



NEW HOPE
GROUP

**J.16 Strategic and Corporate Risk
Management Framework**





Procedure No.: PROC 0132

Strategic and Corporate Risk Management Framework

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1. PURPOSE AND SCOPE

This document defines a framework for a systematic and structured approach to Enterprise-wide Risk Management (ERM) for New Hope Corporation Limited and all of its subsidiaries (New Hope). This framework is consistent to the principles and guidelines as per AS/NZS ISO 31000:2009 *Risk Management Principles and Guidelines*.

The purpose of the New Hope Strategic and Corporate Risk Management framework is to:

- Outline clear responsibility and accountability for risk management at all levels (executive, management and operational) across New Hope
- Establish the context of risk within New Hope with reference to relevant internal and external influences
- Clearly define a process for the ongoing identification, analysis, evaluation and treatment of strategic and corporate risks
- Communicate New Hope's tolerance for key strategic and corporate risk categories
- Provide an approach for the integration of risk management into strategic, business and budget planning cycles
- Link risk management to establishing a robust control framework and ongoing internal audit functions.

This document provides enterprise wide risk concepts and objectives along with supporting guidelines and procedures to be followed for strategic and corporate risk management for New Hope.

The scope of risk management at the strategic and corporate levels applies to risks that are material to the achievement of the key objectives of New Hope and related business plans.

This framework recognises that environmental and health and safety risks are identified, assessed and managed through the Safety Health Management System (SHMS) and the Environmental Management System (EMS). Where these risks are deemed material they will also be reflected in the Strategic and Corporate risk register.

1.1 Corporate objectives

The Risk Management Policy and Framework documents are aligned to the current corporate objectives of New Hope.

Any changes to the corporate objectives that affect the Risk Management Policy and Framework will be reflected through updates to these materials.

2. DEFINITIONS

Term	Definition
ALARP	As low as reasonably practicable (ALARP) is a residual risk that cannot be reduced further without incurring disproportionate costs in relation to any potential benefits gained.
GMG	General Manager Group represents the leadership team of New Hope and is a business and information sharing forum. Membership of the GMG includes the Managing Director, COO, CFO, Company Secretary and other managers appointed by the SET from time to time.
Consequence	The potential ultimate outcomes of an event affecting objectives. Note that a single event can lead to multiple consequences. A consequence can have a positive or negative effect on New Hope objectives.
EMS	Environmental Management System.
ERM	Enterprise Risk Management.
Level of Risk	Assigning a risk rating with a descriptor as determined by a combination of Consequence and Likelihood – as set out within the New Hope risk matrix.
Likelihood	The probability, based on foreseeable frequency, of a nominated event occurring.
Monitoring	Checking, supervising, critically observing or measuring the progress of an activity, action or system on a regular basis in order to identify changes the performance level required or expected.
Principal Controls	Measures taken to overcome a threat thereby mitigating the potential risk from occurring.
PHMP	Principal Hazard Management Plan.
Risk	The effect of uncertainty on the objectives of New Hope. It is measured as a combination of the consequences of a specific scenario and the likelihood of that scenario occurring.
Risk Management	Co-ordinated activities conducted to direct and control New Hope with regard to risk.
Risk Manager	Designated person with responsibility for the administration of this procedure and the Strategic and Corporate Risk Register on behalf of New Hope. This is the Manager, Risk Management and Internal Audit.
Risk Tolerance	The level of risk tolerance reflects New Hope's expectation for risk management, guidance on the controls that should be in place and what risks cannot be tolerated.
SET	Senior Executive Team including the Managing Director, COO and CFO.
SHMS	Safety Health Management System.
SOP	Standard Operating Procedure.
Tolerable with Justification	Risk is accepted on a basis of: <ul style="list-style-type: none"> • Cost versus benefit and opportunity • Consequence, Likelihood and controls in place • Corporate acceptance.

3. ENTERPRISE WIDE APPROACH TO RISK MANAGEMENT

3.1 Key Principles

ERM is based on clear processes and structures that are unified by an overarching strategic approach and a risk aware corporate culture.

The link between risk management principles, the framework and processes that support the overarching goals is illustrated below in Figure 1.

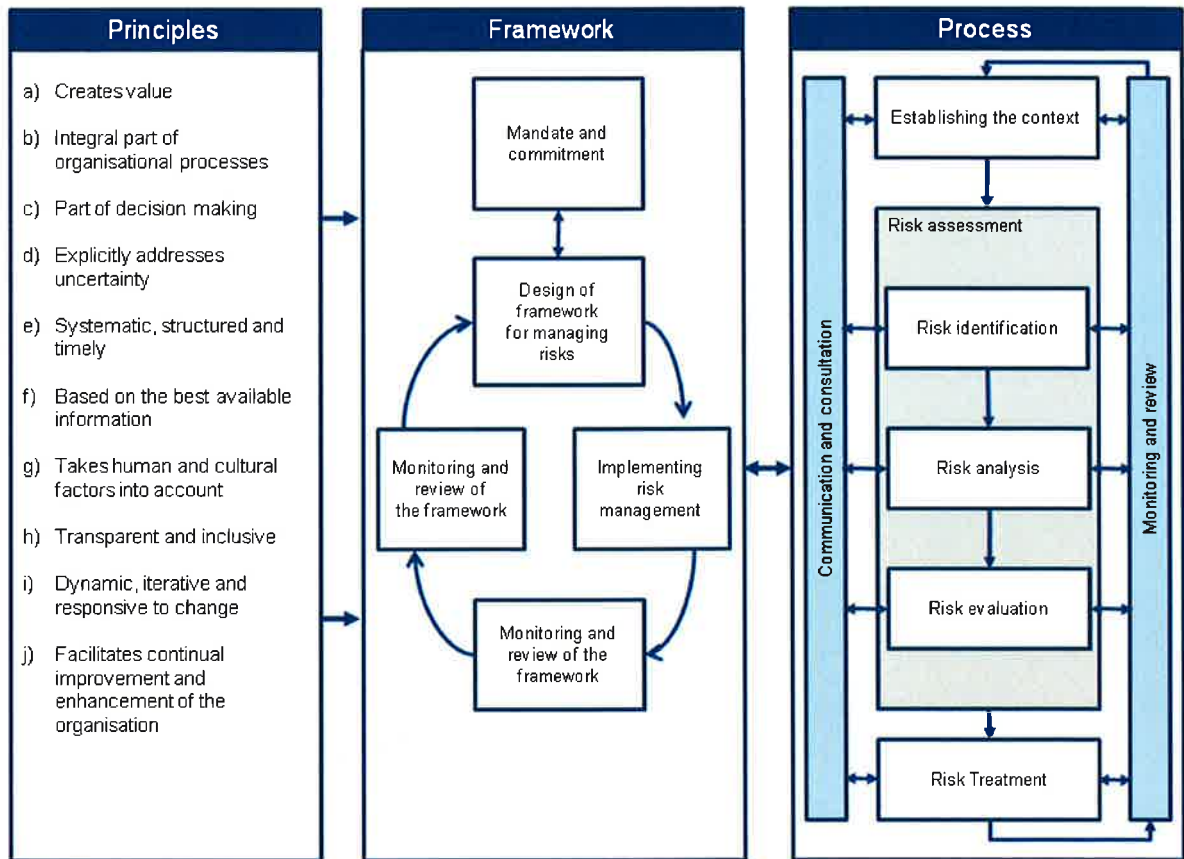


Figure 1: Risk Management principles, framework and process (source: AS/NZS ISO 31000:2009 Risk Management – principles and guidelines)

3.2 New Hope Alignment

Using AS/NZS ISO31000:2009 as a basis, New Hope has tailored this to define a framework that best suits our needs and our desire to become a risk intelligent organisation. Our framework is structured on three tiers:

- Risk Governance
- Risk Infrastructure & Management
- Ownership.

