



Risk Management and Compliance Policy

VicForests is committed to maintaining a risk management framework that enables its strategy and business activities to be delivered and risks to be managed in accordance with its risk appetite and legal requirements.

Risk Management Framework

VicForests defines risk as the effect of uncertainty on objectives. This can affect:

- the environment;
- health and safety in the workplace;
- the delivery of strategy;
- volatility in future earnings;
- the reputation of the organisation; or
- the stability of the timber industry.

Risk exists at all levels of the organisation, lies within every decision made, and can result in negative or positive impacts.

VicForests' risk management framework:

- is consistent with the Victorian Government Risk Management Framework 2015 (updated July 2018) and *ISO 31000:2018 Risk Management Guidelines*;
- supports a positive risk culture;
- defines VicForests' risk appetite;
- is reviewed annually to ensure it remains current and is enhanced as required;
- is designed to allow risks and opportunities to be identified and managed at all levels of the organisation to a satisfactory level;
- makes it clear who is responsible for managing each risk;

- addresses the management of shared risks and State significant risks; and
- incorporates risk management into strategic and business planning processes.

Compliance

VicForests:

- is committed to complying with all legal, regulatory and government policy requirements and to preventing and detecting any unlawful or unethical conduct and business practices by its employees, contractors and agents;
- requires contractors and agents to adopt and abide by applicable VicForests' policies in connection with the services they provide; and
- will maintain and continuously improve its risk management and compliance framework and processes.

Accountability

Risk management and compliance is the shared responsibility of the Board, the relevant Board sub-committee the Executive and VicForests' work force:

- the Board is responsible for ensuring that VicForests manages risk effectively and maintains an appropriate risk profile in accordance with its risk appetite;
- the Audit, Finance and Risk Committee oversees risk management activities and audit processes to ensure compliance with statutory requirements;
- the Executive is responsible for developing, implementing and delivering an effective risk management and compliance framework that supports the business and meets the expectations of the Board; and
- VicForests' employees are responsible for identifying and managing risks in accordance with their roles.