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TASK GROUP

Risk Management Framework

SEPTEMBER 2023

TASK.

Risk Management Framework

1. Purpose and Application

This Risk Management Framework (RMF) outlines the approach to risk management at TASK Group Holdings Limited (TASK or Group) and is designed to assist the Group in integrating risk management into significant activities and functions.

This RMF provides a framework on how to apply consistent and comprehensive risk management practices to the Group's operations and applies to all divisions, functional areas, activities, and sites.

The RMF has been developed to:

- meet the requirements of the ASX Corporate Governance Principles and Recommendations, Principle 7: Recognise and Manage Risk; and
- align with International Standard ISO 31000:2018 Risk Management – *Guidelines (ISO31000)*.

2. Terms and Definitions

The following terms and definitions are set out in ISO31000 and create a common terminology to be applied in TASK's risk management framework and processes.

Risk: effect of uncertainty on objectives.

Risk Management: co-ordinated activities to direct and control an organisation with regard to risk.

Stakeholder: person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

Risk Source: element which alone or in combination has the potential to give rise to risk.

Event: occurrence or change of a particular set of circumstances. Can consist of one or more occurrences, can have several causes and several consequences, and can also be something expected which does not happen or vice versa.

Consequence: outcome of an event, affecting objectives. Can be either certain or uncertain, have negative or positive, direct or indirect effect on objectives, and can be expressed quantitatively or qualitatively.

Likelihood: chance of something happening.

3. Risk Management Principles

Purpose: Creation and protection of value

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives.

TASK has adopted the principles of effective risk management, set out below per ISO31000, as the foundation for managing risk and the effects of uncertainty on the Group's objectives.

Principle 1: Risk Management is integrated

Risk management is not a stand-alone activity, separate from the main activities and processes within TASK. Risk management is part of the responsibilities of management and an integral part of all business processes, and internal control systems and processes.

Principle 2: Risk Management is structured and comprehensive

A structured and comprehensive approach to risk management contributes to consistent and comparable results.

Principle 3: Risk Management is customised

The risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives.

Principle 4: Risk Management is inclusive

Appropriate and timely involvement of stakeholders enables their knowledge, views and perception to be considered, resulting in improved awareness and informed risk management.

Principle 5: Risk Management is dynamic

Risks can emerge, change or disappear as the organisation's internal and external context changes. Effective risk management should anticipate, acknowledge and respond to these changes and events in an appropriate and timely manner.

Principle 6: Risk Management is based on the best available information

The inputs to the process of managing risk are based on historical and current information, together with expectations. Risk management explicitly takes into account any limitations and uncertainty associated with this information and expectations. Information should be timely, clear and available to relevant stakeholders.

Principle 7: Risk Management takes into account human and cultural factors

Human behaviour and culture significantly influence all aspects of risk management at each level in the organisation and each stage in the risk management process.

Principle 8: Risk Management facilitates continual improvement

Risk management is continually improved through learning and experience.

4. Risk Management Responsibilities

Specific responsibilities for the management of risks are required to ensure that the Risk Management Framework (RMF) is integrated and functions effectively.

Board and Board Committees

In relation to risk management, the TASK Board is responsible for approving systems and controls to identify, assess and manage risks (financial and non-financial), both internally and externally¹. The Board sets the Group's risk appetite and oversees the RMF.

The Audit and Risk Management Committee's (ARC) role² is to assist the TASK Board to fulfil its responsibilities in relation to:

- risk management; and
- internal control processes and effectiveness, including controls to safeguard TASK's assets.

The ARC will:

- review and report to the Board on recommendation to changes that should be made to the Group's risk management framework or to the risk appetite set by the Board;

¹TASK Group Board Charter

²TASK Audit and Risk Management Committee Charter

- assess and review the overall adequacy and effectiveness of TASK's RMF, and the methodology and process for assessing, monitoring and management financial and non-financial risks;
- monitor Management's performance against the Group's RMF, including whether it is operating within the risk appetite set by the Board;
- consider whether TASK has any material exposure to environmental or social risks, and if it does, provide a report to the Board on how it intends to manage those risks;
- receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- assess and review whether adequate policies and procedures have been designed and implemented to manage identified risks; and
- assess and review whether processes are in place to ensure that proper remedial action is undertaken to address areas for improvement.

The ARC will conduct the above reviews at least annually and report to the Board.

