

ALLIED BRANDS LIMITED

RISK MANAGEMENT POLICY

1. RISK OVERSIGHT

The Board is responsible for approving & reviewing ABL's Risk Management policy. The management of operational risk & the implementation of mitigation measures are the responsibility of management.

On an annual basis the Board considers the significant business risks applicable to the business & ongoing operations. Additionally, the Board considers risk profiles as part of the annual strategy & budget reviews.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit Committee. The responsibilities of the committee are contained in the Committee's charter.

The Audit Committee's primary function is to assist the Board in its responsibility to exercise due care, diligence & skill in relation to the ABL group in the areas of:

- Integrity of the ABL group's financial & external reporting;
- External auditors' activities, scope & independence;
- Management processes for the identification of significant business risks and exposures and review and assess the adequacy of management information & internal control structures; and
- Whether the ABL Group is adequately managing risk relating to corporate governance and is maintaining appropriate controls against conflicts of interest and fraud.

The Committee plays a key role for the Board in overseeing management's application of the ASX Corporate Governance Council Guidelines in respect of Financial Reporting and Risk Oversight.

2. RISK PROFILE & MANAGEMENT OF RISKS

ABL regards business risks as "threats to the achievement of ABL's objectives and goals and to the successful execution of its strategies".

ABL's operational risk management framework is based on the Australian/New Zealand Standard (AS/NZ 4360:1999) for risk management. Each division/area periodically conducts reassessments to identify and rank all business risks arising from current operations and new business initiatives, and to identify and implement containment measures.

The Risk Assessments are reported through the Chief Financial Officer to management and the Audit Committee and annually to the Board.

3. COMPLIANCE & CONTROL/ASSESSMENT OF EFFECTIVENESS

The Audit committee has responsibility for overseeing management's processes and results in identifying, assessing and monitoring risks associated with ABL's business operations and the implementation and management of policies and control procedures to give adequate protection against key risks.

In doing so the Committee considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the external Auditors' reports to management on internal controls (including information technology controls), and action taken or proposed resulting from those reports.

The risk management and internal control systems within ABL encompass all policies, practices and procedures established by management and/or the Board to provide reasonable assurance that:

- Established corporate and business strategies and objectives are achieved;
- Risk exposure is identified and adequately monitored and managed;
- Resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out the ABL Group's business;
- Significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- There is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.