

## Corporate Governance Statement

### Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

*Recommendations and response:*

#### **R7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

Norton recognises the importance of risk management; it manages risk through effective oversight and internal control involving board and management systems that encompass:

- a regulatory compliance program supported by approved guidelines and standards for such matters as safety, the environment, legal and insurance
- guidelines and approval limits for capital expenditure and investments
- an insurance program reviewed annually
- policies and procedures for management of financial risk and treasury operations including exposures to foreign currencies and cash management
- annual budgeting and monthly reporting systems for all businesses to monitor progress against performance targets and to evaluate trends
- appropriate due diligence procedures for acquisitions and divestments
- accountability of management (to the board) for the group's internal control and risk management through the Audit and Risk Management Committee
- a crisis management system in use and progressively updated to match emerging circumstances
- a policy that precludes the company's auditors from providing any other service to the Company.

This function is assisted by the Audit and Risk Management Committee whose charter is accessible via corporate governance webpage – Audit Committee and Risk Management Charter.

#### **R7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.**

Business Risk is a standing agenda item for board meetings where the effectiveness of the company's risk management systems and activities are reported on and assessed.

The effectiveness of the Company's management of business risk is reported in the [Company's Annual Report](#) and other advices released to ASX as may be appropriate.

#### **R7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

The board requires the Managing director and Chief Financial Officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

**R7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.**

Information related to Principle 7 is presented above and in the [Company's Annual Report](#).