

## **Costa Group Holdings Ltd ACN 151 363 129**

### **Risk Management Policy**

#### **Introduction**

Effective risk management is central to the achievement of Costa's objectives and the continued growth of sustainable shareholder value. Shareholder value is in fact driven by Costa taking considered risks at the strategic and operational levels which is a desirable feature of a successful enterprise.

Costa recognises that genuine innovation, which inherently involves an element of risk, in achievement of technological and market advances is a core element of ensuring that the company continues its progressive transformation, growth and creation of further shareholder value.

Costa defines risk as "the effect of uncertainty on Costa's objectives". Costa's approach to risk management is to identify areas of uncertainty and minimise the potential for loss, whilst also maximising strategic opportunities for growth. Risks will be identified and assessed in a consistent manner across the Group. Costa expects all employees to comply with this policy.

The company recognises the need to provide an environment where its people are encouraged to take ownership and accountability for risk management in a considered and transparent manner.

The management of risk is a continual process and is integral to Costa's culture and the management and corporate governance of the business.

This policy applies to all businesses in the Costa group, including those operated outside Australia and including joint ventures controlled by Costa. Where Costa is involved in a joint venture that it does not control, Costa will use its influence to assist the joint venture to act in a manner consistent with this policy.

#### **Policy Objectives & Outcomes**

Through Costa's Risk Appetite Statement, the Board determines the Group's appetite and tolerance for risk after taking into account its strategic objectives and other factors including regulatory and legal requirements, shareholder expectations, the Group's financial position and organisational culture.

Costa's Executive has the continuing obligation to manage risk taking within acceptable levels and parameters as determined by the Board. The Executive and other senior leaders

are expected to demonstrate the desired risk culture by ensuring that it is embedded in the Group's operations and decision-making processes.

## **Risk Management Process**

The Board, through the Audit & Risk Committee (ARC) is responsible for ensuring there are adequate procedures in place in relation to risk management, compliance and internal control systems.

Costa has adopted a group wide risk management framework based upon the principles contained in AS/NZS ISO 31000:2018 Risk Management – Guidelines.

The framework is managed by the Group Manager, Risk and Internal Assurance in liaison with the Executive, and endorsed by the Board on the recommendation of the Chief Executive Officer, Chief Financial Officer, General Counsel and the ARC.

The risk management framework includes a risk assessment process to identify, analyse, evaluate and treat current and emerging business risks.

## **Reporting & Communication**

Costa's risk management processes are regularly monitored, reviewed and reported. Risk-related reporting to Costa's shareholders will comply with the ASX Corporate Governance Principles.

The ARC oversees the group wide risk management framework as advised by the Executive.

The risk management policy and framework are reviewed regularly by the Chief Executive Officer and the ARC to ensure their ongoing effectiveness and relevance.