



Centro
Properties Group

**Risk Management
Policy Statement**

Introduction

The effective management of risk is central to the success of Centro.

It is critical that Centro have a robust Risk Management Framework in which material risks are proactively identified, communicated and managed across the organisation. Risks are defined as any event that can impede Centro's ability to achieve its objectives.

Centro recognises that risk management is an integral part of sound management practice and good corporate governance as it improves decision making and enhances outcomes and accountability. Management is committed to 'best practice' risk management practices across the business, both in Australia and the United States.

Purpose of Policy

The purpose of this policy is to articulate Centro's risk management philosophy and the processes and practices that are in place to identify, communicate and manage material risks across the organisation. The policy also ensures that responsibilities have been appropriately delegated for risk management.

Policy Objectives

The application of this policy and related procedures will provide the basis for a robust risk management framework which comprises:

- (i) More confident and rigorous decision-making and planning;
- (ii) Better identification of opportunities and threats;
- (iii) Proactive management of opportunities and threats;
- (iv) More effective allocation and use of resources;
- (v) Improved incident management and reduction in loss and the cost of risk, e.g. commercial insurance premiums;
- (vi) Improved stakeholder confidence and trust;
- (vii) A clear understanding by all staff of their roles, responsibilities and authorities for managing risk;
- (viii) Improved compliance with relevant legislation;
- (ix) Better corporate governance; and
- (x) The development of a more risk aware organisational culture through enhanced communication and reporting of risk.

Scope

The policy is applicable to Centro's Australasian and US operations.

Centro Risk Management Framework

Centro has robust processes in place to identify manage and communicate material risks to the Board via the Audit and Risk Management Committee. The risk framework in place is supported by AS/NZS 4360: 2004, the Australian/New Zealand Standard on Risk Management.

Roles and Responsibilities

Board (i.e. via Audit & Risk Management Committee)

The Centro Board of Directors, via the Audit and Risk Management Committee (A&RMC), oversees the establishment and implementation of the risk management system and annually reviews the effectiveness of the system. In particular the A&RMC considers on an ongoing basis whether:

- Centro's ongoing risk management program identifies all material areas of risk;
- Adequate risk mitigation strategies have been designed and implemented by Centro to manage all material identified risks;
- Centro undertakes a regular program of audits (including Internal Audit, Compliance Audit and External Audit) to test the effectiveness of internal controls and compliance with Centro's prescribed policies; and
- Timely remedial action is undertaken to redress areas of weakness.

The A&RMC also reviews and approves Centro's risk management policy.

Executive Committee

The Executive Committee (EC) has overall responsibility for risk management at Centro, including:

- Strategic risk;
- Project risks;
- Business or operational risks

Line Managers

Line Managers are responsible for:

- Identifying, communicating and managing risks in their area of operations; and
- preparing risk analysis worksheets on risks concerning their area of operations (bi-annual)

Centro Risk Management Function

The Group Risk Manager is responsible for:

- Implementing initiatives to continually strengthen Centro's risk management framework and risk culture by ensuring there are robust processes in place to identify, communicate and manage material risks across the organisation.
- Coordination of the biannual risk matrix exercise undertaken by line managers;
- Updating and regularly reporting the Material Risk Register to the EC and the Board via the A&RMC; and
- Promoting risk management awareness via education to management and staff as required

Centro's Internal Audit Function

Centro's Internal Audit function is separate from the Risk Management function. It provides assurance over the effective operation of risk management processes, methodologies and internal controls.

External Audit

External Audit, as part of their audit processes review controls that impact on the preparation of the Centro Group's Financial Statements.