RISK MANAGEMENT POLICY

1.0 Purpose

Only through the effective management of risk will the Bega Group continue to achieve its vision of becoming the Great Australian Food Company. Buy identifying, managing and mitigating risk we create value for our shareholders, customers and consumers and the communities in which we operate. We will do this through thoroughly understanding and responding to the uncertainties we face in supporting the needs of our customers and consumers, important supplier relationships and by maintaining a safe and engaged workforce. This policy outlines the program implemented by the Bega Group to ensure that risk management is embedded within its daily operations, its culture and its decision-making.

2.0 The Risk Management Program

The Bega Group's risk management program encompasses not only the framework, policies, processes and procedures, but also the values, culture and capabilities of all employees in the management of risk.

All Bega Group employees are required to manage sources of uncertainty throughout the organisation using a consistent and systematic approach. The company will maintain a framework based on AS/NZS ISO 31000:2018 that ensures we continue to manage both risks and opportunities effectively. In this way we make the organisation more resilient whilst increasing our agility so that we can recognise and benefit from opportunities when they arise.

3.0 Risk Appetite Statement

Risk management will be integrated into all our important decision-making processes so that we reduce the effect of uncertainty on achieving our strategic objectives. The Board sets and regularly reviews an agreed risk appetite for a range of strategic and operational risks. The Risk Appetite Statement (RAS) summarises the amount of risk the Board is willing to accept in pursuit of the Group's objectives. Each of the nominated risk themes are rated on the level of appetite for risk taking and influences decision making within the Group. The senior management team are expected to operate within the agreed appetite tolerance as directed by the Board.

4.0 Risk Management Framework

The Bega Risk Management Framework specifies how each manager achieves effective risk management compliance within the parts of the business for which they are accountable. The framework details how to operate effectively as a senior leadership team managing risk across the whole Group. In particular, managers are responsible for integrating the risk management process into their specific management and decision-making processes. They are also accountable for ensuring that key controls relied upon are actively monitored so that they remain in place and are always effective. Senior management must follow specific processes and procedures to enable ongoing and effective identification, assessment and treatment of risks as well as continuous monitoring and reporting. Senior management are also responsible for staying informed of changes that may impact the Group from the external environment incorporating them into the Group's Risk Management processes.

5.0 Responsibility of the Board

The Board is responsible for the effective implementation of Risk Management within the Group. The Board has delegated responsibility for monitoring the Risk Management Framework, reviewing the Risk Appetite Statement and ensuring effective and timely risk reporting to the Risk and Sustainability Committee. As and when necessary, the Committee may refer to the Board particular risks, emerging issues or recommend changes in risk appetites for consideration and approval.

6.0 Responsibility of the Risk and Sustainability Committee

The on-going responsibility of reviewing the Risk Management program has been delegated to the Risk and Sustainability Committee and is documented in the Committee's Charter. The Committee is responsible for ensuring the Group maintains effective risk management and internal control systems. The Charter sets out the following roles and responsibilities including:

   a) the risk appetite for the Company;

   b) the adequacy and effectiveness of the Company's risk management framework (for both financial and non-financial risks) and supporting policies and processes to identify and manage the Company's risks;

   c) the adequacy and effectiveness of the Company's compliance management framework and supporting policies and processes to ensure compliance with the Company's legal and regulatory obligations; and

   d) the adequacy and effectiveness of the Company's sustainability framework and supporting policies, processes and programs to address environmental (including climate change), social and governance issues that have the potential to materially affect the Company's business, strategies and reputation.

The Company Secretary will report at least annually to both the Chief Executive Officer and the Risk and Sustainability Committee of the Board on compliance with this policy and whether the Bega framework for managing risk remains sound and effective.

7.0 Responsibility of Management

The Group's senior leaders are responsible for designing and implementing the Group's Risk Management Framework and risk related procedures and processes. These are to be reviewed and refreshed regularly and communicated widely throughout the Group to ensure the roles and responsibilities are clearly understood and adopted.

Senior management should actively participate in risk management processes: identifying, assessing and treating material risks and escalating risks to the CEO and the Risk and Sustainability Committee as needed. The responsibility of Senior Management to regularly review and assess of the impact and likelihood of risks, the controls effectiveness and mitigation initiatives that they are responsible for delivering. Management's regular participation in clear and transparent reporting to the Risk and Sustainability Committee is a vital pillar of this Policy.

The Chief Executive Officer will ensure the necessary resources are available to ensure compliance with this Policy.

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