

# Risk Management Policy

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## Risk Management Policy Statement

ALS recognises that the effective management of risks is a fundamental component of good corporate governance and is vital for the company's continued growth and success. ALS is committed to enterprise-wide risk management to ensure its corporate governance responsibilities are met and its strategic goals are realised.

### **Enterprise-risk management enables ALS to identify and manage risks to:**

- Create and sustain a safe and healthy work environment.
- Improve business performance by optimising growth opportunities.
- Remain innovative and establish competitive advantage.
- Anticipate and communicate uncertainties.
- Reduce operational losses and surprises.
- Protect the company's reputation and brand.

### **The objectives of the ALS Limited Risk Management Policy and Framework are to:**

- Provide a consistent and systematic approach to identify, analyse, evaluate, treat, monitor and report on the portfolio of risks.
- Ensure management is presented with the best available information on which to base its decisions.
- Ensure decisions made are aligned with the company's appetite for risk and are undertaken within approved risk tolerances and are executed with sufficient independent oversight.
- Provide assurance through internal audit activities that internal controls are in place and are operating effectively and efficiently.

### **Application**

This policy applies to all ALS businesses.

### **Resources**

ALS will provide the necessary resources and support mechanisms to ensure its commitment toward risk management is achieved.

### **Implementation**

Each ALS business is responsible for implementing the requirements of this policy in consultation with their employees. Cooperation is needed, and expected, from all employees. The effective management of risk is vital to the continued growth and success of our Group.

**Malcolm Deane**

**Acting Chief Executive Officer**



## Introduction

This Risk Management Policy sets out the risk management strategy and minimum requirements for the management of risk within the Group. This policy is to be applied to the management of risks that arise in relation to the Group conducting its business.

ALS's strategy for the management of risk substantially follows the guidelines of *ISO 31000:2018 - Risk Management - Guidelines*.

## Definition of Risk

ALS defines risk as either a threat or an opportunity. A risk in the form of a threat is defined *as the chance of something happening that will negatively impact on the company's ability to meet its objectives*. A risk in the form of an opportunity is defined *as the chance of something happening that will enhance, or positively impact on, the company's ability to meet its objectives*. Both threats and opportunities are measured in terms of consequences and likelihood.

## Risk Management Framework

ALS has an established Risk Management Framework ("the Framework") to support its commitment to effective risk management. One of the primary objectives of the Framework is to provide guidance on how to consistently and comprehensively apply risk management in order to optimise the management of risk. Additional objectives of the Framework include:

- recognising that successful risk management is the responsibility of all employees.
- optimising financial growth opportunities.
- reducing the likelihood of deficient or ineffective strategic and business planning through embedding risk evaluation in all strategic and business planning.
- reducing the likelihood of failures and cost overruns by applying effective risk assessment and management in the planning and implementation of projects, and business initiatives and activities.
- reducing the likelihood, and potential impacts including financial cost to the company of fraud, insurance claims and complaints.
- encouraging the identification and reporting of actual or potential risk incidents.
- protecting and promoting the company's public image and reputation as a professional, responsible and ethical organisation.

## Risk Management Process

The Framework includes the application of the company's interpretation of the risk management process contained in *ISO 31000:2018 Risk Management - Guidelines*, as it is set out below.

### 1. Establish the Context

Before formally assessing risks, each Business Stream should ensure they consider and detail the context in relation to their specific business including:

- Governance/management structure
- Services provided
- Physical environment (property and location details)
- Service dependencies (internal & external)
- Competition

Establishing the context also requires consideration of ALS's agreed risk appetite and tolerances in relation to:

1. Reputation;
2. Finance / Commercial;
3. People and Culture;
4. Governance;
5. Information and Systems management;
6. Operational; and
7. Environment (including economic, environmental, and social sustainability).



Refer to the ALS Risk Appetite and Tolerance Policy for more information.

## 2. Risk Assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. The process aims to highlight the material risks to, or in, the business to ensure that resource allocation is directed towards mitigating controls around material risks that present as threats; and resource allocation is directed towards actions to optimise material risks presenting as opportunities eventuating.

### a. Risk Identification

The risk identification process involves identifying and documenting risks across all areas of the business.

Risks can be identified in a multitude of ways through day-to-day activities, proactively through formal risk management workshops, or reactively as a result of certain events occurring. External, strategic, financial and operational risks are incorporated in the risk identification step, with such risks being identified through a systematic process as per the table below:

