GraceKennedy Limited Policy Document					
Policy	RISK POLICY				
Policy #		Version #	3	Classification	EXECUTIVE
Approval	BOARD OF DIRECTORS	Approval Date	November 7, 2019	Effective Date	November 7, 2019

1. POLICY OVERVIEW

Risk is inherent in all our business and personal activities. As a result, we are constantly trying to manage risk in our day-to-day lives. It is not always possible or indeed desirable to eliminate all risk in developing and executing business strategies, however, there are some risks that can and should be managed. It is therefore critical that all risk events are properly identified, measured and managed within the Group in order to minimize losses and maximize opportunities.

It is therefore the policy of GraceKennedy that, in order to give reasonable assurance of the achievement of its business objectives, a risk based approach to the identification and management of any event, risk or opportunity, which could affect the achievement of these objectives, will be used.

2. PURPOSE

The main objective of Risk Management is the maintenance and creation of value for the company by minimizing potential loss events and maximizing potential business opportunities. The Risk Management Policy has been established to ensure that our approach to risk is conducted in an objective, documented and transparent manner. Additionally, that all risks affecting or likely to affect the Group are identified, and appropriate mechanisms established to manage the possible risks and opportunities, and that all risks taken are within the Group's risk appetite.

3. GRACEKENNEDY RISK MANAGEMENT FRAMEWORK

3.1 GraceKennedy has a risk-based approach to managing its business which is designed to provide reasonable assurance that business objectives will be met. GraceKennedy's approach to risk management is based on the following principles:

i. Risk represents both opportunity and threat and therefore effective management is required to manage uncertainty associated with significant risks and increase the potential for reward through opportunities;
ii. Risk is an integral part of business and it cannot be eliminated without eliminating the associated opportunities. It should be managed to a level that is reasonably

practical and appropriate for the business and reported on in a timely and transparent manner;

iii. Effective risk management equips management and staff with the tools to make appropriate risk and return decisions and provides greater assurance that GraceKennedy's vision, strategy and objectives will be achieved without surprises; and

iv. Successful risk management is a continuous real-time process reliant upon all employees' participation, openness, integrity and accountability.

3.2 In order to effectively manage uncertainty and the associated risk and opportunity, the Risk Management Framework (RMF) must be applied consistently and pervasively across the business, providing a common language for the identification, assessment, management, monitoring and reporting of risk on a continuous basis. Various risk management standards and guidelines that support this Policy to respectively identify the mandatory requirements relating to risk management. These documents are outlined in Section 6, Related Documents. These include:

i. The Risk Assessment Guidelines outline how all areas of the business:
   a. Identify and assess the consequence and likelihood of existing and potential risks which may impact upon business objectives
   b. Evaluate whether effective controls are in place to address those risks
   c. Generate specific action plans to improve controls where required; outlining actions, responsibilities and timeframes
   d. Monitor risks and report progress against action plans
   e. Implement the RMF to budgeting, strategic planning and operational planning processes at a minimum
   f. Identify, analyse and evaluate any factor, positive or negative, impacting upon the achievement of GraceKennedy's objectives. Negative factors that are not sufficiently mitigated should be responded to as soon as reasonably practical to protect GraceKennedy against loss and lost opportunity
   g. Implement a formal reporting process to communicate risk and opportunities identified outside the annual risk assessment process to appropriate levels within the business/audit committee.

ii. The Risk Assessment Reporting Standard requires the reporting of top risks to the GraceKennedy Executive Committee, the SBU Audit Committee, the Group Audit Committee, and where deemed appropriate by the Group Audit Committee, the Board of Directors (BOD). Assurance must be provided to the Audit Committee and Board of Directors through a variety of assurance measures, including formal reporting, internal and external auditing and Control Self-Assessment, all of which are underpinned by the Risk Assessment Reporting Standard.

iii. The GraceKennedy Risk Appetite Statement defines GraceKennedy's tolerance for risk. In order to achieve our commercial and operating objectives and to fulfil the expectations of our stakeholders, GraceKennedy must manage its obligations and pursue opportunities that only involve an accepted degree of risk in keeping with the approved Risk Appetite Statement.

