

Risk Management Policy

1. INTRODUCTION

Risk is defined as the effect of uncertainty on objectives.

Pacific Link Housing Limited (PLH) understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve strategic, operational, financial and regulatory objectives.

Risk management involves coordinated activities to direct and control the organisation with regard to risk. It is a systematic process that involves establishing the context of risk management, identifying risks, analysing risks, addressing risks, periodically monitoring risks and communication and consultation. Risk management explicitly addresses uncertainty but, whilst it is based on the best available information, it does not eliminate all risk. The application of risk management thinking, principles and practices aims to help PLH deliver quality services, improve decision-making, set priorities for competing demands/resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of objectives.

2. PURPOSE

The purpose of this Risk Management Policy is to communicate PLH's commitment to managing enterprise-wide risks and establish clear responsibilities to ensure that all levels of PLH, directors, management and employees are aware of and responsible for the management of risk.

3. SCOPE

This policy applies to all PLH directors, management, employees, contractors and volunteers across all PLH activities and processes. In developing this policy, PLH has referenced the regulatory standards as follows:

1. National Regulatory Code for Community Housing Performance Requirement 4 Governance that includes:
 - a. "Ensuring coherent and robust strategic, operational, financial and risk planning", and
 - b. "Ensuring effective, transparent and accountable arrangements and controls are in place for decision making to give effect to strategic, operational financial and risk plans".
2. National Community Housing Standards 5.2 Good Governance, 6.1 Financial Systems.

4. POLICY STATEMENT

1 MANDATE AND COMMITMENT

PLH is committed to the formal, systematic, structured and proactive management of risks across the organisation.

PLH recognises that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a mandatory legal requirement. In particular, effective risk management can lead to better decision-making and planning as well as better identification of opportunities and threats.

2 RISK MANAGEMENT FRAMEWORK

PLH's risk management framework is a set of components that provides the foundations and organisational arrangements for designing, implementing, monitoring reviewing and continually improving risk management throughout the organisation.

PLH is committed to maintaining an effective, efficient and tailored risk management framework that consists of:

- this policy
- the PLH Risk Management Strategy
- the PLH Risk Management plan and Register
- supporting policies that complement risk management, including:
 - Policy -Property Acquisition and Development
 - Policy - Conflict of Interest and Code of Conduct.
 - Policy - Privacy & Confidentiality
 - Policy - Workplace Health and Safety
 - Policy - Fraud Control

The framework will enable:

- a formal, structured approach to risk management that is appropriate to PLH's activities and operating environment; and
- a risk management approach consistent with the principles of AS/NZS ISO 31000:2018.

3 RISK APPETITE

Risk appetite is an organisation's approach to assess and eventually pursue, retain, take or turn away from risk. It is expressed in the form of a risk appetite statement which covers a number of critical risk categories. PLH's current risk appetite statement is:

PLH recognises that in order to achieve its objectives and capitalise upon opportunities during a period of growth it will need to accept some level of well managed risk inherent in:

- *property acquisition and development*
- *borrowing funds and raising monies to finance development*
- *provision of innovative services to tenants, and*
- *increased reliance on partnerships with other service providers*

At the same time PLH has little or no appetite for risks that will:

- *Compromise employee and/or tenant safety*
- *Damage the organisation's reputation particularly in the eyes of funding bodies*
- *Result in loss of registration as a community housing provider, or*
- *Jeopardise the financial standing or capability of the company.*

4 IMPLEMENTING RISK MANAGEMENT

PLH is committed to ensuring that a strong risk management culture exists and will develop and maintain a risk management strategy that:

- aligns risk management processes to PLH's existing planning and operational processes;
- allocates sufficient funding and resources to risk management activities;
- provides employees with appropriate training in risk management principles;
- assigns clear responsibilities to employees at all levels for managing risk;
- embeds key controls to manage risks into business processes;
- establishes appropriate mechanisms for measuring and reporting risk management performance;
- communicates risk management policies, plans and issues to employees and other stakeholders;
- takes human and cultural factors into account; and
- is dynamic, iterative and facilitates continual improvement.

5 ACCOUNTABILITIES AND RESPONSIBILITIES FOR MANAGING RISK

The **Board** is ultimately responsible for adopting and committing to this risk management policy, identifying and monitoring emerging risks and fully considering risk management issues contained in Board reports.

The **Finance Risk and Audit Committee** is responsible for overseeing and monitoring the risk management framework, including the identification and monitoring of actions taken to minimise risk.

Directors or Executives who are appointed as representatives on any **Joint Venture Governance Committee** are responsible for overseeing and monitoring the JV risk management framework, including the identification and monitoring of actions taken to minimise risk.

The **Chief Executive Officer** is responsible for leading the development of an enterprise risk management culture across the organisation and ensuring that the Risk Management Policy and Strategy are being effectively implemented.

The **Executive Team** comprising direct reports to the CEO is responsible for establishing, implementing and reviewing the processes for identifying, monitoring and managing significant business risks across the organisation and within their areas of responsibility. Managers at all levels, are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all employees, volunteers and contractors. Managers are accountable for the implementation and maintenance of sound risk management processes and structures within their area of responsibility in conformity with PLH's risk management framework.

The **Governance & Compliance Manager and Executive Manager, Finance** work together to fulfil the role of risk management coordinator and are responsible for coordinating the processes for the management of risk throughout the organisation. This may include the provision of advice and service assistance to all areas on risk management matters.

All **employees** are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Employees are responsible and accountable for taking practical steps to minimise PLH's exposure to risks including contractual, legal and professional liability in so far as is reasonably practicable within their area of activity and responsibility.

Ian Lynch

Ian Lynch, CEO

November 2020