The Chief Executive Officer (CEO) is responsible for:

- ongoing management of the Group in accordance with the strategy, policies and programmes approved by the Board and within the risk appetite set by the Board;
- making recommendations to the Board on risk appetite;
- identifying, documenting and managing TASK's corporate strategic risks and opportunities;
- regularly reviewing the Group's risk profile;

- assigning risks to individual managers and approving the allocation of resources;
- providing leadership for the business to improve its risk management capability, culture and direction and integrating risk management into core business processes;
- reporting on risks to the Board

The Chief Financial Officer is responsible for:

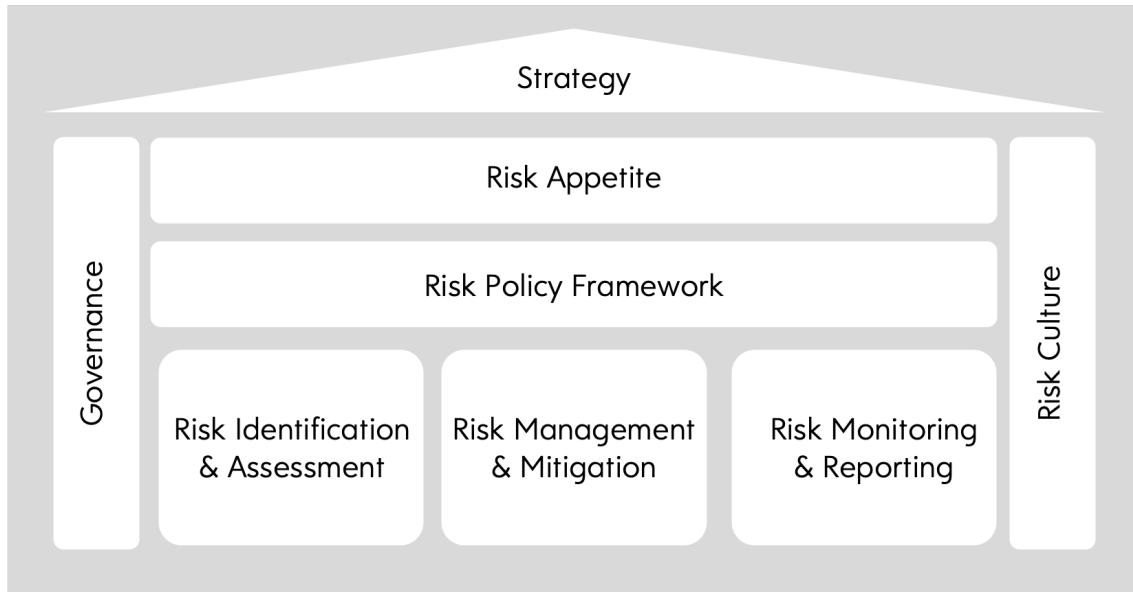
- the design, development and ongoing enhancement of the RMF;
- actively challenging the assessment of company risks by Management;
- providing assurance that the RMF is functioning as designed; and
- maintaining the Group's Risk Register, ensuring collaboration and input from the CEO, Executives and Senior Leaders.

Management is responsible for:

- identifying, analysing and evaluating risks in relation to their roles and area of responsibility;
- ensuring their teams are engaged in the risk management process;
- documenting their risk assessments in TASK's Risk Register;
- regularly reviewing risks and updating the Risk Register to document any emerging, changed or eliminated risks, as well as developing treatment plans to reduce risk to within the Board's risk appetite; and
- ensuring all risks and their associated treatment plans have been accepted and approved.

