

RISK MANAGEMENT AND COMPLIANCE POLICY AND STRATEGY STATEMENT

1. INTRODUCTION

Risk management and compliance requires an awareness of the Club's legal obligations and commitment to quality and safety. As a corporate governance cornerstone Risk Management is one of the Board of LRGC's key responsibilities, and involves planning and action taken to reduce potential legal liability.

2. THE CLUB'S RISK MANAGEMENT AND COMPLIANCE POLICY AND STRATEGY STATEMENT CONSISTS OF FOUR PARTS

Part 1: Risk Management Policy Statement including the objectives and the establishment of a Risk Committee.

Part 2: Identification of Risks

Part 3: Evaluation of Risks

Part 4: Management Program for Treatment of Risks - sets down the administrative steps taken to carry out the policy on an on-going basis.

3. PART: 1 LRGC RISK MANAGEMENT POLICY STATEMENT

3:1 As a key element of the governance objectives contained in the Strategic Plan for LRGC, the Board is committed to achieving best practice in the established principles of risk management and compliance, especially taking account of information and guidance contained in:

"Risk Management-Principles and Guidelines; International Organization for Standardization (AS/NZS ISO 31000:2009)" and;

"Guidelines for Managing Risk in Sport and Recreation; Standards Australia (HB 246:2010)" and;

"Risk Management' NSW Office of Sport, May 2018

Other relevant, documented risk management information from Golf Australia, Golf NSW and ClubsNSW.

Long Reef Golf Club (LRGC) recognises that risk management and compliance is a key element of corporate governance and should be incorporated in all relevant aspects of Club management, administration and operations, including all decision-making processes.

The Board, the General Manager and all employees of LRGC will work to ensure that as far as possible any risks faced by the Club do not result in significant loss or harm to LRGC.

3:2 In accordance with LRGC Constitution Section 17, a Risk Management and Compliance Committee is to be established by the Club to implement and apply this policy in conjunction with the Board of Directors, the General Manager, LRGC employees and the existing Standing Committees

3:3 Specific objectives for the Club's risk management processes are to:

- (a) assist LRGC meet its legal obligations under all applicable Federal and State legislation;
- (b) assist LRGC in meeting its responsibilities as an affiliate of Golf NSW and Golf Australia;
- (c) enhance LRGC levels of accountability and integrity in both decision making and in providing services to its Members;
- (d) protect the assets, people, property, finances, information and reputation of LRGC;
- (e) ensure that risks faced by LRGC are understood and managed in the interest of its Members and the wider community;
- (f) ensure that risks (significant or otherwise) are monitored through a regular review process and action taken to identify evaluate and where necessary ameliorate such risks is reported to the Board of LRGC;
- (g) seek opportunities to turn risk issues to the Club's strategic advantage.

3:4 The Board will establish a **Risk Management and Compliance Committee** with the following responsibilities:

- (a) Monitoring the whole of environment in which the Club is operating including societal changes, sporting trends, financial position, operational

effectiveness, Member protection, privacy, fraud, legislation and case law, negative publicity and boundary issues;

(a) identify the source of risk, where the risk could happen, the effect of the risk on the Club's objectives and operations, and who might be impacted;

(b) analyse the risks, the likelihood and consequences of the risk happening;

(c) evaluate the risks and the Club's tolerance level accordingly;

(d) recommend decisions to the Board or its Committees as required, as to how risks are dealt with; treatment of risk to avoid, accept, remove or minimize the risk; change the consequence of a risk to enable strategic advantage.

(e) In liaising with the Board and its Committees the Risk Management and Compliance Committee should monitor the broader risk areas identified in this document, and establish working relationships to subdivide these risk areas. In this way the Board and its Committees can work with the Risk Committee in a co-ordinated system to contribute to the Club's overall risk management strategy.

3:5 The Risk Committee will include the appointed Chairperson, the President, Vice President, a Full Member and the General Manager. The committee will have the chairperson of a Standing Committee (who joins the Risk Committee for their particular areas of responsibility - Finance, Golf, House and M&M) to attend on at least one occasion during the year. The Risk Committee will meet on a needs basis from time to time and will provide to the Board a compliance statement at each monthly Board meeting. It will establish and subsequently oversee the management, monitoring and amelioration procedures required to put this policy into effect.

4. PART 2: IDENTIFICATION OF RISK

The following risk events are grouped according to Board and Committee functions as set down in the relevant Sections of the Club's By-Laws. This is necessary for the Club to have an effective basis for the management (monitoring, review and treatment of risks), over time.

4.1 BOARD OF DIRECTORS

(a) Failure to execute the undertakings and obligations in the Board Charter.

(b) Commitment of fraud or other crime by a Board Member, General Manager or any LRGC employee or contractor.

