

RISK MANAGEMENT POLICY

1. COMMITMENT

It is the policy of the Johns Lyng Group to effectively manage risks that threaten to adversely impact the Johns Lyng Group, its customers, people, assets, functions, objectives, operations or members of the public. Johns Lyng will seek to manage risk within an acceptable level and as low as reasonably practicable.

2. OBJECTIVES

The objective of the policy is to give guidance that, so far as is reasonably practicable, that will:

- 2.1 Ensure risk management is adopted throughout the Group as a prudent management practice.
- 2.2 Ensure that all employees are made aware of the need to manage risk and to promote a culture of participation in that process.
- 2.3 Protect the JLG from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur.
- 2.4 Ensure the ongoing capacity of the JLG group to fulfil its mission, perform its key functions, meet its objectives and serve its customers.
- 2.5 Reduce the costs of risk to both the JLG and its subsidiaries.
- 2.6 Adopt the 3 line defence model of process improvement, management control and Board oversight.

3. RESPONSIBILITIES

Johns Lyng Group recognises that management have the overall responsibility to provide effective risk management systems, so far as is reasonably practicable. The risk management policy requires that:

- 3.1 The Board endorse a risk management framework that provides mechanisms for:
 - a. identifying risks including any emerging risks
 - b. the regular review of the risks facing the organisation and the updating of the organisation's risk registers
 - c. determining the materiality of those risks and the development of a plan to minimise the impact of such risk on the organisation
 - d. formulation and updating of the organisation's risk management processes and procedures to address the significant risks
 - e. monitoring that the risk culture of the organisation is consistent with the board's risk appetite and risk priorities;
- 3.2 Role of Management
 - a) Management is responsible for designing and implementing risk management and internal compliance and control systems which identify the material risks facing the Group. These compliance and control systems are designed to provide advanced warning of material risks before they eventuate.
 - b) Management must regularly monitor and evaluate the effectiveness of these processes and risk plans and the performance of employees implementing them, including through the procedures listed in Appendix A. In addition, management must promote and monitor the culture of risk management within the Group and compliance with internal risk systems and processes by employees.
 - c) All employees are responsible for implementing, managing and monitoring these processes and risk plans with respect to material business risks, as appropriate.
 - d) Management must report at each Board meeting on risk management to the directors and Risk & Compliance Committee. The reporting must identify the Group's material risks and the extent to which:
 - i. the Company's ongoing risk management program effectively identifies all areas of potential
 - ii. risk, including with respect to licensing and regulatory issues
 - iii. adequate policies and procedures have been designed and implemented to manage identified risks
 - iv. a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies
 - v. proper remedial action is undertaken to redress areas of weakness.

4. PERFORMANCE

Risk management performance will be measured by:

- 4.1 Implementation and reporting of the effectiveness of the risk management program;
- 4.2 Quarterly review of strategic risks that have a broad organisational wide impact
- 4.3 Identification of risk and successful treatment in accordance with procedures and guidelines;
- 4.4 Mitigation and control of any losses;
- 4.5 Reduction in any costs of risks;
- 4.6 Achievement of best practice through alignment to the International Risk Management Standard ISO 31000:2009.
- 4.7 The Policy shall be reviewed on a 3 year cycle to ensure consistency of application.



APPENDIX A

The following are intended to form part of the normal procedures for management's risk and compliance responsibilities:

1. Evaluating the adequacy and effectiveness of management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for the management of balance sheet risks.
2. Evaluating the structure and adequacy of the Group's business continuity plans.
3. Evaluating the structure and adequacy of the Group's own insurances on an annual basis.
4. Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies.
5. Overseeing the establishment and maintenance of processes to ensure that there is an adequate system of internal control, management of business risks and safeguard of assets; and a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
6. Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
7. Disclosing whether the Group has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
8. Reviewing the Group's main corporate governance practices for completeness and accuracy.
9. Reviewing the procedures that the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices and consumer laws, industrial relations, occupational health and safety, and the environment).
10. Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act 2001 (Cth) and Australian Accounting Standards Board requirements).
11. Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.
12. Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.