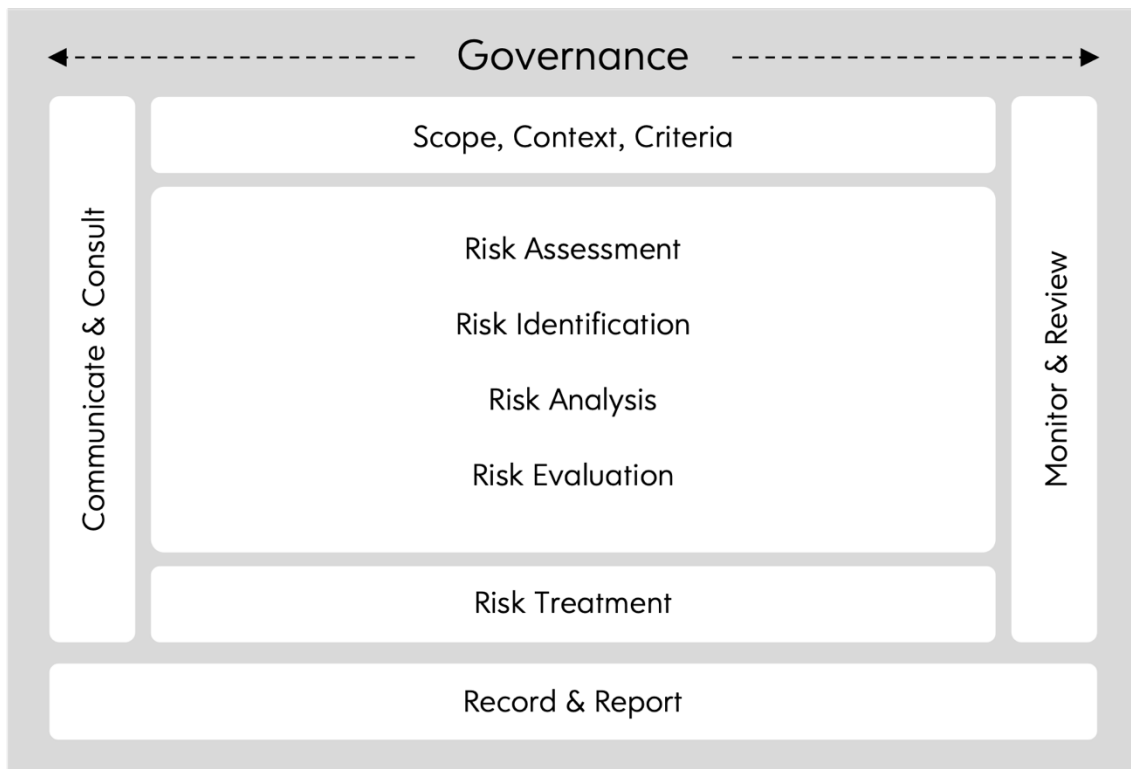
5. Risk Management Framework

Risk management is integral to the success of TASK and needs to align with the Board's approved strategy and purpose. The diagram below sets out the aspects of the business that are impacted and influenced by risk.



5.1 The Risk Management Process

Risk Management is a continual process that involves following well defined steps. ISO31000 defines the process using the following diagram, which is adopted by TASK:



Communicate and Consult

Communication seeks to promote awareness and understanding of risk and consultation seeks feedback and information to support decision-making. Brings together different areas of expertise, allows for different perspectives, provides necessary and relevant information and provides a sense of inclusiveness and ownership.

Establishing Context

The purpose of establishing the scope, context and criteria is to customise the risk management process to the division, function, activity and/or site. This step incorporates defining risk criteria, such as the type and level of risk that may or may not be taken relative to objectives and the criteria to be used for evaluating risks.

Risk Assessment

Risk assessment is the overall process of risk identification, analysis and evaluation and should be carried out collaboratively, systematically, and iteratively. Risk assessment must be documented in the Risk Register.

Risk Identification

Aim is to find, recognise and describe risks that may affect TASK in achieving on or more of its objectives. Consider all causes, threats, vulnerabilities, and affected assets to establish a threat profile.

Risk Analysis

Aim is to comprehend the nature of each risk and its characteristics to determine the level of risk TASK is exposed to. Involves determination of likelihood of risk occurring, the consequences if it does occur, the controls currently implemented and the control effectiveness.

Risk Evaluation

Supports decisions regarding risks by comparing the risk level from the previous step with the risk

appetite to determine whether additional mitigation is necessary.

Risk Treatment

The purpose of treatment is to select and implement options that will bring the risk in line with the risk appetite. The residual risk, once the treatment plan is successfully implemented, should be calculated to ensure the resulting risk level is at an acceptable level. Treatment plans include reduction (further controls to reduce likelihood or impact), transfer, acceptance (where risk cannot be treated cost effectively) or avoided (by ceasing an activity).

Monitor and Review

Implemented controls should be monitored and reviewed regularly to ensure the controls are effective and operating as designed or have been modified appropriately where the operating environment has changed.

Record and Report

The risk management process and its outcomes should be documented and reported to appropriate stakeholders, especially the Board via its ARC.

6. Definitions

Term	Definition
Consequence	Outcome of an event affecting objectives.
Control	Measure (e.g. process) that is modifying risk.
Control effectiveness	A relative assessment of actual level of control that is currently present and effective compared with that which is reasonably achievable for a particular risk.
Event	Occurrence or change of a particular set of circumstances.
Risk Level	Magnitude of a risk or a combination of risks expressed in terms of the combination of consequences and their likelihood and categorised into five levels based on agreed risk rating thresholds.
Likelihood	Chance of something happening.
Material risks	Risks with potential maximum consequence, or a Risk Level that is above the Board's risk appetite.
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.
Inherent exposure	Maximum credible impact on TASK arising from a risk, before considering any controls.
Residual risk	Risk remaining after treatment.
Risk	The effect of uncertainty on objectives.
Risk acceptance	The informed and formal decision to take or agree to a particular risk.
Risk analysis	Process of developing an understanding of the risk through consideration of causes and sources and of determining the level of risk through assessment of the consequences and likelihood.
Risk assessment	Risk assessment is the overall process of risk identification, analysis, and risk evaluation.
Risk evaluation	Process of comparing the results of risk analysis with risk appetite to determine whether the risk level is acceptable.
Risk exposure	The extent to which an organisation is subject to an event.
Risk identification	Process of finding, recognising, and describing risks.
Risk management	Coordinated activities to direct and control an organisation with regard to risk.

Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk management process	Systematic application of policies, procedures and practices to the activities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Matrix	Tool for ranking and displaying risks by defining ranges for consequence and likelihood.
Risk Owner	Person with the accountability and authority to manage a risk.
Risk Profile	A description of any set of risks.
Risk Register	A record of information about identified risks, documenting the risk assessment process.
Risk review	A process to determine the suitability, adequacy, and effectiveness of the subject matter to achieve established objectives.
Risk treatment	A process to modify or mitigate risk.
Target risk	Aspiration risk level to be achieved once treatment is complete.

7. References

AS/NZ ISO 31000:2018 Risk Management – Guidelines.