Risk Identification Group	Examples
Strategic Workshops	<ul style="list-style-type: none"><li>• Business strategic planning reviews</li><li>• Material Business Risk workshops incorporating techniques such as 'strengths, weaknesses, opportunities, threats' (SWOT) analysis; brainstorming; analysis of systems or scenarios</li></ul>
Operational Activities	<ul style="list-style-type: none"><li>• Monthly team meetings</li><li>• Business and operations managers forums</li><li>• Capital expenditure risk assessments</li><li>• Routine data collection and business data analysis</li></ul>
Assessment against Standards	<ul style="list-style-type: none"><li>• Financial reviews and external audits</li><li>• Six monthly compliance process reviewing compliance against company policy, key risk controls, and legal compliance</li><li>• Internal audit and peer reviews</li><li>• Third Party accreditation reviews (ISO, NATA, TIC Council)</li><li>• Corporate Compliance and Risk audits</li><li>• Health Safety and Environment (HSE) and Injury Management (IM) inspections/audits</li></ul>
Incident or Event Logging	<ul style="list-style-type: none"><li>• Internal incident or complaint reporting via the ALS Compliance Portal incorporating health, safety, environment and property incidents</li><li>• ALS Business Integrity Helpline and ALS Your Voice Helpline</li></ul>
Exception Reporting	<ul style="list-style-type: none"><li>• Monthly exception reporting incorporating legal, information technology, employment practices, insurance, trade practices, environmental, HSE, tax and corporations law risks.</li></ul>



## b. Risk Analysis

The risk analysis step involves the calculation of the risk based on the consequence of the event and likelihood of the identified event happening. For the majority of risks that take the form of incidents or non-compliances, risk analysis is built into reporting requirements i.e. ALS Group standard incident report forms require investigation and corrective actions. A risk assessment matrix has been developed to be used across ALS for Group-wide risks. Business Streams may adopt more specific Business Stream operational risk matrices, provided those matrices are not misaligned with the matrix used for Group-wide risks. Consequences are grouped under the areas of Financial, Legal, Reputation, HSE, and Operational. An ALS tailored five by five consequence and likelihood risk matrix is used to apply a rating to each identified risk. Table 1 below provides an example of a consequence matrix; and Table 2 provides an example of a risk matrix.

**Table 1 Consequence matrix**

Consequence	Financial	Legal	Reputation	HSE	Operational
Negligible	Low level loss or cost to Business, Stream, or Group. <1% budgeted revenue or EBIT.	Event unlikely to attract regulatory response or claim. Notification of authorities unlikely to result in action.	Isolated complaint / event. No media inquiry.	Employee / contractor or environmental incident with limited harm, i.e. first aid.	No material damage to property or disruption to continuity of services. Negligible effect on projects.
Minor	Minor level loss or cost to Business, Stream, or Group. 1% - 5% budgeted revenue or EBIT.	A minor breach, which may incur a non-compliance or improvement notice. Notification necessary and visit likely.	Number of complaints and / or clients affected. Receiving local adverse publicity.	Medical treatment required. Localised environmental clean-up or remediation.	Minor damage to property. Services / business disrupted for less than 12 hours. Project impact minor.
Moderate	Moderate level loss or cost to Business, Stream, or Group. 5% - 10% budgeted revenue or EBIT.	A breach of regulations, or negligence. Notices/ claim issued with the likelihood of limited prosecution or civil action.	Multiple widespread complaints and / or clients affected. Adverse media interest / exposure is likely to be limited in duration.	Serious compensable injury. Extended time off >4 days. Moderate local environmental impact, contained to site but clean up required.	Damage or disruption to services / or a business for 24 hours. e.g. minor fire, disruption to utilities, IT system down. Project delayed or compromised impacting on objectives.
Major	Major level loss or cost to Business, Stream, or Group. 10% - 5% budgeted revenue or EBIT.	A major breach of regulations, or negligent act. Investigation by authorities. Likelihood of prosecution or civil actions.	Complaints across country. Significant or sustained adverse publicity effecting client confidence.	Permanent impairment due to injury. Off-site environmental impact. Requiring significant clean-up and ongoing remediation.	Major damage or closure of a business or service for more than 14 days. Inability to achieve project objectives.
Catastrophic	Extreme level loss or cost to Business, Stream, or Group. >15% budgeted revenue or EBIT.	A serious wilful breach of regulations, or negligence. Likelihood of suspension of business. Directors / officers likely to be prosecuted or named in civil action.	Sustained nation-wide media exposure with significant and lasting public / client outrage / dissatisfaction. ASX notification necessary.	Fatality or numerous serious injuries. Serious environmental impact, off site impact. Extensive clean-up and on-going remediation necessary.	Major damage or closure of a hub lab or major site. Resulting in inability to service customers. Project failure with broader impact to business.

**Table 2 Risk Array Matrix**

-5	Likely	Extreme -25	Very High -20	Very High -15	High -10	High -5		High 5	High 10	Very High 15	Very High 20	Extreme 25	Likely	5
-4	Occasional	Very High -20	Very High -16	High -12	High -8	Low -4		Low 4	High 8	High 12	Very High 16	Very High 20	Occasional	4
-3	Possible	Very High -15	High -12	High -9	Low -6	Low -3		Low 3	Low 6	High 9	High 12	Very High 15	Possible	3
-2	Unlikely	High -10	High -8	Low -6	Low -4	Very Low -2		Very Low 2	Low 4	Low 6	High 8	High 10	Unlikely	2
-1	Rare	High -5	Low -4	Low -3	Very Low -2	Very Low -1		Very Low 1	Very Low 2	Low 3	Low 4	High 5	Rare	1
		Catastrophic	Major	Moderate	Minor	Negligible		Negligible	Minor	Moderate	Major	Significant		
		-5	-4	-3	-2	-1	0	1	2	3	4	5		
		Detrimental Impact						Neutral	Beneficial Impact					

Risk velocity adds a third dimension to the risk analysis process. Velocity considers the following factors associated with a risk:

Speed of onset - requires the consideration of how quickly a risk might occur and how much warning will the organisation have to prepare.