(c) Sudden loss of key employee, contractor or Board Member.

- (d) Litigation against LRGC.
- (e) Significant immediate or potential leasehold or boundary issues and opportunities.
- (f) Failure to monitor, prepare and manage a pandemic or other crisis.
- (g) Failure to monitor and if required, act on any deficiencies in the carrying out of the role and functions of the General Manager as set down in the Constitution, By-Laws and Board Charter.
- (h) Failure to meet the accountability and governance requirements as set out in all relevant legislation.
- (i) Failure to oversee strategic risk management
- (j) Failure to oversee the Compliance, Operational, Financial and Reputational responsibilities of the Club.

4.2 FINANCE COMMITTEE

- (a) Significant Loss of Revenue.
- (b) Lack of adequate insurance cover/ensuring all policy and regulatory payments are met.
- (c) Audit failure.
- (d) Ensuring that the Club remains solvent and is able to meet all debts when they become due and payable.

4.3 GOLF COMMITTEE

- (a) Failure of Club Professional.
- (b) Failure to deliver Annual Match Program.
- (c) Misconduct by a LRGC representative team or individual.
- (d) Failure of junior development program.
- (e) Child abuse or harassment event.
- (f) Catastrophic weather event.
- (g) Major damage to course involving vandalism.
- (h) Major damage to course involving chemical/fertilizer misuse.
- (i) Failure of course maintenance to comply with WH&S practices.

- (j) Failure to deliver course maintenance and development program.
- (k) Significant on-course event causing serious injury or death.

4.4 HOUSE COMMITTEE

- (a) Catastrophic damage to Clubhouse.
- (b) Failure of Clubhouse WH&S practices.
- (c) Significant alcohol or drug offence.
- (d) Significant food contamination event.
- (e) Significant Clubhouse event causing serious injury or death.
- (f) Significant Clubhouse event involving misconduct.

4.5 MEMBERSHIP AND MARKETING COMMITTEE

- (a) Failure in new Member assessment.
- (b) Litigation concerning refusal of membership.
- (c) Failure to attract sufficient new Members.
- (d) Failure to perform the Club's "Constitutional" obligations to Members.
- (e) Significant decline in women Member numbers.

4.6 RISK COMMITTEE

- (a) Failure to implement and maintain risk management policy and strategy.
- (b) Failure to monitor compliance requirements.

5. PART 3: EVALUATION OF RISK

5.1 The categories of risk **impact** are: "extreme", "major", "moderate", "minor" and "negligible". The categories of risk **likelihood**, are "almost certain", "likely", "possible", "unlikely" and "rare".

5.2 While the categories of risk likelihood are self-explanatory, the categories of risk impact need some elaboration as follows:

"extreme": likely to arise and have potentially serious consequences requiring urgent attention;

"major": likely to arise and have potentially serious consequences requiring investigation and urgent attention as necessary;

“**moderate**”: likely to arise and have less serious consequences requiring investigation and attention as necessary;

“**minor**”: less likely to arise with low consequences that may be managed through routine procedures;

“**negligible**” unlikely to arise with minimal consequences that may if necessary be managed through routine procedures.

5.3 Each area of risk is given a rating (%) which is a level of importance assessed from time to time by the Board for LRGC. This rating is important for the final part of LRGC’s risk management strategy because it helps to prioritise a management program for the treatment of risk, the basis of which is set down in Part 4 of this document.

6. PART 4: MANAGEMENT PROGRAM FOR THE TREATMENT OF RISK

6.1 Once the Board has assessed and confirmed the identification, evaluation and rating (importance), of risks faced by LRGC they can then begin to make informed, and up to date decisions about risk status and risk management on a regular basis (for example 6 or 12 monthly). In doing so, the Board in conjunction with senior LRGC staff can consider and decide for each identified risk, the following risk management strategies:

(a) Determine that the level of risk related to an activity is currently acceptable, taking into account the adequacy of existing risk control standards, and the potential cost of further control measures;

(b) Decide to terminate the activity causing the risk;

(c) Decide to transfer the risk associated with an activity through insurance or outsourcing (contracting);

(d) Decide to reduce the impact and/or likelihood of a risk event occurring by taking steps including budgetary and management measures to modify or strengthen the control of the environment relating to that risk event.

6.2 The Board would then direct the Risk Committee to manage and co-ordinate any risk management decisions requiring action to be taken along the lines of options in 6.1 above.

6.3 The Risk Committee would be responsible for maintaining and updating a detailed record for each of the identified risks set down in Part 2 of this document.

6.4 Finally, the Risk Committee would maintain and operate a Risk Action Plan including a timetable where the Board has determined that action is required to be taken by the Club.