



RISK MANAGEMENT POLICY

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1. POLICY

Compass Hotel Group Limited ACN 127 909 835 (“Compass”) has a Risk Management Program to identify areas of significant business risk, put arrangements in place to manage those risks, and to give the Board assurance that:

- (a) Processes are in place to identify risks.
- (b) Material risks are being managed.
- (c) Monitoring processes are in place to ensure no significant risks will be overlooked.
- (d) Identified risks are prioritized.
- (e) Monitoring and review processes are in place to ensure the effectiveness of the Risk Management Program.

2. APPROACH

The management of risk takes the following approach:

- (a) **Holistic** – comprehensive analysis of all risks.
- (b) **Integrated** – incorporated into the organisation’s strategic plan, internal control framework and within management reporting systems.
- (c) **Explicit** – Formal, co-ordinated and documented risk management processes.

3. DELEGATIONS – ADUIT COMMITTEE

The Board has delegated the management of risk within Compass to the Audit and Risk Management Committee. The Audit and Risk Management Committee is the champion of risk within the entire Compass group of entities. The Audit and Risk Management Committee will review the risks in the group at every meeting.

4. DELEGATIONS – RISK MANAGER

The Board has delegated the day-to-day processes for management of risks within the group to the Chief Executive Officer.

The Chief Executive Officer will:

- (a) Report on risks to each meeting of the Audit Committee.
- (b) Ensure the Risk Management Program is implemented.

- (c) Liaise with all subsidiaries and business units within the group to ensure risks facing the group are identified and addresses in accordance with Compass policy and procedure.

5. RISK MANAGEMENT PROCESS

