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## RISK MANAGEMENT POLICY

Shares in Australian Dairy Farms Limited (**Company**) are stapled to units in the Australian Dairy Farms Trust (**Trust**) (for which Trustees Australia Limited is currently the responsible entity (**Responsible Entity**)). The Company and the Trust together form the Australian Dairy Farms Group (**Group**). The Responsible Entity will cooperate with the directors of the Company to facilitate the operation of the Group as a single economic entity for the benefit of stapled securities holders. A reference to the **Board** in this charter is a reference to the board of the Responsible Entity and the board of the Company cooperating together.

### Risk Management

1. It is the Group's practice to:
  - (a) establish clear objectives, identify and evaluate the significant risks and threats to the Group and its operations;
  - (b) monitor the effectiveness of the risk management process;
  - (c) follow relevant Group standards, processes, procedures and guidelines; and
  - (d) regularly review the risk management process to ensure its relevance to our operations.

### Internal control

2. The Group's management will be expected to:
  - (a) resource operate and monitor its system of internal control;
  - (b) incorporate risk responses in the form of controls into its management system; and
  - (c) report the results of balanced assessments regarding the effectiveness of its internal control, including identified weaknesses or incidents to the Board.
3. It is the responsibility of the Chief Executive Officer (or equivalent) to create, maintain and implement risk management and internal control policies for the Group, subject to review by the Board.
4. The Chief Executive Officer (or equivalent) must report to the Board on a half-yearly basis regarding the design, implementation and progress of the risk management policies and internal control systems.

## **Risk profile**

5. The operation of the Group's risk management process results in the identification of risks, which may impact upon the Group's business.
6. The Group's risks may change over time as the external environment changes and the Group expands its operations. The risk management process requires regular reviews of the Group's existing risks and the identification of any new and emerging risks, including financial and non-financial matters. It also requires the management (including mitigation where appropriate) and reporting of the effectiveness of the management of these risks.

## **Assessing the effectiveness of the policy and oversight**

7. The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.
8. Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of this policy.

## **Accountabilities**

9. The Board will oversee the processes by which risks are managed. This will include defining the Group's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Group's risks and report to the Board whether those risks are being effectively managed.
10. All of the Group's personnel are encouraged to identify, analyse, manage and report risks.