Speed of impact - relates to how quickly and in what manner an organisation will be impacted by the onset.

Speed of reaction - relates to an organisations ability to see the risk coming and agility to react in a timely manner.

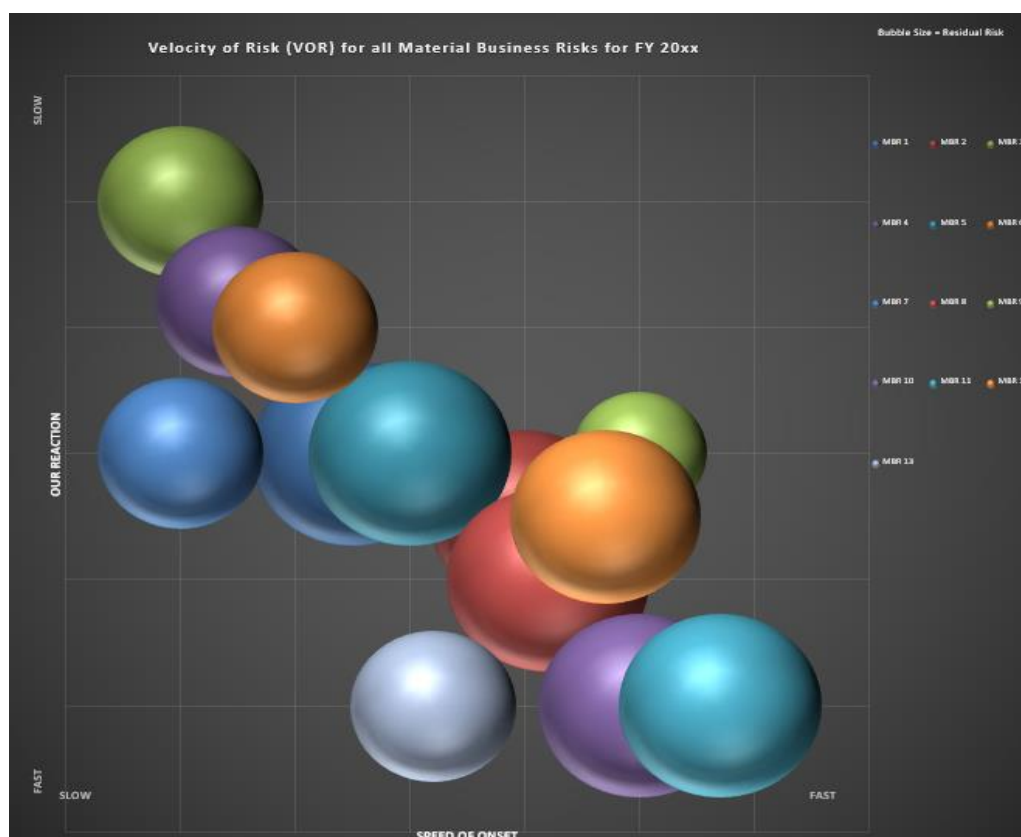
**Table 3** provides examples of a Likelihood Guide and a Velocity of Risk Scale.

**Table 3 Likelihood guide and Velocity of risk (VOR) scale**

Likelihood classification	Description
5 Likely	Expected to occur again either immediately or within a short period of time (likely to occur most weeks or months)
4 Occasional	Will probably occur in most circumstances (several times a year)
3 Possible	Possibly will occur, might occur at some time (may happen every one to two years)
2 Unlikely	Possibly will recur, could occur at some time (may happen every two to five years)
1 Rare	Unlikely to recur, may occur only in exceptional circumstances (may happen every five to thirty years)

Velocity of Risk	
Rating classification	Description
5 Extreme	Very rapid onset and impact. Little or no warning, instantaneous. Very slow speed of reaction.
4 Very high	Onset / impact in a matter of days to a few weeks. Reaction is slow.
3 High	Onset / impact occur in a matter of a couple months. Reaction is moderate.
2 Low	Onset / impact occur in a matter of several months. Reaction is quick.
1 Very low	Onset / impact occur over a year or more. Reaction is very quick.

**Chart 1** illustrates the velocity of risk from a threat perspective of Group-wide risks with an extreme, very high or high residual risk rating. This bubble chart helps prioritise each risk e.g. a risk with a high speed of onset and or impact may require a fast speed of reaction to implement the required risk treatments.





To ensure a consistent approach is taken for the assessment of material business risks, ALS has implemented a standard register to record all identified Group-wide risks. Risk management workshops are held by the Corporate Sustainability and Risk team with senior management teams from each Business Stream to identify and record material business risks. The outcomes of the risk workshops are recorded on the ALS Risk Register. The Register is maintained and managed by the Chief Sustainability Officer. It captures the inherent, residual and target risk ratings and is a 'living document'. It includes details of risk treatments in place and further risk treatments to be implemented, if applicable. An **example** of the template of the ALS Risk Register appears below.

