business.

3.2 Operational risks

3.2.1 Workplace

As part of the Rubicor risk framework, the Rubicor Board has approved complementary policies, such as the Workplace Policy and the Occupational Health & Safety Policy, so that Rubicor can provide a working environment that is safe and without risks to health.

3.2.2 Personnel

As part of the Rubicor risk framework, the Rubicor Board has approved an overarching remuneration philosophy, the design of which ensures that the level and composition of remuneration is competitive, reasonable and appropriate for Rubicor's results delivered and to attract and maintain talented and motivated directors and employees.

3.2.3 Legal

As part of the Rubicor risk framework, legal matters may be referred to the General Counsel who in turn advises the relevant Rubicor Business, or arranges for external advice to the received.

3.2.4 Strategic

As part of the Rubicor risk framework, Rubicor's processes include procedures to monitor, analyse and assess the impact of, and wherever applicable, prevent or challenge:

- changes in the labour markets;
- changes in legislation;
- a loss of a key contract or several contracts;
- a negative impact of reputation; and
- increased competition.

3.3 Combined risks

3.1.1 Business acquisitions

As part of the Rubicor risk framework, Rubicor's processes include procedures that post-acquisition and following the integration of a business unit within Rubicor, periodic assessments are undertaken by the Rubicor Board to:

- review the assumptions and model promoted at the time of acquiring the individual business; and
- measure the performance of the business to date.

3.1.2 Standardisation

Rubicor acquires existing businesses to integrate as a Rubicor Business. As part of the Rubicor risk framework, while Business Principals have 'P&L' responsibility for their own respective Businesses, certain integral functions such as finance, legal, internal audit and in some instances, IT, are centralised throughout Rubicor. Each Business Principal reports business performance to and requires administrative involvement by a group of employees who are otherwise independent from each Business unit's operations. Standardisation and independence of certain business functions is not only efficient from an overall governance perspective, but inherently ensures a high degree of scrutiny of each Rubicor Business.