Each tier has a number of fundamental principles that support the framework and incorporate the overarching principles in AS/NZS ISO 31000:2009. Our framework is graphically presented in Figure 2 below.

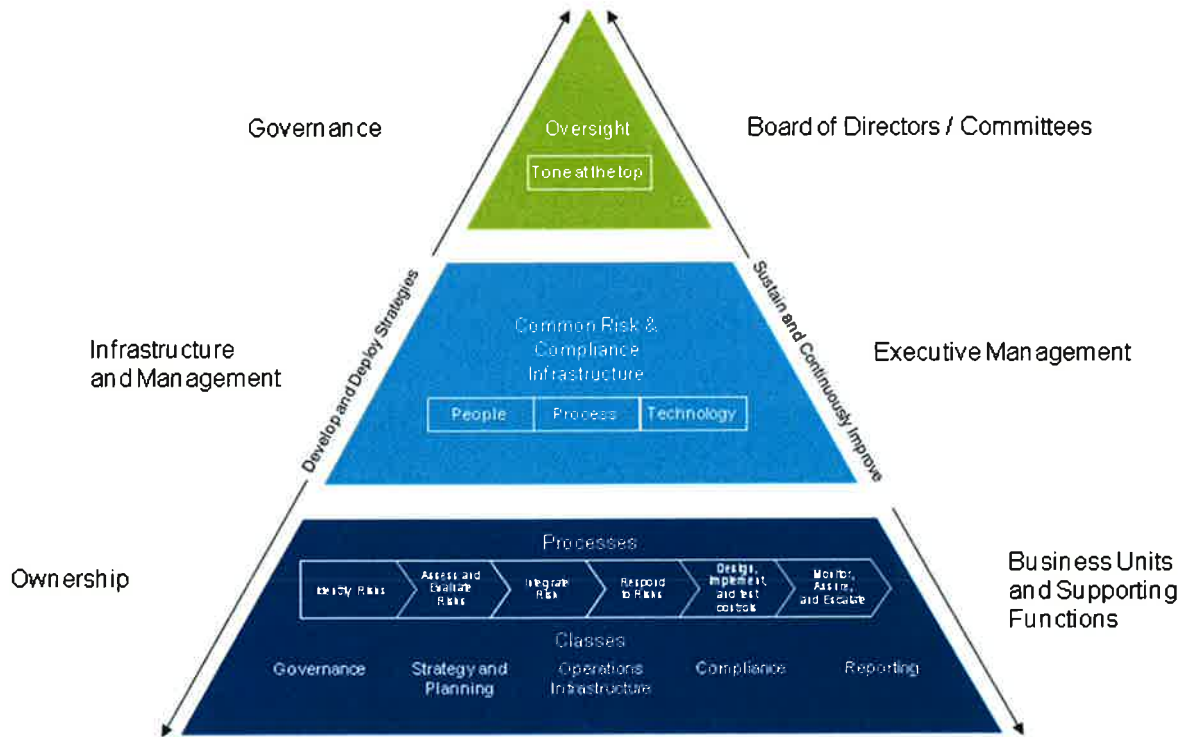


Figure 2: New Hope Risk Management Framework.

3.3 New Hope framework principles

Risk Governance



- **Principle 1:** Governing bodies (e.g., boards, audit committees, etc.) have appropriate transparency and visibility into New Hope’s risk management practices to discharge their responsibilities.
- **Principle 2:** Key roles, responsibilities and authority relating to risk management are clearly defined and delineated within New Hope.
- **Principle 3:** A common definition of risk, which addresses both value preservation and value creation, is used consistently throughout New Hope.
- **Principle 4:** A common risk framework supported by appropriate standards (i.e., AS/NZS ISO 31000:2009) is used throughout to manage risks at New Hope.

Risk Infrastructure & Management



- **Principle 5:** Executive management of New Hope is charged with primary responsibility for designing, implementing and maintaining an effective risk management program.
- **Principle 6:** A common risk management infrastructure is used to support the business units and functions in the performance of their risk responsibilities.
- **Principle 7:** Certain functions (e.g., internal audit, risk management, compliance, etc.) provide objective assurance as well as monitor and report on the effectiveness of New Hope’s risk management program to its governing bodies and executive management.

Risk Ownership



- **Principle 8:** Business units are responsible for the performance of their business and the management of risks they take within the risk management framework established by New Hope’s executive management.
- **Principle 9:** Other functions have a pervasive impact on the business and provide support to the business units as it relates to New Hope’s risk management program. Other functions include but not limited to:
 - Finance
 - Procurement
 - Resource Development
 - Other shared services i.e. Legal
 - MIS
 - Business Improvement
 - Marketing
 - Human Resources
 - Project Management
 - Logistics

3.4 Risks and Opportunities

New Hope’s ERM processes aim to support the ongoing realisation of potential opportunities and preservation of the intrinsic value of New Hope as described in Figure 3 below. This is to ensure the:

- Identification of appropriate opportunities to be exploited by New Hope
- Development of mitigation actions to reduce adverse risks to target levels
- Elimination of controls that no longer serve a risk mitigation purpose and reduce operational efficiency.