4. ROLES AND RESPONSIBILITIES

4.1. BOARD RESPONSIBILITIES

4.1.1 The GraceKennedy Board is ultimately accountable for determining the Group's risk profile and ensuring that management has appropriate policies and internal controls in place in respect of risk management.

4.1.2 The Board must identify and fully appreciate the business risk issues and key performance indicators affecting the ability of the Group to achieve its vision and strategic objectives.

4.1.3 The Board must ensure that appropriate systems are in place for the management of the identified risks and measurement of their impact, so that GraceKennedy's assets, profits and reputation are suitably protected.

4.1.4 Each member of the Board must understand their accountability for risk management within the Group.

4.1.5 The Board will provide oversight to the Risk Management Process by:

i. Ensuring that key risks are properly identified, assessed, mitigated, and monitored:
   a. The Board should receive credible and accurate information regarding the risk management processes of the Group in order to give the necessary assurance to stakeholders
   b. The Board must make sure that the various processes of risk management cover the entire spectrum of risk

ii. Maintaining a formal risk policy and risk appetite statement for the Group. This policy, along with the risk appetite statement, can be used as a reference point in matters of dispute and uncertainty such as appetite for risk.

iii. Ensuring that management has established effective risk management in the Group.

iv. Periodically reviewing the Group's strategic objectives and risk portfolio and ensuring that it is being adequately managed with respect to the risk appetite.

v. Ensuring, that they are kept apprised of the most significant risks to the Group and whether they are being managed appropriately.

4.1.6 The Board has charged the Group Audit Committee with the responsibility for overseeing the Risk Management Programme on its behalf in accordance with its Terms of Reference. The Audit Committee should provide an evaluation of the performance of risk management and internal control. In ensuring that management has established effective risk management in the Group, the Audit Committee will:

i. Review the adequacy, efficiency and effectiveness of the Group's risk management framework.
ii. Review the significant risks and exposures to the Group and their mitigation strategies

The Audit Committee will inquire of management and assurance providers about significant risks or exposures including illegal acts and assess the steps management has taken to minimise such risk to the GraceKennedy Group.

4.2. MANAGEMENT RESPONSIBILITIES

Management is responsible for identifying, assessing, quantifying, reporting, and managing all risks within their lines of business. They are accountable to the Board for designing, implementing, and monitoring of the risk policy and the process of risk management and integrating it into the day-to-day activities of the Group. They ensure alignment of business strategy with corporate culture, appetite, and policy.

4.2.1. Group Chief Executive Officer (CEO)

The Group Chief Executive Officer (CEO) is responsible for ensuring that an adequate risk management process is established, implemented and maintained across the Group in accordance with this Policy and may do so through such structures as he may determine. Although the Group CEO may choose to nominate one executive as the coordinator of risk management reporting requirements, it is clear that all executives have accountability for risk management within the Group.

The Group CEO is responsible for making sure that the risk management process is accurately aligned to the strategy and performance objectives of the Group and will evaluate whether appropriate resources are being applied to the management of strategic, external, operational, and financial risks.

4.2.2. Group Chief Risk Officer (CRO) Group Chief Risk and Compliance Officer (CRCO)

The Group Chief Risk Officer and Compliance Officer is responsible for formulating and recommending to the Group CEO and Executives the Risk Management Framework and for maintaining the same.

This will include:

i. Drafting, recommending changes, and reviewing the Group Risk Management Policy and Guidelines
ii. Overseeing the implementation of the Enterprise Risk Management Framework in collaboration with the Executive and Management of the Group

iii. Facilitating the periodic review of the GraceKennedy Risk Appetite Statement at least annually
iv. Reporting periodically to the Group CEO, Executive Committee, Group Audit Committee and the GraceKennedy Board on Enterprise Risk Management programme in the Group
v. Advising the Group CEO and the Executive Committee on matters to do with Enterprise Risk Management and programme effectiveness
vi. Co-ordinating the updating and maintenance of risk assessments of strategic objectives, strategic initiatives, key processes and, new products and services and reporting on the list of top risks across the Group
vii. Monitoring and reporting on the status of documentation, testing and remediation of internal controls including escalation of issues as required
viii. Providing support to management in the evaluation of risk issues arising from the execution of the Group's strategies

