



Risk Appetite Statement

Prepared by Agilitus

December 2022
AGIL-CM-PRO-0005



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| Document Control | | | | | |
|-------------------------|--------------|-----------|--------------|----------------|---------------|
| Revision | Issue Reason | Date | Prepared | Reviewed | Approved |
| 0A | New Document | 8/12/2022 | Jamie Little | Tony Comerford | Craig Bloxham |

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1. Introduction

Risk management begins with understanding risk appetite¹, which is the amount and type of risk that Agilitus is willing to pursue or retain² in pursuit of its objectives³.

This document sets out Agilitus' risk appetite⁴ which should be considered prior to entering tenders, approving management actions, modifying business structure or resourcing, pursuing objectives, and formulating business strategy.

The Board should consider risk appetite especially prior to approving submission of tenders, reviewing the delegation of authority, reviewing budgets and strategic plans and entry into new markets.

2. Objectives

The objectives of this Risk Appetite Statement include:

- Setting clear boundaries for risk when making decisions;
- More effective allocation and use of resources;
- Gearing Agilitus to being proactive rather than reactive;
- Bolstering shareholder confidence;
- Guide staff in decision-making and reporting of abnormal events or exposures;
- Improved planning;
- Improved ethics and integrity;
- Enhanced reputation; and
- Reduced insurance costs.

¹ Australian Institute of Company Directors, Role of the Board – Risk Management, (2016).

² ISO/IEC Guide 73:2009 Risk management.

³ <https://www.finance.gov.au/sites/default/files/2019-11/comcover-information-sheet-defining-risk-appetite-and-tolerance.pdf>.

⁴ ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (4th ed 2019).

3. Responsibilities

| | |
|--|--|
| The Board | Set the risk appetite for Agilitus, and review Agilitus' risk management framework annually, to ensure Agilitus is operating within the risk appetite, internal compliance, and control mechanisms. |
| Managing Director and Head of Finance | Provide assurance to the Board that in accordance with s295A of the Corporations Act the Company's financial statements are founded on a sound system of risk management and internal controls. |
| Audit & Risk Committee (ARC) | <p>Established by the Managing Director as a sub-committee to assist the Board to fulfil its oversight responsibilities in areas such as the integrity of financial statements and reporting.</p> <p>Oversee internal controls, assurance, policies, risk management systems and the internal and external audit functions⁵ including:</p> <ul style="list-style-type: none"> • Advising the Board on the effectiveness of the risk management framework; • Supporting provision of accurate, relevant and timely information about risk; • Examining previous decisions to see how risk was managed as part of making those decisions; • Monitoring and reviewing safety systems throughout the organisation; • Oversight of insurance programs to maintain appropriate coverage; • Monitoring the organisation's business continuity processes; and • Developing and maintaining an appropriate risk culture that is embedded through the organisation⁶ |
| Head of Commercial | <ul style="list-style-type: none"> • Chairperson of the ARC • Developing and maintaining the Risk Management framework, compliance monitoring, support and training and associated tools; • Reporting to the ARC on all salient aspects of both the risk and compliance; • Compiling a risk report to including material, strategic, and operational risks and compliance obligations for executive and ARC review and reports; • Identify new and amended compliance obligations and advise on actions; and • Assist the ARC in the annual review of the risk management framework. |
| Management | <ul style="list-style-type: none"> • Maintain risk management tools and control systems; • Attend and contribute to risk management meetings; • Prepare risk reports monthly; • Promptly reporting to the ARC any risks, opportunities, compliance breaches; and • Actioning any assigned risk control or mitigation measures. |
| All Employees | <ul style="list-style-type: none"> • Promptly reporting any risks, opportunities, compliance breaches to management; • Actioning any assigned risk control or mitigation measures. |

4. Scope

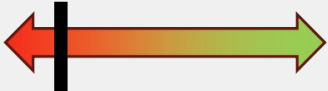

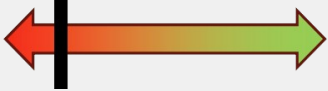
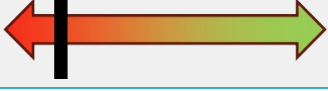


The Risk Appetite Statement applies at all times to all Agilitus employees.

