



## **Risk Management Policy Statement**

**for the**

### **SMS Management & Technology Limited Group of Companies**

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<b>Approved By</b>	<b>The Board</b>
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#### **Revision History**

<b>Revised Date</b>	<b>Revised By</b>	<b>Revision Approval</b>	<b>Version Number</b>	<b>Summary of Changes</b>
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## **1 Purpose and Application of the Policy**

Taking risk is an integral and necessary part of doing business. However, unless risk is managed effectively it can lead to significant adverse consequences. SMS already manages risk in a variety of ways across different business units. The Board and senior management intend that this be enhanced through the introduction of a formal group wide Risk Management Framework, which will involve all SMS Staff. The Framework will provide a formalized and visible process to identify risk exposure and to provide explicit and positive assurance that these exposures are being controlled adequately.

## **2 Definitions**

“Risk” is the effect of uncertainty on objectives.

“Risk Management” is the coordinated activities to direct and control an organization with regard to risk.

“Risk Management Framework” means the set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

“Risk Management Policy” means the statement of overall intention and direction of an organisation related to risk management.

## **3 Audience**

This policy statement applies to the Board and all SMS employees and associates (together referred to as “SMS Staff” for the purposes of this document).

## **4 Risk Management Framework**

The Risk Management Framework will be applied to all our activities. We will achieve this by identifying our exposures; assessing their possible impact; introducing appropriate risk management techniques; monitoring the impact of those techniques; and reporting the results so that adjustments can be made and any new risks captured by the Risk Management Framework.

Our challenge is to infuse risk awareness and management into our culture, our daily operations and our interactions with stakeholders. The involvement of all SMS Staff is critical for this challenge to be met successfully. As such, clear accountabilities will be developed at all levels with input from staff representatives, and incorporated in performance evaluations and other review processes.

- Senior management members have delegated accountability for the management of risk in their respective areas of responsibility.
- A risk analysis must identify and evaluate the associated risks before any strategies, lines of business, products or proposed acquisitions are introduced.
- This analysis must be updated periodically.
- It is accepted that a balance must be maintained between the cost and the benefits of risk management.
- Risk management does not operate in a vacuum – it requires the full co-operation of all SMS Staff to be successful.

## **5 Governance**

The SMS Board has an existing Audit, Risk and Compliance Committee (“ARCC”). The ARCC will assume high-level oversight of the Risk Management Framework. In addition, the Executive has created a Risk Management Steering Committee (RMSC) to guide the introduction and ongoing refinement of the Framework. The RMSC has a standing membership sourced from corporate functions and in addition will co-opt standing membership from the various business areas as required. The RMSC is accountable to the ARCC. The CEO will also be kept apprised of RMSC proceedings.

## **6 Board Endorsement**

The formalization of the SMS risk management practices through the introduction of a formal Risk Management Framework is fully supported by the Board, which strongly encourages all members of the SMS family to embrace this critical element of our future success.