4.2.3. **Divisional Chief Executive Officer (Divisional CEO)**

The Divisional CEO's are responsible for ensuring that all risks in respect of the division are identified and are effectively managed. The Divisional CEO must ensure:

i. That there is full compliance with the Group Risk Management Policy.
ii. The Risk Management Framework is being implemented in the Division.
iii. That the Risk Appetite Statement for the division is established and implemented in keeping with the approved Group Risk Appetite Statement.
iv. Periodic reporting on the status of the Enterprise Risk Management process in the Division.

The Divisional CEO's may execute their risk management functions through Divisional Risk offices. The head of those offices will coordinate with the Group CRO to ensure that the Risk Management Framework in being implemented as intended. The divisional risk offices will also provide specialist advice and support to their business units to conduct key risk assessments.

4.2.4. **SBU/SSU Management**

It is the responsibility of the SBU/SSU Management who are the closest to the changing nature of risks affecting the business to ensure that these are identified, managed and monitored on a continuous basis.

SBU/SSU management will manage risk management practices at the SBU/SSU level by:

i. Designing their SBU/SSU Risk Appetite Statement as per the Group and Divisional limits

ii. Implementing a systematic approach to assess, manage, report, monitor, and mitigate risks that could affect the achievement of their:

a. Strategic Objectives
b. Strategic Initiatives
c. Key Process
d. New products and/or services

iii. Establishing a review mechanism for reporting progress on significant risk mitigation projects in the SBU

iv. Establishing a process for evaluating new activities including initiatives, products, services or systems, to ensure adequate consideration of risk impact and likelihood

v. Escalating key risk issues identified promptly as appropriate

4.3. INTERNAL AUDIT RESPONSIBILITIES

The role of Group Internal Audit is to evaluate the effectiveness of the risk management processes and activities and provide assurance to management and the Board in respect of the same. Internal Audit will not be responsible for managing risk but will assess whether the programmes implemented to identify and respond to risk events are being used effectively and are adequate.

5. DEFINITIONS

- Control – An existing process, policy, device, practice or other action that acts to minimise negative risk or enhance positive opportunities.
- Impact – The outcome or impact of an event, can be both positive and negative, expressed qualitatively or quantitatively and are considered in relation to the achievement of objectives.
- Likelihood – Used as a general description of probability or frequency, expressed qualitatively or quantitatively.
- Risk – The chance of something happening that will have an impact upon objectives. It is measured in terms of impact and likelihood. Business risk arises as much from the possibility that GraceKennedy will not realise opportunities, as it does from the possibility that threats will materialise.
- Risk Appetite – The quantum of risk GraceKennedy is prepared to take in pursuit of its objectives.
- Risk Assessment – The process for assessing and ranking risk/opportunities based on likelihood of occurrence and the consequence of the risk.
- Risk Management – The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
- Risk Tolerance - The quantum of risk which GraceKennedy is willing to accept in the event of one or multiple risks materialising. It is represented using key business metrics, often derived from existing key performance indicators.
- Strategic Business Unit – GraceKennedy business segments defined by product type and geographic area reflecting how the business is managed.

- Strategic Support Unit – A separate operating division and/or department of a company with some degree of autonomy; includes functional areas of an operation and the processes involved.

6. RELATED DOCUMENTS

- Enterprise Risk Management Reporting Calendar
- GraceKennedy Risk Management Group Policy
- GraceKennedy Risk Appetite Governance Standard
- GraceKennedy Risk Assessment Guideline
- GraceKennedy Risk Assessment Reporting Standard
- GraceKennedy Business Continuity and Crisis Response Group Policy
- GraceKennedy Delegation of Authority Policy
- Information Security Management Policy

6.1. POLICY HISTORY	DATES			
VERSION	RELEASED	REAFFIRMED	REVISED	HYPERLINK PREVIOUS POLICY
1	November 24, 2005			Risk Policy - November 24, 2005
2	July 30 2013			Risk Policy - July 30, 2013.pdf
3	November 7, 2019			