RISK MANAGEMENT AND COMPLIANCE POLICY AND STRATEGY STATEMENT

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 and other financial and non-financial impacts that may arise from a failure to effectively manage current risks, and/or anticipate and plan for emerging risks to LRGC's strategic objectives

THE CLUB'S RISK MANAGEMENT AND COMPLIANCE POLICY AND STRATEGY STATEMENT CONSISTS OF FIVE 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.

Part 5: Monitoring and Review of Risks

PART 1: LRGC RISK MANAGEMENT POLICY STATEMENT

1.1 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 31000:2018)" 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.

1.2 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

1.3 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.

1.4 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.

1.5 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.

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.

2.1 BOARD OF DIRECTORS

1. Failure to execute the undertakings and obligations in the Board Charter, resulting in inadequate governance and oversight.
2. Commitment of fraud or other crime by a Board Member, General Manager or any LRGC employee or contractor due to inadequate controls or oversight.
3. Sudden loss of key employee, contractor or Board Member without adequate succession or contingency planning.

4. Failure to meet legal, regulatory or contractual obligations, resulting in potential litigation against LRGC.
5. Failure to appropriately identify, manage or act on leasehold or boundary issues and opportunities.
6. Failure to monitor, prepare for and respond to a pandemic or other crisis event.
7. Failure to monitor and, if required, act on deficiencies in the performance of the General Manager as set down in the Constitution, By-Laws and Board Charter.
8. Failure to meet the accountability and governance requirements as set out in all relevant legislation.
9. Failure to effectively oversee and manage strategic risks impacting the Club's operations and objectives.
10. Failure to oversee the compliance, operational, financial and reputational responsibilities of the Club, resulting in ineffective risk management outcomes.

2.2 FINANCE COMMITTEE

1. Significant Loss of Revenue.
2. Lack of adequate insurance cover/ensuring all policy and regulatory payments are met.
3. Audit failure.
4. Ensuring that the Club remains solvent and is able to meet all debts when they become due and payable.

2.3 GOLF COMMITTEE

1. Failure to deliver Annual Match Program.
2. Misconduct by a LRGC representative team or individual.
3. Failure of junior development program
4. Child abuse or harassment event
5. Catastrophic weather event.
6. Major damage to course involving vandalism.
7. Major damage to course involving chemical/fertilizer misuse.
8. Failure of course maintenance to comply with WH&S practices.
9. Failure to deliver course maintenance and development program.
10. Significant on-course event causing serious injury or death.

2.4 HOUSE COMMITTEE

1. Catastrophic damage to the Clubhouse due to inadequate maintenance, asset management, refurbishment planning or failure to address known building issues.

2. Failure of Clubhouse WH&S practices due to inadequate systems, training, supervision or compliance monitoring.
3. Significant alcohol or drug offence due to inadequate RSA controls, staff training, supervision or enforcement of policies.
4. Significant food contamination event due to poor food safety practices, inadequate hygiene controls or lack of staff training and compliance.
5. Significant Clubhouse event causing serious injury or death due to inadequate risk assessment, event planning, safety procedures or supervision.
6. Significant Clubhouse event involving misconduct due to inadequate behavioural policies, staff supervision or enforcement of Club standards.
7. Breach of Registered Clubs Act or Liquor & Gaming Codes of Practice due to inadequate compliance systems, monitoring or staff awareness.
8. Failure to provide adequate training to staff, including compliance requirements, resulting in increased operational, safety and regulatory risks.

2.5 MEMBERSHIP AND MARKETING COMMITTEE

1. Failure in new Member assessment.
2. Litigation concerning refusal of membership.
3. Failure to attract sufficient new Members.
4. Failure to perform the Club's "Constitutional" obligations to Members.
5. Significant decline in women Member numbers.

2.6 RISK COMMITTEE

1. Failure to implement and maintain risk management policy and strategy.
2. Failure to monitor compliance requirements.

PART 3: EVALUATION OF RISK

3.1 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".

3.2 The categories of risk likelihood describe the probability of a risk occurring. The categories of risk impact describe the consequence to the Club should the risk occur, as follows:

- **Extreme:** Consequences are severe and may have a critical impact on the Club's operations, financial position, compliance or reputation, requiring immediate Board attention.

- **Major:** Consequences are significant and may materially impact the Club's operations, financial position, compliance or reputation, requiring prompt investigation and management action.
- **Moderate:** Consequences are moderate and may impact operations or objectives, requiring management attention and corrective action.
- **Minor:** Consequences are limited and can be managed through routine procedures with minimal disruption.
- **Negligible:** Consequences are minimal and unlikely to require specific management action beyond standard processes.

3.3 Each area of risk is given a rating (%) representing its relative importance as assessed by the Board from time to time. This rating assists in prioritising the management and treatment of risks in accordance with Part 4 of this Policy.

PART 4: MANAGEMENT PROGRAM FOR THE TREATMENT OF RISK

4.1 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.

4.2 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 4.1 above.

4.3 The Risk Committee is responsible for maintaining and updating a detailed record for each of the identified risks set down in Part 2 of this document. On at least a quarterly basis, the Committee will receive a risk profile report from the General

Manager providing a consolidated view of risks overseen by the Board and its sub committees, including any new or emerging risks, changes in risk ratings and the effectiveness of existing controls.

4.4 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.

PART 5: MONITORING AND REVIEW OF RISKS

5.1 The Risk and Compliance Committee is responsible for the ongoing monitoring and review of the Club's risk profile. This includes regular review of risk reports provided by Management, assessment of the Club's operating environment and oversight of emerging and existing risks.

The Committee will report its findings, recommendations and any required actions to the Board on a regular basis to support effective governance and risk management across the Club.