

RISK MANAGEMENT POLICY

DEFINITIONS

ASX means the Australian Securities Exchange.

Board means the Ryder Capital Limited Board of Directors.

Company means Ryder Capital Limited ACN 606 695 854.

Investment Manager means Ryder Investment Management Pty Limited.

Policy means this Risk Management Policy.

PURPOSE

The Company considers ongoing risk management to be a core component of the management of the Company. The Company's ability to identify and address risk is central to achieving its corporate objectives.

This Policy outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

RISK MANAGEMENT PROGRAM

- 1 The Company's risk management program comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.
- 2 To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board to oversee and manage the risk management program, while conferring responsibility and authority on the Investment Manager to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.
- 4 In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves applying a disciplined process to risk identification, risk assessment and analysis, risk treatment and monitoring and reporting.
- 5 Material risks facing the Company include:
 - Outsourcing risk*
 - (a) The Company has outsourced the following functions to service providers, JP Morgan Nominees Aust. Ltd (custody), MUFG Corporate Markets (AU) Limited (share registry), Apex Group (accounting and administration), Grant Thornton (audit), Pitcher Partners (taxation) and Ryder Investment Management (investment management). Consequently, risk issues associated with these activities are handled in accordance with the service provider's policies and procedures which are confirmed by the outsourced service provider on an annual basis.
 - Market related risks*
 - (b) The Board is primarily responsible for recognising and managing market related risks. By its nature as a listed investment company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.
 - (c) The Investment Manager is required to act in accordance with the Board approved investment management agreement (IMA) and reports to the Board on the Portfolio's performance, material actions of the Investment Manager and an explanation of the

Investment Manager's material proposed actions. In addition, the Investment Manager is also required to provide sufficient information to enable the Company to comply with its Constitution and its reporting obligations under the *Corporations Act 2001 (Cth)* and ASX Listing Rules, and to report to the Board as to any non-compliance with the investment strategy outlined in the IMA.

- (d) In assessing the Company's risk tolerance level, the Board considers any instance which materially affects the Company's Net Tangible Asset backing announcements released to the ASX.

Administrative risk

- (e) The Investment Manager's Chief Investment Officer will provide a declaration to the Board twice annually, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the *Corporations Act 2001 (Cth)*.
- (f) In addition, the Investment Manager will confirm in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Economic, environmental and social sustainability risks

- (g) The Board is primarily responsible for disclosing any material exposure to economic, environmental and social sustainability risks which impact the ability of the Company to continue operating at a particular level of economic activity over the long term.

OVERSIGHT AND MANAGEMENT

BOARD

- 6 The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost-effective internal control system will preclude all errors and irregularities.
- 7 The Board has delegated responsibility for reviewing the risk profile including material business risks and reporting on the operation of the internal control system to the Audit and Risk Committee. However, the Audit and Risk Committee or Investment Manager may also refer particular risk management issues to the Board for final consideration and direction.
- 8 The Board will review the effectiveness of the Company's risk management and internal control system annually.

AUDIT AND RISK COMMITTEE

- 9 The day-to-day oversight and management of the Company's risk management program has been conferred upon the Audit and Risk Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on these matters. In addition to the risk management responsibilities set out in its Charter, the role of the Committee is to:
 - (a) assist the Board to fulfil its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance or the audit process;
 - (b) assist the Board in monitoring compliance with laws and regulations and the Company's Code of Conduct;
 - (c) assist the Board to adopt and apply appropriate ethical standards in relation to the management of the Company and the conduct of its business;
 - (d) implement, review and supervise the Company's risk management framework; and
 - (e) review the adequacy of the Company's insurance policies to transfer the impact of identified risks.

INVESTMENT MANAGER

- 10 The Investment Manager will be responsible for designing and implementing risk management and internal control systems which identify material risks for the Company. The Investment Manager adheres to the internal Compliance Manual. The risk management principles in the risk management statement section of the Investment Manager's Compliance Manual include:
 - (a) defining risks in terms of nine specific risk categories – legal, financial, market, operations, personnel, strategic, IT systems, business continuity and internal or external fraud.
 - (b) applying a disciplined process to risk identification, risk assessment and analysis, risk treatment and monitoring and reporting; and
 - (c) using consistent risk assessment rating scales and criteria.
- 11 The Compliance Manual incorporates supporting frameworks and programs including:
 - (a) Key Risk Assessment program – a top down approach to risk management, designed to identify the key risks faced by the Company.
 - (b) Risk and Control Self-Assessment Program – a bottom up approach to risk management to identify risks and associated controls.
 - (c) Business Continuity Program – used to counter any interruptions to business activities and protect critical business processes from the effects of major failures or disasters.
 - (d) IT Systems Risk – defines a structure for managing data security, its components and their interrelationships.
 - (e) Risk Identification - the process of risk identification and reporting.

REVIEW OF RISK MANAGEMENT PROGRAM

- 12 The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.
- 13 The division of responsibility between the Board, the Investment Manager and the Audit and Risk Committee aims to ensure that specific responsibilities for risk management are clearly communicated and understood. The reporting obligations of the Investment Manager and the Audit and Risk Committee ensure that the Board is regularly informed of material risk management issues and actions.