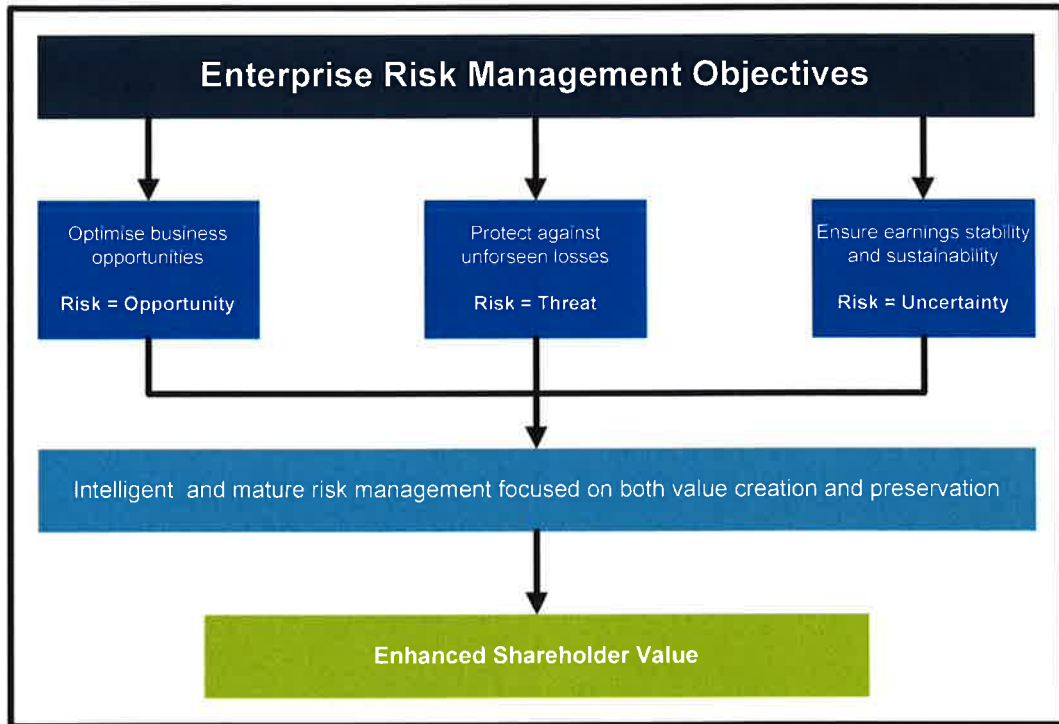


Figure 3: Core objectives of the ERM approach and its linkage with risks and opportunities

4. ROLES AND RESPONSIBILITIES

The following parties are responsible for implementing and maintaining the risk management process:

Role	Responsibility
Board of Directors	<p>The Board of Directors are responsible for:</p> <ul style="list-style-type: none"> • Monitoring and reviewing Audit Committee Reports, New Hope's Corporate Risk Management Plan, and ongoing Risk Reports. • Approve and communicate New Hope's risk appetite. • Oversee the implementation of the risk management framework. • Reviewing the progress and effectiveness of implemented treatment plans regularly through board meetings or as delegated to the Audit Committee and otherwise when required.
Audit Committee	<p>The Audit Committee is responsible for:</p> <ul style="list-style-type: none"> • Approving and periodically reviewing New Hope's risk profile and Strategic and Corporate Risk Management Framework. • Oversight of material risks and controls. • Appointing a Manager – Risk Management & Internal Audit (MRMIA). • Reviewing and monitoring the Corporate Risk Management Plans and Risk Reports from the MRMIA and Executive Management Team. • Providing an advisory role to the MRMIA to ensure appropriate mitigation strategies are implemented by the individual business units and operational groups. This includes compliance with the risk appetite as set by the Board. • Monitoring and reviewing reports prepared by the MRMIA and Internal Audit group.
Senior Executive Team (SET)	<p>The Senior Executive Team is responsible for:</p> <ul style="list-style-type: none"> • Establishing the context for risk management within New Hope including scope, goals and objectives. This also involves developing a risk appetite for board approval. • Ensuring all key risk exposures have been identified and are actively managed over the given business unit using appropriate risk management activities and tools. • Reviewing and approving Corporate Risk Management Plans prior to presentation to the Audit Committee and Board of Directors. • Reviewing and approving a Consolidated Strategic and Corporate Risk Register prepared by the MRMIA. • Sign off of all risk reports, plans and registers prior to presentation to the Audit Committee and Board of Directors. • Approving treatment plans for those risks with an 'Extreme and 'High' risk rating. • Supporting the MRMIA role when required.
Manager – Risk Management & Internal Audit (MRMIA)	<p>The MRMIA is responsible for:</p> <ul style="list-style-type: none"> • Independent monitoring and reporting of risk activities for New Hope. • Reporting on the risk profiles and the progress of the risk treatment plans in regular risk reports. • Supporting the preparation of Risk Management Plans for each business unit and SET using the Risk Registers for the basis of their development. • Developing a central risk register ('Consolidated Strategic and Corporate Risk Register') which records all the business unit risks and consolidating them under the corporate risks. • Presenting the Consolidated Strategic and Corporate Risk Register to the SET

Role	Responsibility
	<p>for approval.</p> <ul style="list-style-type: none"> • Recommending and facilitating education and training of risk practices and processes across the organisation. • Ongoing maintenance and improvement of the Strategic and Corporate Risk Management Framework. • Coordinating and facilitating Risk Workshops with all business units, operational groups and the SET. <p>The MRMIA ensures:</p> <ul style="list-style-type: none"> • Policies clearly document the methodology for allocating risk ratings and tolerable levels (risk appetite). • The risk management process and risk criteria are updated and maintained. • Risk utilisation is monitored regularly against risk appetite.
Risk Owners and Line Managers	<p>The Risk Owners (usually relevant line managers or above) are responsible for:</p> <ul style="list-style-type: none"> • Ensuring the risk management processes are established in their business units and operating effectively. • Reporting risk events in accordance with the reporting process included in the framework. • Managing and maintaining a register of risks for the business unit. • Implementing measures to appropriately resolve risk issues as they are identified, within their respective lines. • Assisting the facilitation of Risk Workshops. <p>Risk owners must be given specific authority to undertake any risk mitigation actions they have been delegated.</p>
All New Hope Employees	<p>All New Hope employees are responsible for observing New Hope's policies, procedures and delegations and managing risks under their control.</p> <p>This responsibility extends to identifying business and operational risks. Where they identify a potential risk they must inform the business unit's line manager for possible inclusion in the business unit's risk register.</p>

5. GENERAL REQUIREMENTS

5.1 Changes, incident or routine risk register review

A review of the strategic and corporate risk register shall be undertaken annually or in the event of a significant change or incident.

5.2 Routine reporting

The timeframe for reporting by the Business Unit Managers will be determined by the SET. As a minimum this will include the preparation of a risk profile status report for submission to the SET by the Business Unit Managers on a six monthly basis for the period ending September and March of each year. This is to enable the preparation of a consolidated risk profile report for submission to the Audit Committee.

The six monthly Corporate Strategic Risk Profile Report that is submitted to the Audit Committee for period ending June and December is to include the following:

- Total Number of Risks – Summary for Current period (Prior Year)
- Risk Profile - Summary for Current period (Prior Year)
- Key changes to risk profile since the last reporting period (eg, new risks, modified risk levels and/or control evaluation, eliminated risks)
- Status of the risk management program (e.g., internal audits or reviews completed, external audits or reviews completed, management reviews completed, risk assessments completed by the business unit, risk action plans initiated and/or completed, training sessions completed, etc)
- Highest Order Risks (i.e., Extreme and High)
- Summary of risk action plans in progress (for Highest Order risks only)
- Recent material incidents/events

An example format for the 6 monthly report is provided in Appendix A. This may be used as a template for the preparation of Business Unit risk reports.

