

# RISK MANAGEMENT POLICY

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Last revised December 2021

This Risk Management Policy (the “Policy”) outlines the approach the organisation will take towards the management of risks. The Board remains responsible for risk management and has delegated the annual review of the Company’s risks to the Audit & risk Committee.

## Policy statement

Seeka Limited (“Seeka”) will maintain a process that provides it with a structured and systematic view of the risks that it faces in the course of its activities. Wherever appropriate, the process will be consistent with the Australian and New Zealand Standard: AS/NZS 31000:2009 Risk Management Principles and Guidelines.

## Purpose

This Policy establishes the process for the management of risks. Seeka recognises that all risks cannot be eliminated. The aim is to manage the risks in all activities to minimise adverse effects and maximise opportunities. This requires:

- A strategic focus.
- Active management.
- A sensible balance between the cost of managing risk and the anticipated benefits.
- Contingency planning in the event that critical risks are realised.

## Application

The Policy applies to all Seeka activities, Directors, Chief Executive, Senior Management Team, and employees.

## Responsibilities

The **Board** is required to oversee risk management within Seeka as a whole.

The **Chief Executive Officer** (“CEO”) is required to ensure that a risk management system is established, implemented and maintained in accordance with the Policy.

The **Senior Management Team** (“SMT”) is required to be accountable for operational risk management within their areas of responsibility.

All **Managers** and **Staff** are responsible for the effective management of risk.

## Definitions

For the purposes of the Policy:

- **Risk** means the chance of something happening (an event) or an omission that will have an impact on Seeka’s objectives. It is measured in terms of consequences and likelihood.
- **Controls** are the existing processes, practices and mechanisms that act to minimise negative risks.

- **Risk assessment** means the process used to determine risk management priorities by comparing and evaluating the level of risk against predetermined acceptable levels of risk.
- **Risk management** is the systematic application of a management system to the task of identifying, analysing, treating and monitoring risk.

## Process

The Policy forms part of the Seeka compliance / internal control and governance arrangements. The following key principles outline Seeka's approach to risk management:

- The Board has responsibility for overseeing risk management within Seeka as a whole.
- The CEO and SMT will support, advise and implement policies and procedures that are approved by the Board.
- Seeka will have an open and receptive approach to solving risk problems.
- The conservative and prudent recognition and disclosure of financial and non-financial risk.
- The encouragement of good risk management practices amongst staff members by their relevant Managers.
- The identification and close monitoring of key risk indicators on a regular basis.

## Role of the Board

The Board has a fundamental role to play in the management of risk. The Board's role is to set the tone and influence the culture of risk management within Seeka. This includes:

- Deciding whether Seeka is "risk taking" or "risk averse" as a whole or on any individual issue.
- Deciding which types of risk are acceptable and which are not.
- Setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate level of risk exposure for Seeka.
- Approve major decisions affecting Seeka's risk profile or exposure.
- Monitor the management of significant risks to reduce the likelihood of adverse outcomes.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review Seeka's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

## Role of SMT

The key roles of the SMT, led by the CEO, are to:

- Implement policies on risk management and compliance.
- Identify and evaluate significant risks faced by Seeka for consideration by the Board.
- Provide adequate information in a timely manner to the Board and its committees / sub committees on the status of risks and controls.

- Annually review the effectiveness of the system of risk compliance and provide a report to the Board.

### **Role of the Audit and Risk Committee**

The Audit and Risk Committee's main role is to provide an independent opinion on the adequacy of risk management by:

- Commenting on proposals for implementation of risk management and expressing an opinion on their overall adequacy.
- Receiving reports from the Compliance Manager concerning the effectiveness of risk controls.
- Comment annually on the effectiveness of risk management activity in Seeka on the basis of reports received.

### **Risk assessment**

Seeka assesses risks throughout the organisation using a standard methodology that is consistent with the Australian / New Zealand Standard, AS/NZS 31000:2009 Risk Management Principles and Guidelines.

