



## AP Eagers Ltd Group of Companies

### RISK MANAGEMENT POLICY

<b>Division/s:</b>	All
<b>Version Number:</b>	2.0
<b>Function:</b>	Risk Management
<b>Commissioned Date:</b>	01/01/2020
<b>Review Date:</b>	31/12/2020

#### 1. BACKGROUND

In order for the AP Eagers Ltd Group of Companies (the **Group**) to create wealth for shareholders we need to pursue business activities and investment opportunities that may involve risk. Risk management is therefore an integral part of our activities and also a key element of effective corporate governance.

Our risk management approach aims to improve business performance by ensuring material risks are maintained within acceptable levels, taking into account our business model, objectives, stakeholders, ownership structure, risk appetite, industry and market environment and the principles outlined below.

#### 2. COMMENCEMENT

This policy takes effect on 1 January 2020 and supersedes the Group's previous Risk Management Policy.

#### 3. SCOPE

This policy applies to all employees of the Group. It is supported by the AP Eagers Risk Management Framework.

#### 4. PRINCIPLES

These principles underpin our approach to risk management:

- Risk management is dynamic. Risks emerge, change and sometimes disappear as our Group grows and evolves and as our external and internal context changes. Our risk management approach seeks to anticipate, detect and respond to those circumstances in an appropriate and timely manner.
- Our structured approach to risk management includes a customised Risk Management Framework which seeks to ensure material risks are maintained within acceptable levels, taking into account our business model, objectives, stakeholders, ownership structure, risk appetite and industry and market environment.
- Our approach allows material risks to be identified, prioritised and managed appropriately in a way that raises awareness of risk among employees and provides confidence to stakeholders.
- Our learnings and experience allow us to continually improve our management of risk.

## 5. RESPONSIBILITY / ACCOUNTABILITY

We have adopted a 'Three Lines of Defence' model to support our management of risk.

- **First Line:** All employees are accountable for their day to day conduct and behaviour in line with the AP Eagers Employee Information and Policy Manual. Managers are responsible for ensuring Group policies, procedures and other internal controls are effectively implemented.
- **Second Line:** The Corporate Office (including Legal, People & Safety, Corporate Finance, Information Security and Financial Services functions) is responsible for establishing and maintaining Group policies, procedures and other internal controls. This includes risk oversight to support management of risk across the Group.
- **Third Line:** Our Internal Audit function provides objective risk-based audits and assurance in relation to our management of risk.

The Board oversees our risk management approach and is responsible for ensuring a sound system of risk oversight, management and internal control is in place, including the effective management of material business risks and the monitoring of changes to our risk profile. The Board sets the risk appetite within which management is expected to operate.

The Audit, Risk & Remuneration Committee monitors, assesses and reports to the Board on the effectiveness of our risk management system. Management reports to the Committee on the effectiveness of the system.

Within this framework, our Chief Financial Officer (assisted by Internal Audit) is responsible for the establishment, implementation and maintenance of our risk management system.

## 6. VARIATIONS

This policy does not apply where it would be contrary to any law. It is subject to change, termination, suspension or deviation at the Board's discretion.

## 7. REVIEW

This policy is subject to review at least every two years by the Board.