The status of any risk action plan that is approved is to be reported to the MRMIA upon approval and monthly to the GMG until completed.

5.3 Preparation for GMG Meeting

One month prior to the July GMG Meeting at which the annual risk review will be conducted any managers required to participate will be advised on the requirements for reporting by the MRMIA. This will include the following at a minimum:

- An update of the business unit's risks, including actions completed and any changes to the risk profile
- Update on risk status, including the addition or deletion of any risks to the Strategic and Corporate risk register.

5.4 Linkage to other business processes

The Risk Management Framework should be referred to when undertaking the following key business processes:

- Development of company strategy
- Short, mid and long term business planning
- Mergers and acquisitions
- Budgeting and re-forecasting
- Major capital expenditure
- Developing internal audit work plans.

Other key activities that may have a corporate wide impact should also refer to the risk management materials.

6. RISK MANAGEMENT PROCESS

This section outlines the method of risk assessment that will be used by New Hope. This process will require participation from each business unit and specifically refers to the way that strategic and corporate risks will be managed.

It is acknowledged that each business unit will identify and update the risks to their own area in their own style. However, in the process of developing the strategic and corporate risk profile, each business unit's risks will be reviewed and translated into how they impact the corporate objectives. This will be collated in one strategic and corporate risk register.

The risk management process is as outlined in Figure 4 below and explained in more detail in the following sub-sections.

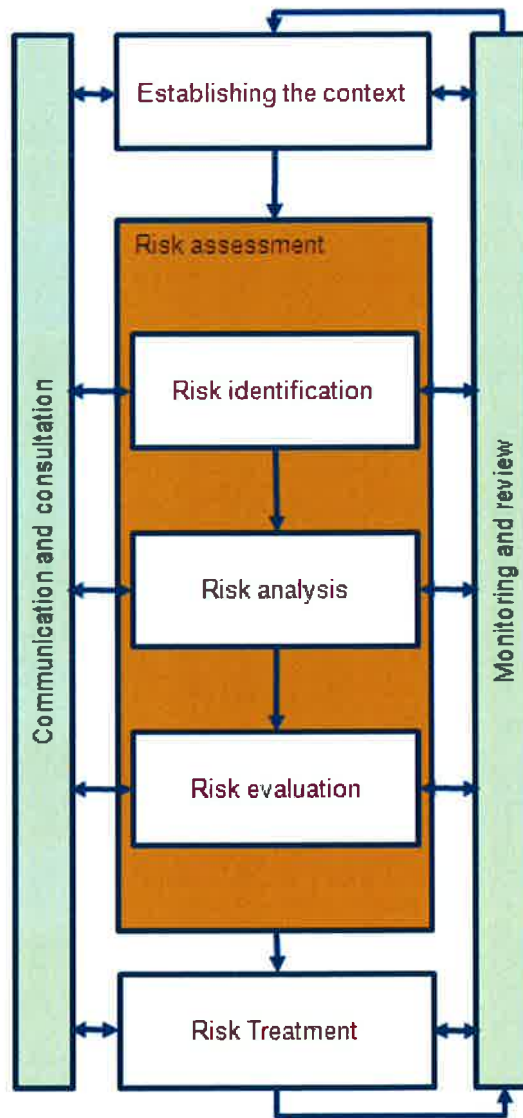


Figure 4: Overview of the risk management process for New Hope.

6.1 Establish Context

The context of the strategic and corporate risk register is defined in the Section 1 of this document. Project specific risk management shall separately define the scope, purpose and objectives for the project. Where considered material at the corporate level, these may be summarised and included within the strategic and corporate risk register.

6.2 Identify Risks

The strategic and corporate risk register will be developed through workshops with each business unit. The registers will be maintained by the relevant business units and follow the guidance in Section 5.2. The most important step in risk management is to identify all the risks within consideration and to subsequently consider their potential effects and consequences.

A Risk Map is presented in Appendix B as a means of facilitating the identification of relevant risks.

Risk identification involves identifying what, why and how risks can arise within the context of New Hope operations including the individual business units. This will establish the basis for further detailed analysis of the risks identified.

Other tools or sources for risk identification include the following:

- Industry and related industry losses
- Insurance and related engineering inspection reports
- External and internal audits
- Incident investigation reports
- Hazard inspection reports
- External technical experts
- Claims reports.

Risk identification needs to consider the following:

- Experience and judgement – experienced personnel at all levels provide a sound basis for risk identification. Any team assembled should be carefully balanced with personnel with the required skills, experience and objectivity (frequently the presence of an external person can challenge the underlying assumptions and help to more clearly define the potential losses and ensuring risks) to undertake the risk assessment process
- Checklists – these can be developed to facilitate hazards and effects identification, however the potential for checklists to restrict the scope of the process should be recognised
- Legislation and standards – legislation, industry and company codes and standards reflect collective knowledge and experience, accumulated on a broad operational and historic basis
- Structured Review Techniques – various structured review techniques are used for the identification and assessment of hazards.

All effective risk identification workshops should be:

- Undertaken by a team of people, with a variety of appropriate backgrounds
- Undertaken systematically, aiming to identify all of the hazards and all of their potential effects and sufficient technical resources (plan etc) made available
- Undertaken with an agreed level of detail appropriate to the objectives of the risk review.

6.3 Risk Register

The format of the Strategic and Corporate Risk Register is outlined in Appendix C and Appendix D. This document is in Excel format and is used to maintain the risks that are identified through the various forums.

6.4 Risk Analysis – Assigning Consequence and Likelihood

The Level of Risk is assessed as a combination of both Consequence and Likelihood. New Hope assesses the risk with the current controls in place. To complete this, the existing controls at a high level should be identified and recorded in the risk register. The analysis should consider the range of potential Consequences and how those Consequences might occur (i.e., scenarios). Likelihood and Consequence is combined to produce an estimate of the level of potential risk to New Hope.

The reason for documenting existing controls is:

- To ensure that there is up-to-date knowledge of existing controls to enable risk-based internal audits
- To ensure that controls are appropriate and not mistakenly removed in the future
- To assist in a valid analysis / evaluation of risk
- To ensure an understanding of the existing controls and their effectiveness when assessing the need for additional controls.

Risk workshop facilitators (line managers or MRMIA) are responsible for ensuring staff members have identified what controls exist around their individual business unit’s risks and to document them in the risk register. The controls should be periodically audited to verify their implementation and effectiveness.

A Risk Matrix will be used for the evaluation of all risks. Risk criteria to describe both the Consequence and Likelihood are included in Appendix E.

The matrixes developed for use at New Hope reflects the difference in tolerance levels for Business versus SHMS and EMS risks. These are also presented in Appendix E.

