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## Risk Management Policy

Rev	Date	Description	By	Reviewed	Approved
A	23/09/2021	Issued for Use	M Blandford	M Shackleton	Board of Directors

**1. PURPOSE**

Australian Potash Limited (**APC or the Company**) has an approach to risk management that aligns with its values and strategic direction, and seeks to ensure the proactive management of risks and realisation of opportunities.

The purpose of this Policy is to ensure that:

- (a) appropriate systems are in place to identify the material risks facing the Company;
- (b) the potential impacts of identified risks are ascertained;
- (c) appropriate controls and strategies are adopted to manage exposure to those risks; and
- (d) appropriate responsibilities are delegated to control identified risks effectively.

**2. SCOPE**

This Policy applies to the Board and senior executives of the Company who are responsible for the identification and management of the Company’s risks.

The Policy is subject to change from time to time at the Company’s discretion and in accordance with applicable laws. This policy is authorised by the Board of the Company and cannot be amended without the prior approval of the Board.

**3. OBJECTIVE**

To establish the basis for an effective risk management framework that is consistent with the Company meeting its commitment to risk management and its operational objectives and ensures that Personnel are able to:

- (a) adopt a risk-based approach to decision making and action;
- (b) take responsibility and be accountable for actions and outcomes;
- (c) apply controls in the manner intended; and
- (d) contribute to the continuous improvement of the business.

**4. DEFINITION & ACRONYMS**

APC or the Company	Australian Potash Limited and its subsidiaries
Board	Board of Directors of the Company
Personnel	All directors, employees, contractors and consultants working within the Company
Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4 <sup>th</sup> Edition

**5. COMMITMENT TO RISK MANAGEMENT**

The Company is committed to:

- (a) utilising risk management to support the achievement of its objectives;
- (b) maintaining risks within acceptable levels;
- (c) integrating risk management into business decisions and activities;
- (d) ensuring appropriate controls are in place to effectively manage risks;
- (e) ensuring risks are communicated and reported to the required level within the business;
- (f) protection of the natural environment and sites of cultural significance;
- (g) ensuring the safety of all Personnel;
- (h) ensuring compliance with legal obligations; and
- (i) ensuring awareness of this Policy.

## **6. RESPONSIBILITY FOR RISK MANAGEMENT**

The Board determines the Company's "risk profile" and is responsible for establishing, overseeing and approving the Company's *Risk Management Framework (APC-AD-RK-FW-0001)*, strategy and policies, internal compliance and internal control.

The Board has delegated to the Audit & Risk Committee responsibility for implementing the risk management system and ensuring that the Company meets the abovementioned commitments.

The Audit & 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, particularly the establishment, maintenance and regular review of risk registers which describe the risks, likelihood of occurrence, mitigating strategies and consequential risk;
- (b) assess whether the Company has any potential or apparent exposure to environmental or social risks (as those terms are defined in the Recommendations):
  - i) if it does, how it manages, or intends to manage, those risks; and
  - ii) if it does not, report the basis for that determination to the Board, and where appropriate benchmark the Company's environmental or social risk profile against its peers;
- (c) consider whether the Company has a material exposure to climate change risk;
- (d) assist management to determine the key risks to the businesses and prioritise work to manage those risks;
- (e) assess whether the Company is required to publish an integrated report or a sustainability report (as those terms are defined in the Recommendations in accordance with a recognised international standard); and

- (f) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

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 practices 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;
- (c) verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions; and
- (d) implementation of risk transfer strategies where appropriate, eg. insurance.

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, at least annually, to the Audit & 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 (APC-AD-RK-FW-0001)* to satisfy itself that the Framework:

- (a) continues to be sound;
- (b) ensures that the Company is operating with due regard to the risk appetite set by the Board; and
- (c) deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

The Company will disclose if it has any material exposure to environmental or social risks (as those terms are defined in the Recommendations) and, if it does, how it manages, or intends to manage, those risks.

### **7. SUPPORTING POLICIES AND PRACTICES**

The Company maintains a number of policies and practices which support this *Risk Management Policy* and are designed to manage specific business risks. These include:

#### **7.1 Audit & Risk Committee**

The Audit & Risk Committee has been formed for the express purpose of ensuring that the Company has in place a sound system of risk management and has the role of, among other things, monitoring and reviewing the integrity of the financial reporting of the Company and any significant financial reporting judgements. The role of the Audit & Risk Committee is set out in the Company's *Audit & Risk Committee Charter (APC-CP-BG-CT-0002)*.

#### **7.2 Risk Management Framework & Risk Registers**

The *Risk Management Framework (APC-AD-RK-FW-0001)* documents the risk and control assessment process and assurance requirements and applies to all risk management activities within the Company. Associated with the *Risk Management Framework (APC-AD-RK-FW-0001)* are the *Corporate Risk Register (APC-AD-RK-RG-0001)* and the *Lake Wells Sulphate of Potash Project Risk Register (APC-AD-RK-RG-0002)* which identify relevant risks, generate risk ratings, record applied controls and allocate responsibility for these controls within the respective areas of operation.

#### **7.3 Regular budgeting and financial reporting**

The Company undertakes regular budgeting and review practices. It is the role of the Audit & Risk Committee to review the integrity of the financial reporting of the Company. The Audit & Risk Committee is to ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

#### **7.4 Clear limits and authorities for expenditure levels**

The Board sets materiality thresholds and levels of authority for expenditure (refer *Delegation of Authority Policy (APC-AD-FN-PY-0001)*). These may include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

#### **7.5 Procedures for compliance of continuous disclosure obligations**

The Company's *Continuous Disclosure Policy (APC-CP-BG-PY-0003)* has been developed for the purpose of ensuring the Company complies with its continuous disclosure obligations under the ASX Listing Rules.

#### **7.6 Procedures to assist with establishing and administering corporate governance systems and disclosure requirements**

The Company has adopted a *Corporate Governance Plan (APC-CP-BG-PL-0001)* which contains policies and procedures, including this *Risk Management Policy*, to assist the Company establish and maintain its governance practices.

**7.7 Procedures to promote compliance with mines safety and workplace health and safety obligations**

The Company has established a *Safety Management System*, with numerous underlying policies, procedures and checklists, to assist in meeting both entity and individual obligations under mines safety and workplace health and safety legislation.

**8. REFERENCES**

- ASX Corporate Governance Council Corporate Governance Principles & Recommendations – 4<sup>th</sup> edition
- Governance Institute of Australia – *Good Governance Guide: Risk management policy*
- Governance Institute of Australia – *Good Governance Guide: Risk management overview*