ALS RISK REGISTER FOR FY20xx

1	Material Business Risk - Category											
MATERIAL BUSINESS RISK - DESCRIPTION												
ANALYSE	Cause					Possible Effect of Risk on Objectives			Responsibility			
	<ul style="list-style-type: none"><li></li><li></li></ul>					THREAT <ul style="list-style-type: none"><li></li><li></li><li></li></ul>						
						OPPORTUNITY <ul style="list-style-type: none"><li></li><li></li><li></li></ul>						
ASSESS AND TREAT	Inherent Risk - Threat			RISK TREATMENTS IN PLACE			Residual Risk			RISK TREATMENTS PROPOSED		Target Rating
	Likelihood	Consequence	Rating				Likelihood	Consequence	Rating			
	-4	-5	-20	<ul style="list-style-type: none"><li></li><li></li><li></li><li></li></ul>	4	3	12	Nil – Existing risk treatment effective. Residual risk meets target rating.		12		
	Inherent Risk - Opportunity											
	Likelihood	Consequence	Rating									
	4	3	12									
RISK TREATMENT ACTION PLAN								By Who		Due		
MONITOR	Key Risk Indicators			Reported to		Person Responsible		Target				
	1.  2.			Management: <ul style="list-style-type: none"><li></li></ul> Board: <ul style="list-style-type: none"><li></li></ul>				1.				
								2.				

### c. Risk Evaluation

The risk rating calculated from the Risk Array Matrix establishes the priority of the identified risk. ALS has established guidelines for required actions associated with the level of risk and the communication of the risk within the organisation.

### 3. Risk Treatment/Response

The Risk Response involves identifying and implementing mitigating controls, these can be procedural or system based.

All material business risks identified where the residual risk does not meet the target risk require additional controls to be implemented to treat the risk to an acceptable level. Existing and planned risk treatments are summarized in the register and those responsible for the risk treatment assigned as "risk owners".

The ALS Compliance Portal will record identified operational business risks and allocate corrective actions and responsibilities for each risk.





**Table 4** below illustrates actions and reporting requirements associated with risk scores and risk ratings.

**Table 4 Risk actions**

Risk Score	Risk Rating	Actions	Reporting Requirements
-25	Extreme	Immediate action is required by Senior Executive. Detailed investigation / analysis and response to be undertaken. CEO to be notified.	<ul style="list-style-type: none"> <li>The risk must be reported to the Executive GM, and Chief <a href="#">Risk-Sustainability Officer</a> within 24 hours.</li> <li>Business to provide Chief <a href="#">Risk-Sustainability Officer</a> with a risk report within 48 hours.</li> <li>Summary of incident / risks and controls / outcomes reported to the Board and Audit and Risk Committee.</li> </ul>
-20 to -15	Very High	Senior Management attention needed. Investigation / analysis and response to be undertaken at the discretion of Business senior management and / or Stream GM. Chief <a href="#">Risk-Sustainability Officer</a> to be notified.	<ul style="list-style-type: none"> <li>The incident / risk must be reported to the Business Stream GM and Chief <a href="#">Risk-Sustainability Officer</a> within 48 hours.</li> <li>Business management to consider need for regulatory reporting requirements; i.e. Environmental authorities, Workcover, ASX, or other regulatory body if required.</li> <li>Business to provide Chief <a href="#">Risk-Sustainability Officer</a> with a risk report within 5 days.</li> <li>Summary of incident / risks and controls / outcomes reported to the Board and Audit and Risk Committee.</li> </ul>
-12 to -5	High	Senior Management responsibility and actions must be specified. Data should be aggregated and provide opportunity for business improvement, addressed at Business / local level.	<ul style="list-style-type: none"> <li>The Business Manager to notify Business Stream GM, if required, after consideration of the circumstances of the incident / risk.</li> <li>Business management to consider the need for regulatory reporting requirements, i.e. Environmental authorities, Workcover, ASX, or other regulatory body, if required.</li> <li>Aggregated data reported and analysed via ALS Limited Compliance Portal and reported to the Business Stream GMs and Audit and Risk Committee</li> </ul>
-6 to -3	Low	Managed by routine procedures aggregate data, then undertake business improvement project.	<ul style="list-style-type: none"> <li>Business to enter information on Compliance Portal – incident report / compliance reporting / exception reports / monthly sign off, etc.</li> <li>Data collected in Compliance Portal and information extracted as needed by businesses or ALS Limited Corporate.</li> </ul>
-2 to -1	Very Low	No action required.	

### ALS Lines of Defence

ALS adopts a three lines of defence approach to managing its risks namely:

First line: The first level of control is the business operations which perform day-to-day risk management activity under documented policies and procedures.

Second Line: Oversight functions in the company such as Finance, Human Resources, and Sustainability and Risk verify and provide assurance that relevant policies are working.

Third Line: Internal and external audits are the third line of defence offering independent challenge to the levels of assurance provided by business operations and oversight functions. Internal Audit includes external auditors/contractors, including insurance advisors, forensic accountants and corporate risk consultants.

