



GOLDFIELDS MONEY LIMITED
ACN 087 651 849

RISK MANGEMENT POLICY

as adopted by the Board of Directors on 18 March 2016

Introduction

1. This policy formalises and communicates Goldfields Money's approach to risk management.
2. Goldfields Money Ltd (GMY) recognises that managing risk is an integral part of its day to day core business activities and the better risk is managed, the more likely it is that GMY will achieve or exceed its objectives.
3. The board of directors (the Board) of Goldfields Money Limited is ultimately responsible for the effective governance of GMY's risk management. In addition, GMY's executives are responsible for ensuring effective risk management, including the implementation of strategies to reduce risks, within their operational areas on a day to day basis.
4. GMY is committed to creating a fully embedded risk aware culture so that risk is understood and managed at all levels, in a consistent and coordinated way, enabling the sharing of knowledge.
5. Actively identifying and managing risks is the responsibility of all Company staff.

Scope

6. This policy applies across all parts of the GMY business.

Definitions *(source: AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines)*

7. **Risk** at GMY is defined as: "the effect of uncertainty on GMY's objectives".
8. **Risk Management** at GMY is defined as: "the coordinated activities to direct and control an organisation with regard to risk".
9. **Risk Owner** at GMY is defined as: "a person with the accountability and authority to manage a risk".

Risk Management Framework

10. As an Authorised Deposit-taking Institution (ADI), the risk management framework adopted by GMY is based upon the requirements of APRA's prudential standard CPS 220. The GMY risk management framework also follows the principles from both ISO 31000/2009 Risk Management Principles and Guidelines and Principle 7 of the ASX Corporate Governance

Council's Corporate Governance Principles and Recommendations, titled 'Recognise and Manage Risk'.

11. GMY's risk management framework includes:
- (a) a Risk Appetite Statement;
 - (b) a Risk Management Strategy;
 - (c) a business plan;
 - (d) Board approved operational policies.
 - (e) management plans and procedures
 - (f) a risk management function;
 - (g) Risk Owners
 - (h) GMY staff;
 - (i) an Internal Capital Adequacy Assessment Process (ICAAP);
 - (j) management information systems; and
 - (k) a review process to ensure that the risk management framework is effectively, measuring, evaluating , monitoring, reporting and controls or mitigating material risks.

Risk Governance and Oversight

12. GMY's approach to risk governance and oversight follows the Three Lines of Defence Model:
- (a) First Line of Defence – all GMY staff;
 - (b) Second Line of Defence – the Risk Management Function; and
 - (c) Third Line of Defence – Auditors.
13. All three lines of defence are ultimately accountable to the Board or its delegate.

GMY's Risk Management Process

14. AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines forms the basis of GMY's risk management process methodology, which is outlined in the Risk Management Strategy.

Authority, Responsibility and Accountability

All GMY Staff

15. Every staff member with GMY is responsible for the effective management of risk, including identifying, responding to and reporting risks and incidents.

Board

16. The Board is ultimately responsible for GMY's risk management framework and the effective oversight of risk within GMY. In particular, the Board is responsible for ensuring:
 - (a) it defines the GMY risk appetite and establishes a risk management strategy;
 - (b) a sound risk management culture is established and maintained throughout GMY;
 - (c) senior management take the steps necessary to monitor and manage all material risks consistent with the strategic objectives, risk appetite statement and policies approved by the Board;
 - (d) the operational structure of GMY facilitates effective risk management;
 - (e) policies and processes are developed for risk-taking that are consistent with the risk management strategy and the established risk appetite;
 - (f) sufficient resources are dedicated to risk management;
 - (g) uncertainties attached to risk measurement are recognised, and the limitations and assumptions relating to any models used to measure components of risk are well understood; and
 - (h) appropriate controls are established that are consistent with GMY's risk appetite, risk profile and capital strength and are understood by and regularly communicated to relevant staff.

Risk and Compliance Committee

17. The Risk and Compliance Committee has been established to assist the Board oversee its responsibilities relating to GMY's risk management framework.
18. To fulfil its responsibilities the Risk and Compliance Committee has power delegated by the Board to set risk appetite, review and recommend the Risk Management Strategy to the Board for approval; approve frameworks; approve policies and processes for managing risk (consistent with the Risk Management Strategy and risk appetite); and accept risks beyond the approval discretion provided to management.
19. The Risk and Compliance Committee has free and unfettered access to senior management, risk and financial control personnel in carrying out its duties.

Audit Committee

20. The Audit Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities, including examining the results of internal and external audit activity.

Chief Executive Officer

21. The Chief Executive Officer (CEO), under the delegated authority from the Board, is responsible for:
 - (a) ensuring the Board's responsibilities to the risk management framework are met;
 - (b) allocation of risk owners to implement controls and strategies to manage and mitigate risks; and reporting from the risks owners on the performance of these controls and strategies to manage these risks;
 - (c) in conjunction with the Risk and Compliance Manager, conducting periodic reviews of GMY's risk profile; and
 - (d) fostering a risk aware culture across the GMY business.

Risk and Compliance Manager

22. The Risk and Compliance Manager is operationally independent, has a direct reporting line to the CEO and has regular and unfettered access to the Board, the Risk and Compliance Committee and the Audit Committee.
23. The Risk and Compliance Manager has access to all aspects of GMY that have the potential to generate material risk, including information technology systems and systems development resources.
24. The Risk and Compliance Manager must be involved in, and have the authority to provide effective challenge to, activities and decisions that may materially affect GMY's risk profile.
25. The Risk and Compliance Manager is responsible for:
 - (a) assisting the Board, Board Committees and senior management (risk owners) to develop and maintain the risk management framework;
 - (b) notifying the Board or Board Committees of any significant breach of, or material deviation from the risk management framework;
 - (c) conducting periodic reviews of GMY's risk profile; and
 - (d) fostering a risk aware culture across the GMY business.

Risk Owners

26. Risk Owners are responsible for the effective identification, management, reporting and control of risk within their area or responsibility and for developing and fostering a risk aware culture.
27. Risk Owners are assigned by the CEO.

Internal Audit

28. Internal Audit is responsible for providing an independent and objective assurance to the Board that the risk management framework is being managed appropriately and that controls are designed to manage GMY's risks and are operating in an efficient, effective and ethical manner.

External Audit

29. External auditors complete a review of GMY's risk management system and internal audit reports on a yearly basis to ensure continuing compliance with GMY's constitution, the APRA Prudential Standards, accounting standards, ASIC and the Corporations Act.