6.5 Evaluate Risks

Risk evaluation involves comparing the level of risk against predetermined thresholds or tolerability criteria. In all cases these thresholds or tolerability criteria must be consistent with New Hope’s policy and strategic objectives. The evaluation of risk must take into consideration the effectiveness of the controls that are in place.

Risk should be managed within the Level of Risk tolerance guidelines defined below. The Level of Risk Tolerance guidelines reflect New Hope’s appetite for risk.

The Risk Tolerance as set by New Hope for Business and SHMS/EMS risks are as follows:

		Business Risks	SHMS/EMS Risks
Level of Risk	Authority to approve the risk	Action Required	Action Required
Extreme	Senior Executive Team <i>Board of Directors must be made aware</i>	Tolerable with necessary controls in place. Immediate action required to reduce risk to target level by developing Treatment Plans. In exceptional circumstances where treatment plans do not reduce the risk level, explicit sign off by the SET is required.	Unacceptable Risk – STOP or DO NOT START the action until controls are established to reduce the risk to an acceptable level. Establish permanent control measures and review for effectiveness. The highest level of management must be made aware.

		Business Risks	SHMS/EMS Risks
Level of Risk	Authority to approve the risk	Action Required	Action Required
High	General Manager of Site or Department <i>Executive Management Team must be made aware</i>	Tolerable with necessary controls in place. Immediate action required to reduce risk to target level by developing Treatment Plans.	Activity may only proceed if: likelihood is tolerable; personnel are competent; risks are adequately assessed; legal and mandatory requirements are met; PHMPs and SOPs are complied with; risk controls are monitored and reviewed for effectiveness; and senior management must be made aware.
Medium	Business Unit Manager and Risk Owner <i>General Manager of Site or Department must be made aware</i>	May be As Low As Reasonably Practicable (ALARP) – Continue control actions and maintain treatment plans to reduce to target level.	Acceptable – apply adequate safeguards and review for effectiveness. Monitor for changes which may cause escalation of risk level.
Low	No approval but must document risk in the Risk Register	Acceptable – Monitoring required. No additional treatment required.	Acceptable – apply safeguards as considered necessary. Monitor for changes which may cause escalation of risk level.

6.6 Treat Risks

Where the risk is to be reduced or managed, appropriate control measures (to prevent the risk occurring) and recovery measures (to mitigate or minimise consequences) need to be determined, implemented and / or maintained.

The tools for treating each individual risk need to reflect the significance of the risk (with high-ranking risks generally requiring multiple controls), the expected effectiveness of the tools and their cost-effectiveness. It is common to accept and monitor low priority risks. For other risks identified, develop and implement specific management plans including the resource allocated to mitigate the risk to an acceptable level.

A cost/benefit analysis of a range of treatment plans (controls) is essential to the decision-making process. This process should be used for analysing and evaluating risks that pose threats and/or opportunities. There are five risk treatment approaches:

- Avoiding the risk
- Reducing the risk
 - Managing the likelihood
 - Managing the consequence
- Transferring the risk
- Retaining the risk.

	RISK TREATMENTS	EXPLANATION	NEGATIVE RISK	POSITIVE RISK	EXAMPLES
1	Avoiding the Risk	Risk can be eliminated by avoiding the activity that creates the risk. This may be justified where the risk is Extreme or High.	Is the cost of the risk larger than the benefits to New Hope in accepting the risk?	Is the cost of the risk smaller than the cost to New Hope in accepting the risk?	Not pursuing a project that is highly hazardous with limited scope for success.
2	Managing the Likelihood	Implementing controls to reduce the likelihood of the risk occurring.	Can the causes of the risk be changed so that the likelihood of the risk occurring is reduced?	Can the causes of the risk be changed so that the likelihood of the risk occurring is increased?	Mandatory training of staff who deal with the ship loader.
3	Managing the Consequence	The consequence of risk can be changed by implementing controls such as post or pre-event mitigating actions and responses.	Is there any way to change the consequences of the risk to reduce?	Is there any way to change the consequences or increase the extent of the gain?	Use of contractual arrangements requiring advance payments on products.
4	Risk Transfer	Risk or part of the risk is transferred to another party. This does not eliminate risk, just reduces the extent of it.	Can the risk be transferred to another party?	Should the risk be transferred? E.g. Hedging for investment risks.	Insurance or other legal contracts to cover large financial losses.
5	Retaining the Risk	If the risk is unavoidable and unchangeable the treatment may be to accept the risk.	Is New Hope going to accept the risk and monitor is affect?	Should New Hope accept the risk?	Continue the business activity acknowledging the current risk?

The above process should be used to generate risk treatment plans which act as practical guides for risk owners and relevant business units to implement chosen mitigation strategies. The risk treatment plan in each case should outline:

- Why the chosen treatment options were selected, including the potential benefits of this approach
- The risk owner who is accountable for implementing the plan
- Current controls surrounding the risk and proposed additional actions
- Consideration of resources involved, timing and strategies needed to lower the risk to tolerable levels in line with the New Hope risk appetite

- Performance measures that can be used to determine the effectiveness of the controls and strategies for each objective implemented.

It is the responsibility of the nominated risk owner to ensure treatment plans are developed and implemented. The MRMIA will monitor the progress and success of treatment plans and provide status to the Audit Committee and SET.

A format for risk action planning is presented in Appendix F.

6.7 Risk Monitoring, Control and Communication

The final step in risk management is to monitor and review the controls and recovery actions in place to manage risk:

- The accountable person, as indicated in the Strategic and Corporate Risk Register is responsible for managing the completion of any actions nominated for the risk
- The accountable person may delegate responsibility and/or form a team for risk response planning or risk studies, but must remain accountable for managing the completion of actions.
- Each accountable person will be responsible for tracking, reviewing and reporting on risks and their management
- Any changes in status or action regarding the risk item must be advised to the MRMIA
- Any impact as a result of the risk shall be documented for future reference
- Risks that are eliminated will be transferred to a closed risk register for recording purposes. This will be maintained by the MRMIA.

Each risk as included within the register shall be updated to reflect the following:

Term	Definition
Open	Indicates a risk action plan may be required and progress has yet to commence.
RAP In Progress - On track	Indicates a risk action plan has been established and is projected to be completed on time.
RAP In Progress - Overdue	Indicates a risk action plan has been established and is overdue. This will require management attention.
RAP Complete	Indicates a risk action plan has been completed. The risk level assigned is to be updated once the risk action plan/s has been completed and specified requirements now form part of New Hope's management procedures or processes. This confirmation may be completed by the MRMIA or other party as required.
Mitigated	Indicates that the risk has been determined to be acceptable with the nominated controls in place.

Effective risk management is dependent on clear communication and consultation with key external and internal stakeholders to promote the flow of information from decision makers to the relevant groups. For New Hope, this will involve the ongoing communication of:

- Risk management expectations, objectives and emerging industry trends from the SET and MRMIA
- Key risks, sources of risk, potential consequences and the progress mitigation strategies top-down and bottom-up through the organisation.

