

# Fisher & Paykel Appliances Holdings Limited

## Risk Management Policy

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### Policy Statement

The Company has in place processes to:

- Identify and record risks that could impact the achievement of business objectives;
- Assess identified risks and determine whether appropriate internal controls have been put in place to mitigate the risk to an acceptable level;
- Respond to any risks where they are not being mitigated to an acceptable level;
- Regularly re-assess and monitor risks and the effectiveness of respective internal controls

### Approach to Risk Management

Risk management is part of day-to-day business management. The Group has adopted formal risk management, through the use of a risk management framework ("the framework") to make existing risk management practices more visible. The framework is not, of itself, the process by which new or existing risks are identified or managed.

The framework can be summarised as follows:

- Management have developed a risk profile setting out the top risks to achieving the business objectives as set out in the annual plan. Separate risk profiles have been created for the Appliances and Finance businesses due to the differences in the nature, activities, and management teams of these businesses. Risks are ranked based on the likelihood of their occurrence and potential impact on achieving business objectives.
- Internal controls and other risk mitigation activities have been documented against respective risk areas.
- Key performance indicators, used to manage the businesses, have been mapped against the risk areas. Key performance indicator information is updated every 6 months and reported to the Audit & Risk Management Committee. This information is used to highlight changes in inherent risk levels and potential issues with the effectiveness of risk mitigation strategies.
- Assurance is received on the effectiveness of internal controls and risk mitigation activities from a number of sources, including internal and external audit, specialist advisors and management. These sources are tracked within the framework to ensure assurance is integrated and efficient. The framework is an input into the Internal Audit plan of reviews to be performed within a given financial year.
- The framework is refreshed on an annual basis to ensure it reflects changes to risk profile of the Group.

## Roles & responsibilities

### *Management*

Risk management is a normal part of day-to-day management practice and is primarily the responsibility of line management. Specific responsibilities for applying, supporting and auditing the risk management process are detailed in this section.

The specific responsibilities of Management with respect to risk management are to:

- Identify and assess the risks faced
- Establish and reconfirm the risk tolerance of the organisation through the annual plan and budgeting process that is approved by the Board of Directors
- Re-assess risks as part of the annual planning process, including the development of the budget, and ad-hoc in the case of significant new risks arising
- Manage the risks and ensure the actual risk profile is consistent with the risk tolerance
- Develop and maintain an appropriate structure to facilitate the application of the risk management framework.

### *Risk & Compliance Manager*

- Ensures that risk management is conducted in a structured, systematic, and consistent manner across the FPAH Group
- Maintains the risk management framework tools and methodologies
- Monitors local and international developments to ensure the methodology is aligned with best practice
- Supports Management in their use of these tools and methodologies
- Reports directly to the Audit and Risk Management Committee with regard to risk management

### *The Audit and Risk Management Committee*

- Review and approve the risk management policy
- Review the principal risks documented in the risk profile of the company, and the controls and risk mitigating strategies addressing those risks, on an annual basis
- Ensure that management has established a risk management framework, which includes policies and procedures to effectively identify, treat, and monitor principal business risks.
- At least annually assess the effectiveness of the implementation of the risk management system
- Monitor key performance indicators linked with the principal risks every 6 months