

# **Risk Management Policy**

**Midway Limited**

ACN 005 616 044

**(the Company)**

**Adopted by the Board on 21 April 2016**

# Risk Management Policy

## Midway Limited (the Company)

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### 1. Introduction

Midway Limited (**Midway** or the **Company**) is committed to managing its risks in a consistent and practical manner. Effective risk management is directly focussed on the achievement of organisational objectives and helps ensure Midway delivers on its strategic goals in alliance with its vision and values.

In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board of Midway is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertaking of the Company. This Risk Management Policy (**Policy**) is adopted to ensure fulfilment of those duties and responsibilities.

This Policy applies to all Midway functions, projects, activities and alliances undertaken by its employees, contractors and consultants.

In this Policy, **Senior Management** means the Managing Director of the Company, his or her direct reports and such other employees of the Company determined by the Board to be included within Senior Management from time to time.

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### 2. Policy

Underpinning this Policy, the Board adopts an active approach to risk management which recognises that Midway is engaged in activities, which necessarily demand that Midway take certain usual business, entrepreneurial and operational risks.

Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management. The Board requires the CEO to ensure that an approach to managing risk is implemented as part of the day to day operations of the Company, identifying and managing the material risks in the following categories as a minimum:

- core business and strategy risks;
- operational and commercial risks;
- risks associated with the regulatory environment in which the Company operates;
- legal and contractual risks;
- financial risks; and
- governance risks (including legal and ASX listing rule compliance).

Separate risk management plans for these areas may be developed as required with a view to ensuring that, rather than being a complete and stand-alone document, risk management plans are part of Midway's day to day business and project decision making. In particular, the Board requires that the MD links risks to the strategic plan of the organisation. This process should identify the Company's risks appetite and tolerance, identify the links with other business initiatives.

Midway's approach to prudent risk management does not require that all risks be identified and eliminated, but that procedures are in place to identify and document material risks and, where the likelihood and / or consequences of such a risk occurring so demand, that steps be taken to minimise, eliminate or transfer that risk.

Specifically, in managing risk, the Board and Senior Management shall adhere to the following principles:

- When considering new strategies or projects, management is to analyse the major risks of those opportunities being secured or being lost, and consider appropriate strategies for minimising or mitigating those risks where they are identified.
- Ensure that management is aware at all times that they are responsible for maintaining an adequate framework of internal control which supports the management of risk.
- Midway will, where thought prudent by the MD or the Board, seek appropriate external advice to determine the best way to manage a particular risk.
- Financial risk will be managed by the whole of the Board working closely with the MD to ensure:
  - that the financial statements and other financial reporting are rigorously tested prior to submission for audit; and
  - that the transfer of potentially damaging events to third parties (i.e. insurance and other contractual arrangements) is arranged where applicable.
- Midway's approach to risk management, and the effectiveness of implementation, is to be reviewed formally at least annually by the Board.
- The Board, before it approves the financial statements for a financial period, will receive from the MD a declaration that, in his or her opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- The Audit & Risk Management Committee (**Committee**) will:
- review Midway's risk management framework at least annually to satisfy itself that it continues to be sound; and
- disclose, in relation to each reporting period, whether such a review has taken place.
- The Board will assess and disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage these risks.

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### **3. Accountabilities & Responsibilities**

#### **3.1 Board**

The Board is responsible for the strategic and operational effectiveness of the Company. The role of the Board therefore includes:

- identification of key strategic risks;
- holding groups and individuals accountable for fulfilling their roles and responsibilities under this Policy;
- understanding and monitoring the status of the principal risks and uncertainties facing the Company; and
- promoting the Policy across the Company, and publicising and rewarding good risk management practices.

#### **3.2 Audit & Risk Management Committee**

The Audit & Risk Management Committee has oversight for the risk management process within the Company. This role includes oversight of, and embedding of, risk management practices. Accordingly, and consistent with the Charter approved by the Board, the Audit & Risk Management Committee is required to review and make recommendations to the Board in relation to:

- the adequacy of the Company's processes and procedures to assess, monitor and manage risks (including financial risks);
- any incident involving fraud, or any other breakdown of the Company's internal controls; and
- the Company's insurance program, having regard to the Company's business and the insurable risks associated with such business.

### **3.3 Managing Director**

The MD is responsible for Midway establishing and maintaining an appropriate system of internal control and risk management including overseeing the performance of Senior Management's responsibilities.

### **3.4 Senior Management**

Senior Management are required to maintain the risk management process (for example a risk register and periodic monitoring and reporting). Key risks must be identified, documented and updated at least bi-annually.

### **3.5 Company Secretary**

The Company Secretary is accountable and responsible for creating all procedures and supporting guidance to support the implementation and operation of risk management within the Company.

### **3.6 Employees**

All employees are responsible for identifying and raising risks. Where an employee identifies a risk to the business or operations this risk should be communicated to a member of senior management.

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## **4. Frequency of Review**

The Policy will be reviewed every three years, as required by the Board or the Committee, or after a significant change in general approach, legislation or regulation to ensure its currency, relevance and accuracy.

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## **5. Questions**

For questions about the operation of this policy, please contact the Company Secretary.