



## Risk Management Policy

GARDA Holdings Limited (ACN 636 329 774) ("**Company**") and GARDA Capital Limited (ACN 095 039 366) ("**Responsible Entity**") as responsible entity for the GARDA Diversified Property Fund (ARSN 104 391 273) ("**Fund**") and their respective controlled entities (together "**GARDA Property Group**").

Adopted by the board of directors of the Company and by the board of directors of the Responsible Entity as responsible entity for the Fund ("**Board**")

Dated 2 December 2019

# Risk Management Policy

## Contents



General terms	1
<b>1 Background</b>	<b>1</b>
<b>2 Definitions</b>	<b>1</b>
<b>3 Purpose and Scope</b>	<b>1</b>
3.1 Purpose	1
3.2 Scope	1
<b>4 Risk Management Principles</b>	<b>2</b>
<b>5 Risk Management Framework</b>	<b>3</b>
<b>6 Risk Management Process</b>	<b>3</b>
6.1 Risk Management Communication	3
6.2 Risk Assessment	3
6.3 Risk Treatment	4
<b>7 Responsibilities</b>	<b>4</b>
7.1 Board	4
7.2 Audit and Risk Committee	4
<b>8 Reporting</b>	<b>5</b>
<b>9 Policy Review</b>	<b>5</b>

# Risk Management Policy



## General terms

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### 1 Background

This charter applies to GARDA Property Group. The Company, and other members of the GARDA Property Group may, from time to time, act as the responsible entity of one or more Funds.

GARDA Property Group is a stapled group comprising the Company and the Fund (and their respective controlled entities). The Responsible Entity is a wholly-owned subsidiary of the Company and is the responsible entity for the Fund.

Shares in the Company and units in the Fund are stapled together to form a single class of stapled securities ("**Securities**"). The Securities are listed on the Australian Securities Exchange ("**ASX**").

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### 2 Definitions

**International Standard** means Risk Management – Principles and guidelines (AS/NZS ISO 31000:2009).

**Risk** means effect of uncertainty on objectives.

**Risk Management** means co-ordinated activities to direct and control an organisation with regard to Risk.

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### 3 Purpose and Scope

#### 3.1 Purpose

The GARDA Property Group is committed to ensure that it maintains a sound system of risk oversight and management and internal controls, and an appropriate risk management culture within its business.

#### 3.2 Scope

This Risk Management Policy applies to all individuals and every business unit within the GARDA Property Group, including the Funds, to ensure effective risk identification and management. This Policy describes the manner in which the GARDA Property Group identifies, assesses, monitors and manages risk. When applying this Policy, GARDA Property Group will aim to identify and manage risks in respect of each member of the GARDA Property Group and each Fund individually and as a whole.

This Policy embraces the principles contained in the ASX Corporate Governance Principles and Recommendations (Third Edition) and incorporates the guidelines described in the International Standard.



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## 4 Risk Management Principles

The GARDA Property Group is committed to managing risks in a proactive and effective manner to provide assurance to the Board and stakeholders. The commitment is supported by the GARDA Property Group's approach in effective risk management as underpinned by eleven principles below which is consistent with the International Standard:

**(a) Risk management creates and protects value.**

Risk management contributes to the demonstrable achievement of objectives and improvement of performance in all aspects.

**(b) Risk management is an integral part of business.**

Risk management is not a stand-alone activity separate that is separate from the main activities and processes of the GARDA Property Group. Risk management is part of the responsibilities of all individuals and an integral part of all processes of the GARDA Property Group.

**(c) Risk management is part of decision making.**

Risk management helps a decision maker making informed choices, prioritise actions and distinguish among alternative course of action. Ultimately, risk management can help decision makers on whether a risk is unacceptable and whether risk treatment will be adequate and effective.

**(d) Risk management explicitly addresses uncertainty.**

Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

**(e) Risk management is systematic, structure and timely.**

A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

**(f) Risk management is based on the best available information.**

The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

**(g) Risk management is tailored.**

Risk management is aligned with the GARDA Property Group's external and internal context and risk profile.