## **4. Controls Effectiveness**

When analysing risk, it is important to understand the effectiveness of the existing controls that are in place. Controls effectiveness measures the strength of the current controls to provide an indication of the confidence the business should have in them or whether additional controls are necessary. The outcome of this process is a residual risk rating being determined for the original, or inherent, risk.

In addition to the evaluation of controls effectiveness, ALS undertakes “assurance mapping” of all material Group-wide risks against organisational internal control processes. In this way ALS gains greater insight into the existing business control processes addressing each material risk.



The **image** below includes an example of controls assurance mapping.

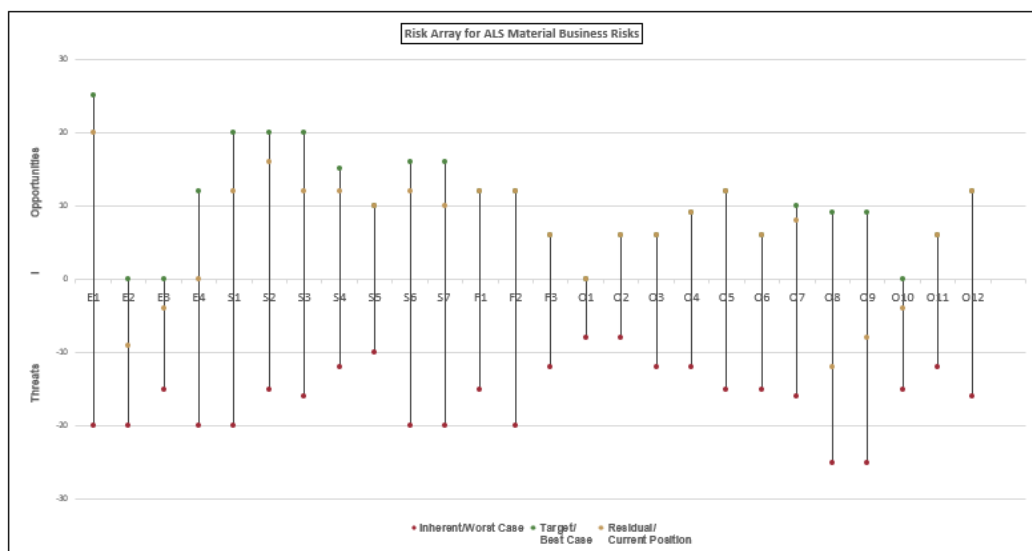
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839	CONTROL 840	CONTROL 841	CONTROL 842	CONTROL 843	CONTROL 844	CONTROL 845	CONTROL 846	CONTROL 847	CONTROL 848	CONTROL 849	CONTROL 850	CONTROL 851	CONTROL 852	CONTROL 853	CONTROL 854	CONTROL 855	CONTROL 856	CONTROL 857	CONTROL 858	CONTROL 859	CONTROL 860	CONTROL 861	CONTROL 862	CONTROL 863	CONTROL 864	CONTROL 865	CONTROL 866	CONTROL 867	CONTROL 868	CONTROL 869	CONTROL 870	CONTROL 871	CONTROL 872	CONTROL 873	CONTROL 874	CONTROL 875	CONTROL 876	CONTROL 877	CONTROL 878	CONTROL 879	CONTROL 880	CONTROL 881	CONTROL 882	CONTROL 883	CONTROL 884	CONTROL 885	CONTROL 886	CONTROL 887	CONTROL 888	CONTROL 889	CONTROL 890	CONTROL 891	CONTROL 892	CONTROL 893	CONTROL 894	CONTROL 895	CONTROL 896	CONTROL 897	CONTROL 898	CONTROL 899	CONTROL 900	CONTROL 901	CONTROL 902	CONTROL 903	CONTROL 904	CONTROL 905	CONTROL 906	CONTROL 907	CONTROL 908	CONTROL 909	CONTROL 910	CONTROL 911	CONTROL 912	CONTROL 913	CONTROL 914	CONTROL 915	CONTROL 916	CONTROL 917	CONTROL 918	CONTROL 919	CONTROL 920	CONTROL 921	CONTROL 922	CONTROL 923	CONTROL 924	CONTROL 925	CONTROL 926	CONTROL 927	CONTROL 928	CONTROL 929	CONTROL 930	CONTROL 931	CONTROL 932	CONTROL 933	CONTROL 934	CONTROL 935	CONTROL 936	CONTROL 937	CONTROL 938	CONTROL 939	CONTROL 940	CONTROL 941	CONTROL 942	CONTROL 943	CONTROL 944	CONTROL 945	CONTROL 946	CONTROL 947	CONTROL 948	CONTROL 949	CONTROL 950	CONTROL 951	CONTROL 952	CONTROL 953	CONTROL 954	CONTROL 955	CONTROL 956	CONTROL 957	CONTROL 958	CONTROL 959	CONTROL 960	CONTROL 961	CONTROL 962	CONTROL 963	CONTROL 964	CONTROL 965	CONTROL 966	CONTROL 967	CONTROL 968	CONTROL 969	CONTROL 970	CONTROL 971	CONTROL 972	CONTROL 973	CONTROL 974	CONTROL 975	CONTROL 976	CONTROL 977	CONTROL 978	CONTROL 979	CONTROL 980	CONTROL 981	CONTROL 982	CONTROL 983	CONTROL 984	CONTROL 985	CONTROL 986	CONTROL 987	CONTROL 988	CONTROL 989	CONTROL 990	CONTROL 991	CONTROL 992	CONTROL 993	CONTROL 994	CONTROL 995	CONTROL 996	CONTROL 997	CONTROL 998	CONTROL 999	CONTROL 1000	CONTROL 1001	CONTROL 1002	CONTROL 1003	CONTROL 1004	CONTROL 