



RISK MANAGEMENT POLICY

REV. #	INFORMATION	DATE
1.0	Approved by the Board	Aug 2015
1.1	Addition of Charters and Policies at 6.1 and other editing, reformatted. Approved by the Board.	Nov 2015
1.2	Update of logo and change of company name	Jun 2017

1. Introduction

1.1 The management of risk within RHS Limited (Company) is recognised as a critical part of its business operations and strategic success. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations and safe and environmentally responsive activities.

1.2 The Company's activities by their very nature have multiple layers of risk, including:

- Highly competitive markets;
- Reliance on third party manufacturers and suppliers;
- Nature and size of the Company's operations, and dependence on a small number of key personnel;
- Ongoing commercial viability, subject to significant cost and pricing changes;
- Foreign currency exposures;
- Exposure to health and safety issues associated with the industry;
- Addressing any requirement for ongoing additional capital to fund future development activities;
- Inability to effectively protect the Company's propriety technologies could be adverse for competitive position; and
- The challenge as a Company is to develop a culture which allows the adventurous and entrepreneurial spirit for generating success in our production and sales endeavours to thrive, while building a sound foundation of systems, practices and culture which identify and acceptably manage our risks.

2. Scope

2.1 This Policy sets out the broad principles, responsibilities and practices that will be used to manage the Company's risk exposure and the various risk management systems and internal controls operated by the Company to respond to those risks.

2.2 This Policy has important implications for all the Company's personnel. If you do not understand the implications of this Policy or how it applies to you, you should raise the matter with the Chief Executive Officer or the Company Secretary.

3. Risk Policy Objectives

- 3.1 To ensure that the Company has a culture and practices in place to encourage the identification, assessment and management of risks that may affect the Company's ability to achieve its business objectives.
- 3.2 To ensure that in managing risk, the Company complies with all relevant laws, regulations and contractual obligations, and that appropriate recognition is given to the Company's social and community obligations.
- 3.3 To ensure that the Company has in place a structured and effective approach to risk management.
- 3.4 To ensure that its risk management program is appropriate for the Company, taking account of the business environment that the Company operates in, and the Company's assessed tolerance to risk.
- 3.5 To ensure that effective monitoring and regular reporting of risk under the risk management program is conducted.

4. Risk Role and Responsibilities

- 4.1 The Board of the Company is ultimately responsible for overseeing the establishment and implementation of effective risk management systems and the monitoring of internal controls and compliance.
- 4.2 The Company's Audit, Business Risk and Compliance Committee, on behalf of the Board, reviews the effectiveness of the Company's risk management systems, including without limitation, reviewing and updating the Company's risk profile.
- 4.3 At least annually the Audit, Business Risk and Compliance Committee will review the implementation of the Company's risk management policy and reassess the risk management framework.
- 4.4 The implementation of the risk management systems and the management of risks within the Company on a day to day basis, are the responsibility of the Managing Director, with the assistance of senior management.

Having identified and prioritised a particular risk in the business, it is management's responsibility to assess the risk, and where necessary, take appropriate action to eliminate, mitigate or transfer the risk, to the extent possible in the most cost effective way, such that the risk is reduced to a level which is acceptable within this Policy. The identification and management of such risks will be incorporated into the Company's business and project plans, including assessment of opportunities and strategic settings.

4. Risk Role and Responsibilities (continued)

- 4.5 It is the responsibility of all RHS Limited employees, consultants and contractors to ensure the Company complies as appropriate with its legal, regulatory, contractual and compliance obligations, and to take appropriate action as required to manage, monitor and report on risks.
- 4.6 When necessary, the Company will engage independent specialists to assist it to implement and monitor appropriate risk management practices within the business.

5. Risk Management Framework

- 5.1 A sound framework of risk oversight, risk management and internal controls is fundamental to the Company's commitment to good corporate governance.
- 5.2 The Company's strategic and business plans are formulated in the contexts of the key risk exposures identified by the Company and the requirements to effectively manage those risks as part of the Company's operations.
- 5.3 To manage the risk exposures faced by the Company, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks, as a basis to implement a formal system of risk management and internal control and compliance.
- 5.4 This Policy requires the Company to undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the Company.

6. Risk Management Practices

6.1 The Company has established a number of policies and procedures which are designed to manage specific business risks. These include:

- Audit, Business Risk and Compliance Committee Charter
- Remuneration and Nominations Committee Charter
- Disclosure Policy
- Securities Trading Policy
- Code of Conduct and Ethics
- Diversity Policy
- Travel Policy
- Corporate Governance Statement
- Comprehensive Insurance Program
- Regular Reporting to be an agenda item at every Board meeting, including OH&S
- Delegations of Authority
- Procedures to define and manage environmental, health and safety matters
- Establishment of Key Performance Indicators for senior management that ensure alignment of risk management priorities

6.2 The Company will undertake a strategic risk assessment to formally identify, collate and prioritise its key business risks, and will review this at least annually and/or whenever there is a material change to the Company's business strategy or structure.

6.3 The Chief Executive Officer and the Company's Chief Financial Officer are required to report to the Board annually as to the effectiveness of the Company's management of its key business risks.

6.4 The Chief Executive Officer and the Chief Financial Officer are required to state in writing to the Board that the Company's financial reports (annual and half year) present a true and fair representation, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

7. Review and Publication of this Policy

- 7.1 This Policy will be reviewed by the Audit, Business Risk and Compliance Committee at least annually. The Audit, Business Risk and Compliance Committee will recommend any necessary changes to the Board for its consideration and approval.
- 7.2 The key features of this Policy will be outlined in the Company's Corporate Governance Statements annually.
- 7.3 This policy will be made available to the Company's shareholders on request.
- 7.4 A copy of this Policy will be made available on the Company's website.