

Corporate Governance Statement *(continued)*

- › Staying close to business challenges and risks
- › Recommending specific (eg product) strategies, including business cases and mechanisms to measure progress results, to the board.

The Committee met once during the year under review.

Risk management

The board reviews the status of business risks to the consolidated entity through integrated risk management programs ensuring risks are identified, assessed and appropriately managed. Major business risks arise from such matters as actions by competitors, government policy changes and the impact of exchange rate movements.

Comprehensive policies and procedures are established such that:

- › Capital expenditure above a certain size requires Board approval.
- › Financial exposures are controlled, including the use of forward exchange contracts.
- › Risks are identified and managed, including internal audit, privacy, insurances, business continuity and compliance.
- › Business transactions are properly authorised and executed.

The chief executive officer and the chief financial officer have declared, in writing to the board that the company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Internal control framework

The board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The board has instigated the following internal control framework:

- › Financial reporting – Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared monthly.
- › Continuous disclosure – Identify matters that may have a material effect on the price of the Company's securities, notify them to the ASX and post them to the Company's website.
- › Quality and integrity of personnel – Formal appraisals are conducted at least annually for all employees.
- › Operating unit controls – Operating units are required to confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals.
- › Investment appraisals – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures and levels of authority.