1005	CONTROL 1006	CONTROL 1007	CONTROL 1008	CONTROL 1009	CONTROL 1010	CONTROL 1011	CONTROL 1012	CONTROL 1013	CONTROL 1014	CONTROL 1015	CONTROL 1016	CONTROL 1017	CONTROL 1018	CONTROL 1019	CONTROL 1020	CONTROL 1021	CONTROL 1022	CONTROL 1023	CONTROL 1024	CONTROL 1025	CONTROL 1026	CONTROL 1027	CONTROL 1028	CONTROL 1029	CONTROL 1030	CONTROL 1031	CONTROL 1032	CONTROL 1033	CONTROL 1034	CONTROL 1035	CONTROL 1036	CONTROL 1037	CONTROL 1038	CONTROL 1039	CONTROL 1040	CONTROL 1041	CONTROL 1042	CONTROL 1043	CONTROL 1044	CONTROL 1045	CONTROL 1046	CONTROL 1047	CONTROL 1048	CONTROL 1049	CONTROL 1050	CONTROL 1051	CONTROL 1052	CONTROL 1053	CONTROL 1054	CONTROL 1055	CONTROL 1056	CONTROL 1057	CONTROL 1058	CONTROL 1059	CONTROL 1060	CONTROL 1061	CONTROL 1062	CONTROL 1063	CONTROL 1064	CONTROL 1065	CONTROL 1066	CONTROL 1067	CONTROL 1068	CONTROL 1069	CONTROL 1070	CONTROL 1071	CONTROL 1072	CONTROL 1073	CONTROL 1074	CONTROL 1075	CONTROL 1076	CONTROL 1077	CONTROL 1078	CONTROL 1079	CONTROL 1080	CONTROL 1081	CONTROL 1082	CONTROL 1083	CONTROL 1084	CONTROL 1085	CONTROL 1086	CONTROL 1087	CONTROL 1088	CONTROL 1089	CONTROL 1090	CONTROL 1091	CONTROL 1092	CONTROL 1093	CONTROL 1094	CONTROL 1095	CONTROL 1096	CONTROL 1097	CONTROL 1098	CONTROL 1099	CONTROL 1100	CONTROL 1101	CONTROL 1102	CONTROL 1103	CONTROL 1104	CONTROL 1105	CONTROL 1106	CONTROL 1107	CONTROL 1108	CONTROL 1109	CONTROL 1110	CONTROL 1111	CONTROL 1112	CONTROL 1113	CONTROL 1114	CONTROL 1115	CONTROL 1116	CONTROL 1117	CONTROL 1118	CONTROL 1119	CONTROL 1120	CONTROL 1121	CONTROL 1122	CONTROL 1123	CONTROL 1124	CONTROL 1125	CONTROL 1126	CONTROL 1127	CONTROL 1128	CONTROL 1129	CONTROL 1130	CONTROL 1131	CONTROL 1132	CONTROL 1133	CONTROL 1134	CONTROL 1135	CONTROL 1136	CONTROL 1137	CONTROL 1138	CONTROL 1139	CONTROL 1140	CONTROL 1141	CONTROL 1142	CONTROL 1143	CONTROL 1144	CONTROL 1145	CONTROL 1146	CONTROL 1147	CONTROL 1148	CONTROL 1149	CONTROL 1150	CONTROL 1151	CONTROL 1152	CONTROL 1153	CONTROL 1154	CONTROL 1155	CONTROL 1156	CONTROL 1157	CONTROL 1158	CONTROL 1159	CONTROL 1160	CONTROL 1161	CONTROL 1162	CONTROL 1163	CONTROL 1164	CONTROL 1165	CONTROL 1166	CONTROL 1167	CONTROL 1168	CONTROL 1169	CONTROL 1170	CONTROL 1171	CONTROL 1172	CONTROL 1173	CONTROL 1174	CONTROL 1175	CONTROL 1176	CONTROL 1177	CONTROL 1178	CONTROL 1179	CONTROL 1180	CONTROL 1181	CONTROL 1182	CONTROL 1183	CONTROL 1184	CONTROL 1185	CONTROL 1186	CONTROL 1187	CONTROL 1188	CONTROL 1189	CONTROL 1190	CONTROL 1191	CONTROL 1192	CONTROL 1193	CONTROL 1194	CONTROL 1195	CONTROL 1196	CONTROL 1197	CONTROL 1198	CONTROL 1199	CONTROL 1200	CONTROL 1201	CONTROL 1202

## 5. Monitor & Review

The ALS Risk Register is the register where all material Group-wide risks are documented. It captures both the inherent and residual risk ratings for each risk and is a 'living' document that shows the current risk profile including risk treatment actions in place and risk treatment action plans being implemented.

