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1 Applicability

A reference to Black Cat in this policy is a reference to:

- (a) Black Cat Syndicate Limited ABN 620 896 282 (**Company**)
- (b) and each of its subsidiaries (together the **Group**); and,
- (c) any joint ventures under a Group company's operational control.

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Responsibility for implementing the risk management framework and system is delegated to the Audit and Risk Committee, who in turn rely on the appropriate level of management within the Company with the Managing Director (MD) and Chief Financial Officer (CFO) having ultimate responsibility to the Board and the Audit and Risk Committees for the risk management framework and system.

The risk management framework applies throughout Black Cat and risk analysis is applied to all areas of the business by management at appropriate levels. Black Cat directors, employees, contractors and consultants throughout the Company have ownership of risk management in their areas of operation.

This Risk Management Policy is supported by the Audit and Risk Committee Charter.

2 Purpose

The Company acknowledges that there is risk associated with all business activity and that the assessment, management and considered acceptance of risk ensures both the sustainability and growth of our business.

The purpose of this Risk Management Policy ("Policy") is to ensure that the necessary controls are in place for an appropriate risk management framework by:

- (a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and,
- (b) reviewing the Company's risk management framework at least annually to satisfy the Committee that it continues to be sound.

3 Risk Management Strategy

3.1 Company Commitment

The Company is fully committed to effectively managing its risk and opportunity decisions. These decisions made by the Board and its personnel will help to establish and drive a risk aware culture



which has an appropriate balance between risk and reward in order to create sustainable shareholder value.

The Company's approach to risk management ensures careful consideration of the core components of the Company's risk profile including operations risk, financial reporting, compliance and system/IT risks.

The Company will take all reasonable and practical steps to meet this commitment through the implementation of a fit for purpose management system and processes focused on:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off and are in accordance with the Board's risk appetite;
- regulatory compliance and integrity in reporting is achieved; and,
- senior management, the Board and investors understand the risk profile of the Company.

3.2 Audit and Risk Committee

The Audit and Risk Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assist management to determine whether it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*) and, if it does, how it manages, or intends to manage, those risks;
- (c) assist management to determine the key risks to the businesses and prioritise work to manage those risks; and,
- (d) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

3.3 Risk Management and Internal Compliance and Control

The Company's process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and,
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations;
- (b) preparation of reliable published financial information; and,



(c) implementation of risk transfer strategies where appropriate e.g., insurance.

3.4 Reporting

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Audit and Risk Committee.

The Board will review assessments of the effectiveness of risk management and internal compliance and control at least annually.

The Company must disclose at least annually whether the Board (or a committee of the Board) has completed a review of the Company's risk management framework to satisfy itself that it continues to be sound.

The Company will disclose if it has any material exposure to environmental and/or social risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how it manages, or intends to manage, those risks

4 Review

This Policy will be reviewed annually and updated as required.