**(h) Risk management takes human and cultural factors into account.**



Risk management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the GARDA Property Group's objectives.

**(i) Risk management is transparent and inclusive.**

Appropriate and timely involvement of stakeholders and in particular, decision makers at all levels of the GARDA Property Group, ensures that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

**(j) Risk management is dynamic, iterative and responsive to change.**

As internal and external events take place, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear. Therefore, risk management continually senses and responds to change.

**(k) Risk management facilitates continual improvement and enhancement of the GARDA Property Group.**

Strategies should be developed and implemented to improve our risk management maturity alongside all other relevant aspects of the GARDA Property Group.

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## **5 Risk Management Framework**

- (a) Risk Management occurs within a framework that identifies and treats risk in terms of its operational, regulatory, reputation and financial impact to the business.
- (b) The GARDA Property Group is to ensure that its risk management systems and processes are consistent with the International Standard.
- (c) A Risk Management Framework is in place that provides the foundation and arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the GARDA Property Group, based upon the principles of the International Standard.

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## **6 Risk Management Process**

### **6.1 Risk Management Communication**

This Policy is to be communicated internally to ensure all individuals within the GARDA Property Group have an understanding of the Policy and their individual responsibilities. Communication and consultation are fundamental at all stages during the risk management process, with both external and internal stakeholders as applicable.

### **6.2 Risk Assessment**

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation:



- (a) **Risk identification.**
  - (i) Sources of risk, areas of impacts, events (including changes in circumstances) and their causes and their potential consequences should be identified.
  - (ii) Identification should include risks whether or not their source is under the control of the GARDA Property Group, even though the risk source or cause may not be evident.
  - (iii) Risk identification tools and techniques should be applied that are suited to our objectives and capabilities, and to the risks faced.
- (b) **Risk analysis.**
  - (i) It involves developing an understanding of the risk and provides an input to risk evaluation and to decisions on whether risks need to be treated, and on the most appropriate risk treatment strategies and methods.
  - (ii) It involves consideration of the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur.
- (c) **Risk evaluation.**
  - (i) It is to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for treatment implementation.
  - (ii) It involves comparing the level of risk found during the risk analysis process.

### 6.3 Risk Treatment

Risk treatment involves undertaking the appropriate actions to mitigate risks.

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## 7 Responsibilities

### 7.1 Board

The Board is ultimately responsible for the oversight of risk, including approving and monitoring this Policy and risk management framework.

### 7.2 Audit and Risk Committee

The Audit and Risk Committee assists the Board in relation to oversight of the effectiveness of the systems of risk management adopted by the GARDA Property Group. The Audit and Risk Committee executes this function by reviewing compliance in the areas identified as most sensitive to risk.

The Committee will meet as frequently as required to perform its functions, but not less than annually. The Chairperson must call a meeting of the Committee if requested



by any member of the Committee, the external auditor, the internal auditor (if any) or the Chairperson of the Board.

At the end of each reporting period, the Board will disclose the number of times the Committee met throughout that reporting period and the individual attendance of each Committee member at those meetings.

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## 8 Reporting

In line with Principle 7 of the ASX Corporate Governance Principles and Recommendations (Third Edition) and section 295A of the *Corporations Act 2001* (Cth), the Managing Director and the Chief Operating Officer provide assurance (written declaration) to the Board with regards to the financial records, risk management and internal control.

The declaration will be founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects to financial reporting risks.

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## 9 Policy Review

This Risk Management Policy will be reviewed annually by the Board and will be amended (as appropriate) to reflect the current best practice and changes in regulatory requirements and to ensure effectiveness and its continued application and relevance to the business of the GARDA Property Group.

This Policy was reviewed and confirmed by the Board on 14 November 2019. The Policy is available on the GARDA Property Group's website.