

ABC Risk Appetite Statement

The Board and Management are custodians of the interests held by our key stakeholders including the investments made by our shareholders, the livelihood of our staff and the success of our customers and suppliers. Therefore we seek to balance our risk position between:

- Investing in risky activities that may drive substantial growth in the demand for our products and services, and
- The need to remain a stable organisation with the capacity to continue to grow as market opportunities present themselves.

Therefore our risk appetite is necessarily towards the middle of the risk taking spectrum. Depending on our results from year to year, we may choose to increase or decrease our appetite for higher risk activities.

The table below provides further explanation of our risk appetite with respect to our strategic objectives and areas of material risk to our business:

Key Performance Area	Risk Appetite Descriptor
Workplace Health and Safety	<p>We have a full appreciation of the risks associated with our business as we have been delivering product and services for We have introduced WHS processes and invested in equipment to allow the higher risk activities to be conducted safely. Therefore every staff member, contractor and third-parties associated with our projects should go home safely every night. Our minor injury targets are:</p> <ul style="list-style-type: none"> • LTI etc.
Design and Construct Projects	<p>This market sector is key to financial success as it is core business and we are highly competitive on projects from \$xxM to \$xxM. We will be aggressive in seeking to expand this market by targeting increasingly larger and more complex projects. The largest project by contract value we will seek in 2014 is \$xxM. The total value of projects in excess of \$xxM should not exceed \$xxM and the average gross profit margin should not exceed xx%.</p>
Facilities Maintenance	<p>This market sector is key to reducing volatility in our revenue and profit streams as it can offset fluctuating demand in new tank projects. We will be aggressive in pursuing:</p> <ul style="list-style-type: none"> • Term Contracts with contract values between \$xxM and \$xxM although we will not accept gross profit margins lower than xx%. • Lump Sum contracts between \$xxM and \$xxM although we will not accept estimated profit margins less than xx%.

Financial	<p>We operate in a mature market with well-established competitors which requires us to maintain a stable financial position while competing for contracts through economic cycles. Therefore we will maintain:</p> <ul style="list-style-type: none"> • Liquid Cash Reserves no less than \$xxM. • A Debt Ratio no greater than xx%
Reputation	<p>Our reputation for integrity and competence should not be compromised with our key stakeholders. There should be no incidences of ???.</p> <p>Staff and our partners should be frequently reminded that we have a zero tolerance for fraud, corruption, facilitation payments or any other related activity.</p>
Regulatory compliance	<p>We have a very low tolerance for compliance breaches. While minor breaches may occur from time to time due to the complexity of business, there should be no excuse for substantive breaches at any time.</p>
Operational efficiency	<p>Efficiency is a very high priority to maximise our ability to pursue our corporate goals. Furthermore, efficiency is within our control and hence should be a strong focus for all staff. We will continue to maintain Quality Accreditation and there should be no major adverse audit findings requiring urgent correction.</p>