In addition to implementing clear paths of risk communication, New Hope will consult with key external and internal stakeholders regularly to drive accountability and ownership, and facilitate the exchange of accurate and relevant risk related information.

Risk communication and consultation, although formalised through quarterly reporting requirements, should be frequent and dynamic in response to New Hope's changing risk profile and emerging trends both internally and externally.

Appendix A – Sample six monthly Risk Report

Six Monthly Corporate and Strategic Risk Profile Report – Report will be created as a New Hope template and will evolve as process matures. All business risk reporting will be done in a uniform manner by all business risk owners.

Contents

- Executive Summary for Current Period
- Total Number of Risks – Summary for Current Period (Prior Year)
- Risk Profile – Summary for Current Period (Prior Year)
- Highest Order Risks – Summary
- Summary of risk action plans in progress (for Highest Order risks only)

Executive Summary for Current Quarter

- Purpose – insert report purpose ... e.g. The purpose of this paper is provide an update to the Board on key risks and risk management processes in place for the period ending 31 July 2010.
- Key changes in the risk profile – e.g. 3 new strategic risks were added during the period. 1 risk was removed. Overall the level of risks within New Hope remained relatively stable
- Emerging risk issues – e.g. Due to the proposed introduction of the MRRT, an emerging risk was identified and assessed.
- Risk events during the period:
 - Within New Hope – e.g. there was a power outage at West Moreton that resulted in the loss of one shift.
 - External to New Hope –
- Status of the risk management program – (egg, provide commentary on internal audits or reviews completed, external audits or reviews completed, management reviews completed, risk assessments completed by the business unit, risk action plans initiated and/or completed, training sessions completed, etc)
- Changes in risk process – (e.g. there were no changes in the risk process during the period).
- Conclusion – (e.g. the identification, assessment and ongoing management of risk at New Hope continues to remain robust).

The balance of this report presents an overview of the risk profile.

Total Number of Risks – Summary for Current Period (Prior Year)

SHMS/ EMS: 3 (0) Business: 61 (0)

Risk Profile – Summary for Current Period (Prior Year)

Risk Category	64	(0)	Extreme		High		Medium		Low	
Governance	2	(0)			1	(0)	1	(0)		
Strategy & Planning	25	(0)	1	(0)	15	(0)	9	(0)		
Operations / Infrastructure	33	(0)			12	(0)	16	(0)	5	(0)
Compliance	3	(0)			1	(0)	2	(0)		
Reporting	1	(0)					1	(0)		
			1	(0)	29	(0)	29	(0)	5	(0)

Highest Order Risks – Summary

Full details for the risks below are available in the Corporate and Strategic Risk Register. Notes for the table below:

- * Excellent – routinely applied and reviewed for effectiveness; Moderate – generally applied or ad hoc in nature; Poor – no formal controls or current controls do not address the root causes; Uncontrollable – New Hope has very little influence on the controls
- ** Indicates a strong correlation between Risk Level and Consequence
- *** Production indicates risk issue relevant to New Acland, West Moreton, QBH, Exploration and Pastoral as described in the detailed risk description

Risk #	Risk (Brief)	Business Area	Risk Category	Estimated Max. Loss (\$)	Evaluation of Current Controls*	Risk Level	RAP Required	Comments
NH-2010-008**	Tax Changes	Corporate	Strategy & Planning	>\$100m	Moderate	Extreme	Yes	{add comments about what has changed since the last reporting period}

Summary of risk action plans in progress (for Highest Order risks only)

Notes for the RAP Status:

- Open Indicates a risk action plan may be required and progress has yet to commence.
- RAP In Progress - On track Indicates a risk action plan has been established and is projected to be completed on time.
- RAP In Progress – Overdue Indicates a risk action plan has been established and is overdue. This will require management attention.
- RAP Complete Indicates a risk action plan has been completed. The risk level assigned is to be updated once the risk action plan/s has been completed and specified requirements now form part of New Hope’s management procedures or processes. This confirmation may be completed by the MRMIA or other party as required.

Risk Action Plan #	Risk #	RAP Summary (in brief)	Accountable Person	Due date	RAP Status	Comments
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RAP-2010-???	NHC-2010-???	{Insert summary from the RAP}	{Insert from the RAP}	{Insert final projected completion RAP}	{Insert status based on current Action due date}	{Insert comments on changes since last report}
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Appendix B – Risk Intelligence Map

Risk Intelligence Map																
Governance			Strategy and Planning				Operational Structure					Compliance				
Corporate Governance	Ethics	Corporate Responsibility (CSR)	External Factors	Planning	Strategy	Market Access/Operations	Finance	Human Resources	Legal	Information Technology	Exploration	Production	Supply Chain	State, Non-NGO and Communication	Compliance	Reporting
Board Effectiveness/Board Management	Anti-trading regulations	Biodiversity	Competition	Capital Planning	Advanced	USA Strategy	Accounting	Corporate Culture	Environmental Health & Safety	Architecture	mission, Planning and Industry study	Min and Linc Planning	Planning	Contracts	Compliance	Reporting
Board Structure and Leadership	Communication	Climate Change	Contractation	Business Continuity	Business Concentration	Target Screening	Audit Quality	Human and Welfare Benefits	Finance & Accounting	Asset Management	Costs, Project Administration	Outsourcing	Strategic Initiatives	Customer Relations	Communication and Training	Reporting
Compliance / Performance Management	Contractive Actions and Discipline	Community Investment	Geo-political	Emerging Markets	Business Model	Financial Due Diligence	Asset Management	Human Resource Procurement Procedures	Government Involvement	Risk and Compliance Management	Research Extension	Production Scheduling	Sourcing	ESG, Community, Market Strategy	Compliance Information Management	Compliance with Accounting Standards
Corporate Responsibility and Sustainability (CSR)	Ethical Culture/Tone at the top	Energy Management and Energy Sourcing	Cyber Security	Knowledge Management	Customer	Commercial Due Diligence	Credit	Employee Significant Events	Joint Ventures	Change Management	Priority Contract	Maintenance	Procurement	Public Relations	Compliance Organization	Financial Information Availability
Reputation / Stakeholder Relations	Ethics Reporting	For Trade Credit/Collection	Economic Conditions/ Industry Trends	Operational Planning	Growth	Deal Structure	Insurance	Labour Relations	Labour and Employment Issues	Contracting and Outsourcing	Health and Safety of Workers	Fleet Management	Contract administration/ financing	Investor Relations	Compliance Reporting	Financial Statement Fraud
Risk Oversight	Innovation	Natural Resource Utilization and Accounting	Government Grants and Funding	Performance Management	Innovation	Transaction Execution	Liquidity	Organization Structure	Legal and Regulatory Compliance	Information Security	Learning	Efficient processes and cost management	Delivery	Shipping	Controls and Monitoring	Statutory Reporting
Transparency and Financial Integrity	Monitoring and Auditing	Pharmaceutical Regulatory	Strategic Governmental Regulations	Remote Locations	Market	Costs/Expense Integration	Planning/ Budgeting/ Forecasting	Payroll	Legal and Dispute Resolution	Operations	Equipment/Local Regulatory Standards	Procurement and Procurement	Invoice Administration	Invoice Administration	Procurement and Procurement	Sustainability Reporting
Process and Procedure	Program Assessment and Evaluation	Project Funding	Third Party/ Joint Venture Requirements	Market Planning	Outsourcing	Debt/Equity	Taxation	Performance Management and Compensation	Records and Information Management	Privacy and Data Protection	Human and Safety of Workers	Human and Safety of Workers	Spot Market Sales	Spot Market Sales	Risk Assessment	Tax Reporting
Structure and Oversight	Resource Strategy	Resource Strategy	Customer Demand	Expansion	Policy	Regulatory	Market	Retention Programs	Completion	Problem Management	Business Interruption	Business Interruption	Pricing	Pricing	Supervision	Regulatory Reporting
Sustainability Strategy	Sustainability Strategy	Sustainability Strategy	Credit Rating	Market Structure and Demand	Technology	Technology	Hedging	Transition Management	Completion	Project Management	Technology Adoption	Technology Adoption	Technology Adoption	Technology Adoption	ASX	Management Reporting
Sustainable Value Quality	External Fraud	Sustainable Value Quality	External Fraud	Project Management	Market Structure and Value	Market Structure and Value	Supervisory Oversight	Succession Planning	Contract Management	Project Management	Manufacturing Planning and Supervision	Manufacturing Planning and Supervision	Manufacturing Planning and Supervision	Manufacturing Planning and Supervision	State Regulations	
Waste Reduction and Circular Production	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Capital Allocation	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss
	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss
	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss	Market/ Carbon/ Catastrophic Loss

