



## AUTOMOTIVE HOLDINGS GROUP

### **Corporate Governance Policy – Risk Assessment and Management**

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Comprehensive practices are established such that:-

- The Board has been working with external consultants to enhance its current risk management framework;
- The Company has modified its Occupational Safety & Health Manual to accommodate its recent expansion and this is in the process of being rolled out through the Group;
- A national audit of the Company's occupational health, safety and environment management system has been completed and a number of action plans have been highlighted and are in the process of being implemented;
- The Company's internal audit division carries out regular systematic monitoring of control activities and reports to both the relevant business operations management, senior management and the Audit & Risk Management Committee;
- Quarterly reviews of each operating entity are undertaken by management addressing such things as the past performance of their area of responsibility and the current and future risks they face;
- Strategic planning sessions are scheduled each year to review the Company's strategic direction in detail and specific focus on the identification of the key business and financial risks which could prevent the company from achieving its objectives;
- The Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies;
- the Board has appointed external consultants to document its authorised authority levels which will be communicated through the Group.
- Regular Treasury Committee meetings are held to ensure financial exposures are controlled including the use of derivatives;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed.

The Board receives assurance from the Managing Director and Finance Director that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.