

# **RISK OVERSIGHT AND MANAGEMENT POLICY**

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1	December 2007
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4	March 2014

# BLUE ENERGY LIMITED

ABN 14 054 800 378

## RISK OVERSIGHT AND MANAGEMENT POLICY

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### 1. DEFINITIONS

This Risk Oversight and Management Policy (Policy) sets out Blue Energy's policy in relation to Risk Management.

In this Policy:

**Blue Energy** or the **Company** means Blue Energy Limited ABN 14 054 800 378 and includes, unless the context requires otherwise, all of its Related Bodies Corporate for the time being;

**Related Bodies Corporate** has the same meaning as in section 50 of the Corporations Act 2001.

**Risk Management** means the culture, processes and structures that are directed towards taking advantage of potential opportunities whilst managing potential adverse effects; and

**Risk** means the chance of something happening which will have an adverse effect on the operations and/or objectives of Blue Energy.

### 2. PURPOSES OF THE POLICY

#### 2.1. PURPOSE

The purposes of this Policy are as follows:

- a) to confirm the commitment of the Board of Blue Energy and its senior management to the practice of Risk Management in order to both minimise uncertainty and maximise business opportunities;
- b) to ensure that Risk is appropriately assessed, monitored, and managed so that stakeholders have confidence to deal with or invest in the Company;
- c) to formalise and communicate Blue Energy's approach to the oversight and management of Risk;
- d) to demonstrate compliance with Principle 7 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations); and
- e) to provide an effective framework for the identification and management of Risk across Blue Energy.

The Company views Risk Management as an integral part of good management practice and an essential element of good corporate governance.

#### 2.2. CULTURE OF THE COMPANY

It is acknowledged that, to be most effective, Risk Management should become part of the culture of the organisation, embedded into Blue Energy's philosophy, practices and business processes and not either viewed or practiced as a separate activity.

The Board acknowledges its responsibility to "lead from the top" in this regard.

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### 3. RISK PROFILE

Blue Energy faces a range of Risks in its business activities. These include (but are not limited to) strategic, market, operational and financial risks.

A formal risk profile will be prepared by management to keep the Board, through the Risk and Audit Committee (RAC) informed about material Risks facing Blue Energy. The risk profile will, be regularly reviewed and updated by the RAC.

The risk profile will be established within the fundamental risk assessments as outlined below.

- Health, Safety and Environment Low
- Technical and Exploration High

### 4. RISK MANAGEMENT PROCESS

The RAC will adopt, with such modifications as the RAC sees fit, Risk Management processes and procedures designed and recommended by management, after giving due consideration to various standards and models and/or obtaining such advice as management considers appropriate. In order to avoid unnecessary duplication, management and the RAC will bear in mind the requirements of paragraph 6 below.

As a matter of good governance, each stage of the Risk Management process must be recorded appropriately.

### 5. RISK MANAGEMENT STRUCTURES

The Company should make maximum use of its established structures and relevant procedures.

New structures and/or procedures should only be created or implemented if, for good reason, a particular Risk Management issue or task is unable to be effectively addressed or handled by an existing Blue Energy structure or procedure.

### 6. ROLES AND ACCOUNTABILITY OF PARTICIPANTS IN RISK MANAGEMENT

Whilst the following describes the roles and accountabilities of certain key participants in relation to Risk Management, it is emphasised that all Blue Energy personnel have a role to play in of Risk Management.

#### 6.1. BOARD

The Blue Energy Board is responsible for the oversight of Risk Management including the review of this Policy in accordance with paragraph 9 of this Policy.

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The Board should clearly define the “risk appetite” of Blue Energy so that the strategic direction of the Company can be aligned with this Risk Management policy.

### 6.2. RISK AND AUDIT COMMITTEE

Part of the RACs role is to assist the Board to fulfil its business risk management and oversight responsibilities.

The functions of the RAC include:

- a) overseeing the establishment and implementation of Risk Management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems; and
- b) approving and recommending to the Board for adoption policies and procedures on Risk oversight and management to establish an effective and efficient system for:
  - (i) identifying, assessing, monitoring and managing Risk; and
  - (ii) disclosing any material change to the risk profile.

The responsibilities of the RAC include regularly reviewing and updating the Risk profile.

### 6.3. CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR AND COMPANY SECRETARY

The Chief Executive Officer / Managing Director and Company Secretary are ultimately responsible and accountable to the Board, through the RAC, for ensuring that appropriate systems, procedures and controls are in place to identify and manage Risks to an acceptable level.

The Chief Executive Officer / Managing Director will highlight areas of significant Risk in the annual strategic plan that he presents to the Board.

Each financial year, the Chief Executive Officer / Managing Director and Chief Financial Officer will state to the Board in writing that the declaration given by them to the Directors in accordance with section 295A of the Corporations Act 2001 (Cth) is founded on a sound system of Risk Management and internal control which implements the policies (including this Policy) adopted by the Board in relation to financial reporting risks and that the system is operating effectively in all material respects.

At the same time, the Chief Executive Officer / Managing Director and Chief Financial Officer will state to the Board in writing that there is a sound system of Risk Management and internal control which implements the policies (including this Policy) adopted by the Board in relation to material business risks other than financial reporting risks and that the system is operating effectively in all material respects.

### 6.4. OTHER MANAGEMENT

Other Senior Managers are responsible and accountable to the Chief Executive Officer / Managing Director for ensuring that appropriate systems, procedures and controls are in

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place so that Risks in relation to those parts of the Blue Energy business or operations for which they have been given responsibility are identified and managed to an acceptable level.

### 6.5. AUDITOR

The auditor is responsible for providing an opinion on the truth and fairness of the annual financial report. In doing so, the auditor will, among other things, assess the management of Risk and key internal control systems.

## 7. REPORTING REQUIREMENTS

All personnel must report all new Risks, and changes to existing Risks, to their superior as soon as they come to their attention.

All managers must report all new Risks, and changes to existing Risks, to the Chief Executive Officer / Managing Director as soon as they come to their attention, having regard to the likelihood and consequences of such risk.

The Chief Executive Officer / Managing Director and Chief Financial Officer will report to the RAC on a half yearly basis regarding the Risk profile of Blue Energy including a summary of any major changes since the last report, or as and when required.

## 8. ACCESS TO POLICY

This Policy will be made available to each employee of Blue Energy. The Company Secretary of Blue Energy will be responsible for its internal and external distribution.

A general description of the Company's Risk Management policy is provided on Blue Energy's website [www.blueenergy.com.au](http://www.blueenergy.com.au).

## 9. REVIEW OF THE POLICY

This Policy is subject to regular review by the Blue Energy Board and will be amended (as deemed appropriate) to reflect current best practice and changes to regulatory requirements.

## 10. COMPANY CONTACT

Questions about this Policy and its application may be directed to the Company Secretary at the following address:

Company Secretary  
Blue Energy Limited  
Level 3, 410 Queen Street  
Brisbane, QLD 4000  
Telephone: (07) 3270 8800  
Facsimile: (07) 3270 8899  
Email: [info@blueenergy.com.au](mailto:info@blueenergy.com.au)