⁵ [https://aicd.companydirectors.com.au/-/media/cd2/resources/director-resources/director tools/pdf/05446-5-13-mem-director-rob-role-of-theauditcommittee_a4-web.ashx](https://aicd.companydirectors.com.au/-/media/cd2/resources/director-resources/director%20tools/pdf/05446-5-13-mem-director-rob-role-of-theauditcommittee_a4-web.ashx).

⁶ <https://aicd.companydirectors.com.au/resources/not-for-profit-resources/not-for-profit-governance-principles/principle-5-risk-management>

5. Risk Appetite and Tolerance

In this section Agilitus sets its risk appetite (high level indication of acceptable risk levels), and risk tolerance (the more detailed statement on the risk appetite that Agilitus is willing to tolerate).

| Risk Category | Risk Appetite | Risk Tolerance |
|----------------------------------|---|---|
| Health and Safety | <p>Low High</p>  | <p>Agilitus has a very LOW tolerance for risks that potentially cause harm to a person/s.</p> <p>Agilitus views a fatality, permanent disability, or serious chronic life shortening illness as an unacceptable outcome.</p> |
| Financial | <p>Low High</p>  | <p>Agilitus has MODERATE tolerance for financial risks in excess of \$5M (or a Loss Order) without excellent controls in place, and a good risk/reward ratio or business case and endorsement from the Board in line with the Board Authority Matrix.</p> |
| Regulatory and Compliance | <p>Low High</p>  | <p>Agilitus is subject to regulatory and legal requirements. Agilitus has a LOW appetite for breaches of mandatory legal requirements, Fraud, corruption, facilitation payments.</p> |
| Reputational Risk | <p>Low High</p>  | <p>Although the nature of Agilitus work unavoidably involves contractual claims and disputes and potential media exposure, Agilitus has a LOW appetite for long lasting damage to its reputation.</p> |
| Contract Risk | <p>Low High</p>  | <p>Agilitus has a MODERATE tolerance for contracts that fall outside of the Commercial Guidelines in particular liability for: consequential loss, unlimited liability, or tenders with a negative cashflow of more than \$500k over a 2-month period.</p> |
| Intellectual Property | <p>Low High</p>  | <p>Agilitus' intellectual property and know-how is a valuable asset and should be protected. While Agilitus has no tolerance for giving away sensitive background intellectual property whether through cyberattacks or vulnerabilities, or under contract, under certain circumstances Agilitus has a MODERATE tolerance for permitting others to use parts of its Intellectual Property with restrictions.</p> |

6. Definitions

| Term | Definition |
|------------------------|--|
| Board | The group of individuals in whom the governance, control, direction, and management of Agilitus is vested in accordance with its constituent documents and DOA, or by legislation. |
| Fraud | Dishonestly obtaining an advantage through the intentional misrepresentation, deception, or concealment of information including: <ul style="list-style-type: none"> • financial theft or misappropriation of cash or securities • improper or unauthorised expenditure • unauthorised or inappropriate access to or release of information • forgery and alteration of documents • inappropriate use of insider knowledge • misappropriation or misallocation of organisational resources, such as computer or telecoms equipment • inappropriate or favourable treatment of associated parties for personal benefit • falsification of records and data, such as payment or payroll records, and • fraudulent financial reporting⁷ |
| Loss Order | Tendering on a project intentionally (often for a strategic purpose) with a negative net margin. |
| Risk | The 'effect of uncertainty on objectives', as defined by AS/NZS ISO 31000:2009. |
| Risk Appetite | The amount of risk an organisation is willing to take or accept in pursuit of its objectives. |
| Risk Management | Coordinated activities to identify and control an organisation regarding risk. |
| Risk Tolerance | Boundaries for risk taking, commonly expressed as a range of upper and lower limit. Exposures outside the upper risk limit are unacceptable and outside the risk appetite. |

7. Review of this Risk Appetite Statement

As part of its continuous improvement activities, and in line with the philosophy of Risk Management Principles (ISO 31000:2009), this Risk Appetite Statement will be reviewed annually.

Craig Bloxham



**Managing Director
Agilitus**

⁷ <https://www.asx.com.au/documents/about/asx-fraud-control-policy.pdf>.



Agilitus is a multidisciplinary engineering, EPCM and ESG consultancy, delivering technical solutions for clients in the Resources, Energy and Industrial sectors. We are majority owned by our employees, who are united by our purpose – together, we embrace innovation to solve complex problems, for today and future generations.

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