

# IPS LOGISTICS GROUP PTY LTD

## Risk Management Policy

Risk management is a key element of effective corporate governance. Recognising this, IPS Logistics Group (IPS) has a risk management policy and specific, comprehensive procedures for managing the company's financial, operational and project risk.

Executive Managers, who are respectively responsible for Finance & Administration, Brisbane Seed Pack and Island Packing, Inland Packing and Melbourne, and Operations, are responsible for risk management activities in their respective areas of accountability and report directly to the Chief Executive Officer (CEO). The CEO report to the Board contains a segment on risk.

The Board is responsible for establishing risk acceptance criteria, for managing critical business risks and overall responsibility for ensuring that management policies, procedures and controls are in place to manage the impact of significant business risk.

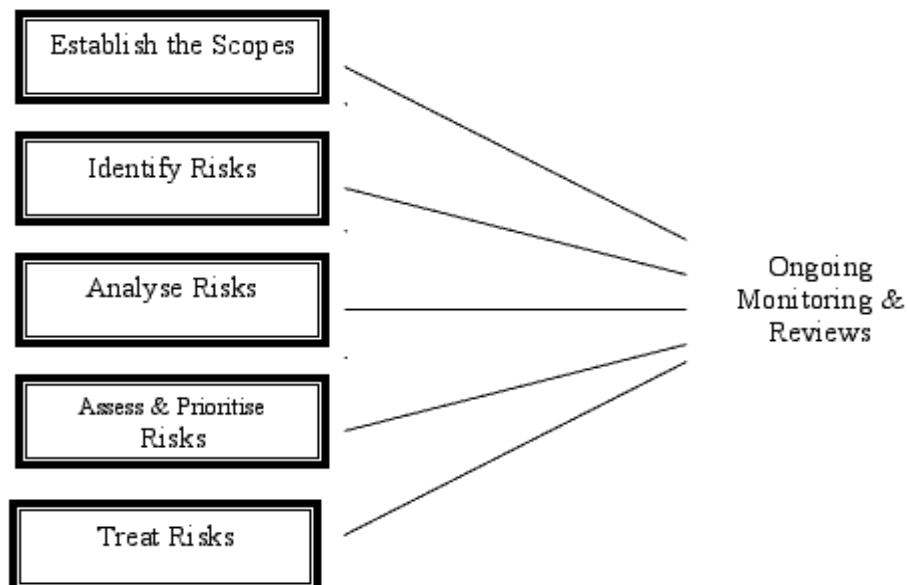
The Board directly oversees risk identification and management through CEO reports and is also responsible for comprehensively reviewing IPS's risk management system at least on an annual basis. IPS's risk management policy ensures explicit and systematic identification, assessment, management and communication of all risks associated with our business and operations. The policy is based on the Australian Standard for risk management (AS4360:2004), and delineates mandatory processes and specific accountabilities across the organisation.

### Risk Management Framework

IPS's risk management framework is based on the following components and is consistent with the principles of the Australian/NZ risk management standard 4360:

- Active support by executive management for awareness and management of risk
- Implementation of a corporate policy and a consistent group wide framework – understood and owned by all management
- Communication and development of processes to make risk management a daily way of doing business
- Implementation of processes to identify, assess, and manage key risks
- Implement processes to monitor the risk management framework, including ongoing evaluation and reappraisal of key risks

The process for key risk identification and management is detailed below:



# IPS LOGISTICS GROUP PTY LTD

## Risk Identification

As a commercial organisation providing logistics services business risks may arise from occupational health and safety incidents on employees, handling and processing of goods by a variety of machines and equipment, the handling and storage of client's products, contractual obligations, information technology and financial management. The Board of IPS has identified the major risks confronting IPS which it has categorised as follows:

1. Occupational Health and Safety;
2. Handling and processing equipment;
3. Product storage and handling;
4. Contractual obligations;
5. Information technology;
6. Financial Management; and
7. People

## Analyse, Assess and Prioritisation of Risks

IPS has a low risk appetite and actively analyses, evaluates, treats, communicates and monitors risk in order to minimise loss and maximise opportunities. Management has implemented an effective risk management framework which:

- identifies key business risks
- analyses and assesses key business risks
- prioritises key business risks by applying a Risk Rating to each risk
- outlines and assigns responsibilities for risk management throughout the organisation
- implements an effective reporting structure, format and frequency
- identifies mitigation strategies for each risk
- identifies responsibilities for monitoring each risk; and
- is regularly assessed for appropriateness.

Risk is the chance of something happening that will have an impact upon objectives. It is measured in terms of likelihood and impact. The analysis and assessment of risk has been completed in conjunction with the CEO and the Executive Management and tabled at a meeting of the Board. Risks have been quantified by assessing both their likelihood and consequence on IPS's operations and then categorising them as Extreme, High, Elevated, Moderate or Low.

In addressing and managing the underlying business risks, the Board relies on the CEO who receives monthly risk report from Executive Managers, which include a segment on risks, and reports from an independent quarantine expert engaged by IPS to ensure IPS complies with AQIS requirements.

The Board is responsible for:

- establishing appropriate risk management policies and procedures relevant to manage the underlying risk to the business
- communicating the risk management processes to those responsible for implementing them
- ensuring relevant staff education and awareness of the risk process
- implementing clear reporting lines for those staff responsible for managing risk
- receiving regular reports on risk management from those staff responsible within the reporting framework.

# **IPS LOGISTICS GROUP PTY LTD**

## **Risk Treatment, Monitoring and Communication**

All risks identified are monitored to ensure that they remain at an acceptable level. The intention is to annually ensure that each risk assessed as medium or above are addressed:

- in order to reduce or mitigate each risk to the extent possible; and
- to ensure that specified controls are effective.

Specific risk matters are reported on a monthly basis by Executive Managers to the CEO as part of the monthly reporting process.

In the event that a risk which has been categorised as Elevated or above arises the CEO must immediately report the incident to the Chairman within 5 working days of the occurrence advising:

- details of the incident or event; and
- how the incident occurred; and
- identify the source of the failure to prevent the risk occurrence; and
- steps taken to minimise the impact of the occurrence; and
- steps taken to rectify the breakdown or weakness in the risk controls systems.

The Chairman will forward a copy of the CEO report, together with their comments, to Board members within 5 working days of receiving the CEO report. The CEO must ensure that all such occurrence reports are tabled at the next Board meeting.

Formal risk assessments are conducted annually by the Board. This process is coordinated and monitored by the CEO and the Company Secretary.