



LIVING AND LEISURE GROUP RISK MANAGEMENT POLICY

PURPOSE

Living & Leisure Australia Group (**LLA or Group**) is committed to establishing a comprehensive, integrated and effective risk management framework consistent with AS/NZS 4360:2004. This risk management policy will form an integral part of the management of LLA operations, business planning and overall corporate governance.

To effectively manage risk, LLA has in place a structured risk management framework consistent with its commitment to risk management, to have in place a process to identify, assess and manage all forms of risk, and to train its people in the methods of risk management.

LLA acknowledges that risk management is an integral part of good corporate governance and sound management practice in order to:

- Protect the Group from those risks of significant likelihood and consequence in the pursuit of LLA's strategic business objectives;
- Provide a consistent risk management framework in which the risks concerning business processes and functions will be identified, assessed and managed;
- Encourage pro-active rather than re-active management;
- Provide assistance, support and improve the quality of decision making of LLA;
- Meet legal or statutory requirements;
- Assist in safeguarding LLA's assets, people, finance, property and reputation; and
- Optimise the return to, and protect the interests of stakeholders including security holders, clients and employees.

POLICY

To achieve our corporate goals, including meeting the economic expectations of shareholders, LLA must pursue opportunities that involve some degree of risk.

LLA policy is to:

- Identify and assess risks to our business objectives and understand how such risks influence performance;
- Ensure that an appropriate risk management framework is in place and that this is aligned to our business strategy;
- Support the framework and strategy with an appropriate organisational structure and ensure that associated responsibilities are clearly defined and communicated at all levels;
- Ensure that risk information is communicated through a clear and robust reporting structure; and
- Integrate ongoing risk management activities within the business.

LLA views risk management as a continuous process, and a fundamental driver of effective Corporate Governance.

RESPONSIBILITIES

Governance

The Board is ultimately responsible for the oversight of risk management and for communicating the requirements of this policy.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit & Risk Committee.

The Audit & Risk Committee has responsibility for ensuring management establishes, implements and maintains processes for the identification and assessment of the business risk environment and report to the Board on the appropriateness of risk management policy.

Management

The Management is responsible for:

- Establishment, implementation and maintenance of the risk management framework;
- Reviewing and assessing the effectiveness of the risk management framework on a regular basis; and
- Reporting to the Audit & Risk Committee on major risks and action plans

The Risk Manager assists management to coordinate their risk management obligations across the business units. For each individual business or risk area, a risk coordinator may be appointed to assist management to effectively communicate and promote a culture of compliance within each unit.

Employees

All employees have a general duty of care and responsibility to identify, evaluate, manage and report risks to management.

RISK IDENTIFICATION

LLA's annual risk analysis review aims to identify and assess the key operational risks that affect the business.

LLA categorises risk at four broad levels: Strategic, Financial, Operational and Hazard. Each of these can include, but are not limited to, the following risk categories:

- People Risk – injury to people
- Environmental – damage to the environment
- Asset Management – loss, damage, destruction
- Financial – reduced revenue and/or increased expenses
- Compliance – failure to comply
- General Management – consequences of poor management practices
- Change Management – impact when poorly managed
- Products/Services – liability arising from service, quality, delivery
- Technology – impact relating to failure of technology

RISK ASSESSMENT

The Level of Risk is most commonly used whereby a factor is generated from the risk consequence and risk likelihood. This can be represented as:

Level of Risk = Consequence x Likelihood

This assessment combined with a qualitative and quantitative approach to the analysis of potential consequences, provides the basis for LLA's approach to risk and developing of effective and appropriate strategies and actions to address these risks.

RISK TREATMENT

Options for treating risks include:

Avoidance	the activity is avoided if the outcome results in a major loss
Reduction	the level of risk is reduced by reducing the likelihood or consequence of the risk as identified during the risk analysis process
Transfer	insurance is a method used to transfer risks.
Retention	risks which are not avoided, reduced or transferred are retained and managed.

Once risks are treated, the residual risks are to be continually monitored to ensure they remain at an acceptable level.

COMMUNICATION

This policy is available to all staff in the Group's shared drive and can also be accessed via the LLA website.

ASSESSMENT & REVIEW

The Risk Manager will assess and review this policy annually to ensure its effectiveness and relevance to the dynamics of our industry.