The Register is to be reviewed at least annually to determine the currency of the risks relative to the company's structure, business and operational processes, and any material changes to ALS and its operations. The monitoring and review process examines how robust the risk controls and risk management strategies in place are, as well as monitors the effectiveness of all steps in the risk management process.

A Risk Array Heat Map is to be produced summarising the inherent, target and residual risk for each risk on the ALS Risk Register. The array is to also illustrate the movement of the risk rating for each risk from the previous reporting period. The Risk Array Heat Map below provides an example of how inherent, target and residual risk ratings are captured for each Group-wide material business risk, and highlights where the opportunity present in each risk is currently tracking.





## CEO & Executive Risk Review

Periodically, at executive managers' meetings, the Chief Executive Officer will identify relevant Group-wide risks to be discussed and reviewed as a formal agenda item for the management meeting. The status of the selected risk should be evaluated examining any changes to the risk and the effectiveness of the controls in place.

A monthly review is undertaken by the Chief Sustainability Officer of all risks reported on the ALS Compliance Portal.

At least once a year, the Chief Sustainability Officer will hold an Executive Risk Management Committee Meeting to formally review all Material Business Risks with the leadership team.

## **6. Internal Audit**

ALS has implemented an internal audit plan designed to provide a suitable level of assurance to the Chief Executive Officer and the Audit and Risk Committee that internal controls are operating effectively and efficiently around each of its identified Group-wide material business risks. The emphasis is on those risk areas where:

- High inherent risks are mitigated to low residual risk and therefore there is a high degree of reliance on the mitigating controls,
- There are no, or few, compensating controls. These are typically risks that have a residual risk above the target risk or risk appetite.
- A high velocity of risk exists and would require a rapid reaction or implementation of controls.

## **7. Risk Reporting**

### *a. Material Business Risks*

All material business risks (threats and opportunities) are to be promptly reported to the Chief Sustainability Officer.

### *b. Risk Incidents*

It is important that all adverse risks incidents are reported promptly upon being discovered. This is to ensure that corrective action to rectify the situation can be taken, data can be collected for insurance claims reporting, and to ensure that any statutory reporting obligations can be met.

A risk incident is any materialisation of a risk and breakdown or absence of a risk control. It includes a breach of any statutory obligation and may also include any situation or event that may give rise to an insurance claim.

It is the responsibility of every employee to report any potential or actual risk incident as soon as it is identified. Material incidents are to be notified to the Business Stream General Manager and Chief Sustainability Officer immediately upon discovery.

The following reporting schedule is in place to monitor and report on the company's risks, including material business risks and risk incidents:

Report	To Who	Schedule
Enterprise-wide Material Business Risk Review - Update on the material business risks (MBRs) in the ALS Risk Register and the controls in place to manage MBRs.	Audit and Risk Committee	March Audit and Risk Committee meeting
Compliance and Risk Reports - Summary of material operational compliance and risk issues that are reported from each business.	Board (via monthly Board Report)	Each Board Meeting
Compliance, Risk and Internal Audit Reports - Update reports of material compliance and risks affecting business operations.	Audit and Risk Committee	Quarterly
Material Risk Briefings/Reports - Management reports provided to the Audit and Risk Committee on material risks, including health, safety, environment and security; information technology governance; finance and tax; human resources; and sustainability risks.	Audit and Risk Committee	Annually (as scheduled by the Audit and Risk Committee Program)



Report	To Who	Schedule
Review of Corporate Policies – Policies including Securities Trading, Continuous Disclosure, Risk Management Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy, etc.	Audit and Risk Committee	Annually (as scheduled by the Audit and Risk Committee Program)
Annual Sign-Offs reporting on: <ul style="list-style-type: none"> <li>• Compliance to internal accounting controls</li> <li>• Performance of businesses against material operational and statutory compliance requirements</li> <li>• Compliance to Code of Conduct</li> <li>• Compliance with corporate governance requirements for statutory filings, corporate registers, and minutes of board meetings.</li> </ul>	Audit and Risk Committee	Audit and Risk Committee meeting (May and November)

## 8. Communication and Consultation

All managers and supervisors are required to escalate risks that could materially affect business operations through to their business executive management and the ALS Corporate Office in line with this policy. Communication of the company's risk management framework is promoted to internal and external stakeholders to ensure all potential and actual risks are identified and reported as part of the risk management process.

A number of supporting management processes are in place to ensure risk management is integrated into the business operations in a consistent manner in line with Board expectations. These supporting processes are contained in targeted policies, including:

- Risk Appetite and Tolerance Policy
- Code of Conduct
- Delegation of Authority Policies
- Group Cash Management Policy
- Financial Risk Management Policy
- Capital Expenditure Risk Assessment Guidelines
- HSE Foundation Standards
- Business Continuity and Disaster Recovery Guidelines
- Anti-Bribery and Anti-Corruption Policy
- Sanctions Policy
- Privacy Policy
- Data and IT Usage Policy
- Information Management Policy
- ALS Business Integrity Helpline, ALS Your Voice Helpline and Whistleblower Program.