This includes:

- Establishment of a context for the assessment to occur in.
- Identification of risks.
- Analysis of the identified risks.
- Evaluation of the identified risks.
- Treatment of the identified risks.
- Monitoring and review of the identified risks.

The standard methodology will be applied in organisational, department and business unit assessments.

The standard methodology assesses the consequences and likelihood of each risk.

The purpose of each risk assessment is to establish a prioritised list of risks for further analysis

Risk assessments are undertaken using the Seeka Risk Templates and Assessment Scales.

### **Risk management as part of a compliance control system**

The system of compliance controls established by Seeka is to incorporate risk management. The system incorporates a number of elements that together facilitate an efficient and effective operation that enables Seeka to respond to a variety of operational, financial and commercial risks.

These elements include:

### **1. Policies and procedures**

Policies and procedures underpin the compliance process. They are set by the Board and implemented and communicated by management to staff.

### **2. Reporting**

Comprehensive, timely and regular reporting is designed to monitor significant risks and their controls. Decisions to rectify problems are made at regular meetings throughout Seeka.

### **3. Planning and budgeting**

The planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards Annual and Strategic Plan objectives are monitored regularly.

### **4. Risk Register**

The Risk Register records high level, significant risks. It is compiled by the SMT and helps to facilitate the identification, assessment and ongoing monitoring of risks that are significant to Seeka.

The Risk Register is formally appraised annually but emerging risks can be added as required. Improvement actions and risk indicators are monitored regularly.

### **5. Audit and Risk Committee**

The Audit and Risk Committee is required to report to the Board on compliance and internal risk controls and alert members to any emerging issues.

The Audit and Risk Committee oversees compliance, third party reports, external audit, and management as required in its review of internal risk controls.

The Audit and Risk Committee is well placed to provide advice to the Board on the effectiveness of the compliance and internal risk control system, including the system for the management of risk.

### **6. Compliance Manager**

Compliance Manger is an important part of the internal risk control process. As part of their normal programme of work the Compliance Manager is responsible for aspects of the annual review of the effectiveness of the business compliance and control programme within Seeka.

The Compliance Manger will also perform additional reviews focussed toward review of the controls in place to manage the significant risks identified in the Risk Framework.

The result of the reviews will be reported to the SMT to assist them in assessing the adequacy of the management of key risks.

## **7. External Audit**

External Audit provides feedback to the Audit and Risk Committee on the operation of the internal financial controls reviewed as part of the Annual Audit.

## **8. Third-party reports**

From time to time the use of external consultants will be necessary in areas for which Seeka lacks adequate expertise.

The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

### **Annual review of effectiveness**

The Board is responsible for evaluating the effectiveness of compliance and controls, based on information provided by the SMT.

For each significant risk identified, the Board will:

- Review the previous year and examine the track record on risk management and internal risk control.
- Consider the risk profile of the coming year and consider if the current control arrangements are likely to be effective.

In making its decision the Board will consider the following aspects:

#### **1. Control environment**

- Seeka's objectives and its financial and non-financial targets, organisational structure and adequacy of management oversight, culture, approach and resources with respect to the management of risk, delegation of authority and public reporting.

#### **2. Continuing identification and evaluation of significant risks**

- Timely identification and assessment of significant risks.
- Prioritisation of risks and the allocation of resources to address areas of high exposure.

#### **3. Information and communication**

- Quality and timeliness of information on significant risks.
- Time it takes for control breakdowns to be recognised or new risks to be identified.

#### **4. Monitoring and corrective action**

- Ability of the business to learn from its problems.
- Commitment and speed with which corrective actions are implemented.

The SMT will prepare a report of the effectiveness of the compliance system annually for consideration by the Audit and Risk Committee prior to reporting to the Board.

## References

Australian / New Zealand Standard: AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines.

## Review of the Policy

This Policy will be reviewed annually by the Board.

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Next review due: December 2022



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