Appendix C – Strategic and Corporate Risk Register Format

The format of the risk register is shown on the following page. An explanation of each of the columns is as follows:

Item	Explanation
Risk #	The Risk # is the unique identifier for each risk in the New Hope Strategic and Corporate Risk Register. The number is written in the following format: NH-2010-001, etc.
Risk (Brief)	Captures the essence of the risk scenario in a few words. In this case it should also be written as the title of the risk.
Business Area	This is for internal New Hope classification. The business areas are designed to align with the organisational structure of New Hope.
Risk Category	<p>Classification into the following categories:</p> <p>Governance is a set of relationships and structure through which the objectives of the organization are set, and the means of attaining those objectives and monitoring performance are determined.</p> <p>Strategy and Planning includes the organization's strategic decisions to achieve its business objectives.</p> <p>Operations/Infrastructure risk may include instances of loss resulting from inadequate or failed internal processes, people and systems, or from failure of infrastructure largely having to do with the performance, protection and utilization of existing assets.</p> <p>Compliance objectives of an organization pertain to compliance with applicable laws, regulations and standards.</p> <p>Reporting concerns the aggregation, compilation, presentation, and distribution of financial and non-financial information to an organization's stakeholders.</p>
Risk Type	Identifies if the risk is primarily Business or SHMS/EMS related. This enables to correct allocation of the risk rating.
Risk (Description/ Scenario)	<p>This extends the Risk (brief) by providing a brief scenario and explanation of the causes of the risk.</p> <p>A brief explanation of the impacts should also be provided described in words. By defining the consequence in words, the impact in terms of dollars is more easily determined.</p>
Current principal controls or mitigation strategies	Controls that are currently in place. While there are often a number of layers of controls of a particular risk, only the primary controls for the risk being considered are listed here. It is recognised that this is high level and that specific procedures, etc., will not be referenced unless they are identified as the primary control.

Item	Explanation
Evaluation of Controls	<p>The primary controls are to be evaluated in general terms as:</p> <ul style="list-style-type: none"> • Excellent – routinely applied and reviewed for effectiveness • Moderate – generally applied or ad hoc in nature • Poor – no formal controls or current controls do not address the root causes • Uncontrollable – New Hope has very little influence on the controls <p>Where ever possible, Uncontrollable is to be avoided.</p>
Estimated Operational (Economic) Consequence (\$/event)	This column allows for an estimated loss to be calculated. This is not mandatory.
<i>Risk Evaluation (Current) Consequence and Likelihood</i>	These columns are used for the evaluation of risks in accordance with Appendix E.
<i>Risk Evaluation (Current) Level of Risk</i>	A combination of the Consequence and Likelihood – as defined by the respective Business and SHMS/EMS risk matrices.
Issues for Further Consideration	This details the issues and ideas to mitigate the risks identified
Responsible person	Identifies the person or people responsible by job title(s) to mitigate the risk identified
Accountable person	Identifies the person (by job title) that is accountable for the identified risk. Note: this can only be one person
RAP required	Y/N highlight whether a Risk Action Plan is required
RAP or Risk Status	<p>Identifies the status of a RAP or the risk as follows:</p> <ul style="list-style-type: none"> • Open: Indicates a risk action plan may be required and progress has yet to commence. • RAP In Progress - On track: Indicates a risk action plan has been established and is projected to be completed on time. • RAP In Progress – Overdue: Indicates a risk action plan has been established and is overdue. This will require management attention. • RAP Complete: Indicates a risk action plan has been completed. The risk level assigned is to be updated once the risk action plan/s has been completed and specified requirements now form part of New Hope's management procedures or processes. This confirmation may be completed by the MRMIA or other party as required. • Mitigated: Indicates that the risk has been determined to be acceptable with the nominated controls in place.
Date Last Reviewed	Date last reviewed
Comments/Assumptions	Comments or assumptions made in the risk assessment
Insurable	Y/N to indicate if the risk is insurable. Note. This is considered to be optional and will depend upon the context of the risk assessment.
Insured	Y/N/Partial to indicate current insured status of the risk. Note. This is considered to be optional and will depend upon the context of the risk assessment.

Item	Explanation
Insurance commentary	Any pertinent information on the insurance of the risk. Note. This is considered to be optional and will depend upon the context of the risk assessment.

Appendix D – Strategic and Corporate Risk Register Layout

Risk #	Risk (Brief)	Business Area	Risk Category	Risk Type	Risk (Description/ Scenario)	Current principal controls or mitigation strategies	Evaluation of Controls	Estimated Operational (Economic) Consequence (\$/event)	Risk Evaluation (Current)		
									Conseq	Likeli-hood	Risk

Risk #	Issues for Further Consideration	Responsible Person	Accountable Person	RAP Required	RAP or Risk Status	Date Last Reviewed	Comments/ Assumptions	Insurable	Insured	Insurance Commentary

Appendix E – Risk Assessment Criteria

As the risk assessment process will be rating diverse risks, standard Consequence and Likelihood tables are used to provide definitions for scales so there is common understanding of their meaning.