## Risk Management Roles and Responsibilities

Specific roles and responsibilities as to risk management are set out below.

Role	Responsibilities
Board	The Board is responsible for satisfying itself that ALS has in place an appropriate risk management framework (for both financial and non-financial risks), and setting the risk appetite within which the Board expects management to operate.
Audit and Risk Committee	The Audit and Risk Committee assists the Board in identifying and recommending to the Board for approval the implementation of policies, practices and processes, to receive reports from management, and to monitor performance, so that the ALS Group discharges its responsibilities and exercises due diligence, care and skill in relation to financial management, internal control systems, risk management systems, and compliance with relevant laws, regulations, standards and best practice guidelines.



Role	Responsibilities
People Committee	The People Committee assists the Board in the fulfillment of its responsibilities to ensure the ALS Group's people and remuneration practices support the achievement of its purpose and strategy, encourage the desired culture and behaviours, and are aligned with its risk appetite.
CEO & Executive Management team	<p>The CEO and executive management team are responsible for implementing the risk management strategy and for developing policies, controls and processes to identify and manage risk across the ALS Group.</p> <p>The executive management team provides the Board with regular reports about the Group's financial position and operational results for each controlled entity.</p> <p>The CEO and CFO provide certification to the Board each reporting period that:</p> <ul style="list-style-type: none"> <li>the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and</li> <li>the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</li> </ul>
Chief Sustainability Officer	<p>The Chief Sustainability Officer is independent from the Business Streams and reports to the CEO. The Chief Sustainability Officer is responsible for assisting the businesses in meeting their obligations under this Policy, and to report to the Audit and Risk Committee on the effectiveness of the controls in place for the effective management of risk.</p> <p>The Compliance and Risk team provide the following support:</p> <ul style="list-style-type: none"> <li>Infrastructure to facilitate compliance and risk reporting (the ALS Compliance Portal).</li> <li>Specialist advice to businesses in implementing policies, procedures and processes to meet statutory obligations and to establish compliance programs.</li> <li>Analytical tools and advice for areas of operational risk (including health, safety and environment).</li> <li>Management of Global insurances to adequately protect key business assets.</li> </ul>
Executive Risk Management Committee	<p>The Executive Risk Management Committee is comprised of the CEO, Business Stream General Managers, and the Chief Sustainability Officer. The Committee is responsible for:</p> <ul style="list-style-type: none"> <li>reviewing and confirming the enterprise-wide Material Business Risks captured in the ALS Risk Register in the context of the Company's 5-year strategic plan.</li> <li>reviewing the adequacy of risk treatment plans for enterprise-wide Material Business Risks.</li> <li>identifying emerging enterprise-wide risks having a potential material impact on the Company achieving its 5-year strategic plan (for inclusion in the ALS Risk Register).</li> <li>agreeing the Group-wide response to material risk events or contemporary risks having an enterprise-wide impact or effect.</li> </ul>
Business Stream General Managers	<p>Business Stream General Managers are responsible to:</p> <ul style="list-style-type: none"> <li>report on the status of material business risks within their Business Stream.</li> <li>notify the Chief Sustainability Officer of any material changes to structure or business processes and operations so that the Chief Sustainability Officer can make an assessment of the impact on existing risks or the need to document new risks.</li> <li>ensure that they and their management understand their accountability for identifying risks within their areas of responsibility and for ensuring that there are appropriate and effective risk management controls in place to adequately manage risks.</li> <li>ensure continuous monitoring of their areas of responsibility to identify and report any risk management incidents and to seek assistance from the Chief Sustainability Officer to rectify any perceived risk management weaknesses or deficiencies.</li> <li>provide assistance for the carrying out of any assurance activities as requested by the Chief Sustainability Officer.</li> </ul>
Managers and Supervisors	Managers and Supervisors are responsible for identifying risks within their areas of accountability and for ensuring that there are appropriate and effective risk management controls in place to adequately manage risks.



Role	Responsibilities
Employees	<p>All ALS employees are responsible for ensuring they:</p> <ul style="list-style-type: none"> <li>• are aware of the policies and procedure for managing risk.</li> <li>• undertake their duties with care and diligence and in accordance with approved policies, procedures and processes.</li> <li>• complete all mandatory training within prescribed timelines.</li> <li>• inform management if, for any reason, they are concerned that procedures and processes to perform their duties are inadequate, defective, and or are out of date.</li> <li>• report any potential or actual risk incident to management as soon as it is identified.</li> </ul> <p>All employees are to have confidential and unfettered access to the Chief Sustainability Officer for the reporting of any suspected adverse risk activity.</p>
External Contractors (including insurance advisors, forensic accountants and corporate risk consultants).	Independent review of the Group-wide Material Business Risks captured in the ALS Risk Register, incorporating an evaluation of the controls in place to manage risks.