The risk assessment method is based on a semi-quantitative approach where the qualitative scales as outlined below are given values. This produces a more expanded ranking scale than is usually achieved in qualitative analysis.

The following two tables establish the Criteria for determining, semi-quantitatively, the impacts (Consequence) and its frequency/probability (Likelihood). Where anecdotal evidence or industry data are available, this should be used as a guide to the Consequence and Likelihood of a specified scenario.

Comment: This framework (including the appendices) is applicable for business unit risk assessments that may occur on a day to day basis. In these instances, part of establishing the contextual arrangements for the risk assessments is to consider the risk assessment criteria. It is recognised that the sensitivity of the Consequence criteria may need to be adjusted. Where this is to occur, the only Consequence categories that are to be adjusted could include the Financial, Business Interruption and Reputation. All other Consequence criteria are to remain as is.

		CONSEQUENCE RATING						
Level	Description	Financial/ Business Impact	Business Interruption	Reputation	Legal / Compliance	Health and Safety	Environment	Capital Projects
1	Insignificant	Less than \$100,000	Closure of a number of days (less than 1 week)	Isolated complaints	Fine \$500 to \$1,000. No civil judgement	No injury or health effect	No unauthorised adverse impact on environment	Less than 2% budget or schedule overrun
2	Minor	\$100,000 - \$1 Million	Closure 1 - 2 weeks	Local community issue with limited stakeholder involvement	Fine \$1,000 to \$5,000 or Civil Judgement for less than \$10,000	First aid injury or minor temporary health effect	Temporary and minor unauthorised effect on environment – non reportable	2 – 5% budget or schedule overrun
3	Moderate	\$1 Million - \$10 Million	Closure 2 - 4 weeks	Local community issue with political involvement. Local media coverage	Fine \$5,000 to \$10,000 or Civil judgement greater than \$10,000	Medical treatment, LTI, permanent partial disability or health effect	Serious temporary or minor permanent unauthorised damage – reportable incident with local attention	5 – 10% budget or schedule overrun
4	High	\$10 Million - \$100 Million	Closure 1 - 3 months	State/local community issue with key stakeholder attention. National Media coverage	Fine \$10K to \$100K or Civil judgement greater than \$100K. Criminal Conviction of Personnel / Manager	Single fatality or permanent total disability	Significant unauthorised environmental harm - reportable incident with adverse national publicity	10 – 15% budget or schedule overrun
5	Catastrophic	Greater than \$100 Million	Permanent loss or closure of greater than 3 months	Withdrawal of Stakeholder support eg. Includes significant national or international media coverage	Fine \$100,000 to \$1 Million. Civil judgement greater than \$1 Million. Criminal Conviction / Jailing of Executive	Multiple fatalities	Major unauthorised event causing loss of company credibility with stakeholders and likely prosecution	Greater than 15% budget or schedule overrun. Failure to complete project

LIKELIHOOD RATING			
Level	Description	Explanation	Likelihood Factor
A	Almost Certain	(1) Reasonably expected to occur within a month (2) Will likely occur in most circumstances	10:1
B	Likely	(1) Likely to occur within the next year (2) Probably occur in near future	1:1
C	Possible	(1) Likely to occur within next five to ten years (2) Might occur at some time	1:10
D	Unlikely	(1) Not specifically expected to occur but may occur sometime in future (2) May occur in exceptional circumstances	1:100
E	Rare	(1) Foreseeable but not normally expected to occur (2) Requires a chain of related unlikely events to occur	1:1000

**Please note this table is a guide to determining the likelihood rating. The frequency may change depending on the risk type and the context in which it occurs.

BUSINESS RISK RATING MATRIX						
LIKELIHOOD		CONSEQUENCE				
		Insignificant 1	Minor 2	Moderate 3	High 4	Catastrophic 5
A	Almost Certain	Medium	High	High	Extreme	Extreme
B	Likely	Medium	Medium	High	High	Extreme
C	Possible	Low	Medium	Medium	High	High
D	Unlikely	Low	Low	Medium	Medium	High
E	Rare	Low	Low	Low	Medium	Medium

SHMS/EMS RISK RATING MATRIX						
LIKELIHOOD		CONSEQUENCE				
		Insignificant 1	Minor 2	Moderate 3	High 4	Catastrophic 5
A	Almost Certain	Medium	High	Extreme	Extreme	Extreme
B	Likely	Medium	Medium	High	Extreme	Extreme
C	Possible	Low	Medium	High	Extreme	Extreme
D	Unlikely	Low	Low	Medium	High	Extreme
E	Rare	Low	Low	Low	Medium	High

Appendix F – Risk Action Plan

RISK ACTION PLAN					
Risk Action Plan reference:		RAP-2010-???			
Risk #:	{insert from risk register}	Risk (brief):	{insert from risk register}		
Business area:	{insert from risk register}	Risk type:	{insert from risk register}		
Risk description:					
{insert from risk register}					
Current controls / mitigating practices					
{insert from risk register}			{cont'd}		
Evaluation of current controls			{ratings Excellent, Moderate, Weak or Uncontrollable }		
RISK ASSESSMENT (CURRENT)					
Consequence:	{insert from risk register}	Likelihood:	{insert from risk register}	Current Risk Level:	{insert from risk register}
Contributing factors (key root causes or key risk drivers that may increase the likelihood of a risk to be realised):					
1. {this may require a detailed analysis depending upon the issue}			5. {cont'd}		
2.			6.		
3.			7.		
4.			8.		
RISK TREATMENT PLAN					
Summary:	{Proposed SMART Solution – Include a goal statement that is Specific, Measurable, Aligned, Realistic and Time-based. This may also consider documenting the following: Business Need – Describe why the proposed action is necessary and what issue(s) it will address. Evidence of Need – Explain how the risk issue affects the business by including the impact of proceeding...or not proceeding. Success Measures – Agree on optimal results and indicate how stakeholders will know if the outcomes have been achieved.}				
Capital requirements	\$ (estimate)	Resource requirements	{opex or manhour estimate}		
Actions:	Responsibility:	Due Date:	Completion Date:		
{Describe individual actions required to achieve the desired outcome}					
{insert more rows as required}					
RISK ASSESSMENT (PROJECTED)					
Projected evaluation of controls:		{ratings Excellent, Moderate, Weak or Uncontrollable}			
Consequence:	Likelihood:	Projected Risk Level:			
Monitoring & Reporting Requirements:		{Describe the monitoring and reporting requirements for the overall Risk Action Plan}			
Prepared by:				Date:	
Approved by ¹ :	{nominated Accountable person from risk register}			Date:	
Distribution:	Manager, Risk Management & Internal Audit {add others as required}			Date:	

¹ Approval cannot be granted until the specified resources required have been released.