

Purpose

The purpose of the Risk Committee is to assist the Board fulfil its risk governance responsibilities. The Committee provides a board level forum to oversee Stockland's risk culture and review the effectiveness of risk identification and management including the structures, processes and management systems within Stockland's overall *risk management framework*.

The Risk Committee will work in conjunction with the Audit Committee, Sustainability Committee, Financial Services Compliance Committee and Human Resources Committee to assist the Board in fulfilling its responsibilities for monitoring and reviewing Stockland's corporate governance procedures.

The membership and the procedures for committee meetings are set out in the Board Committee Charter.

Terms of Reference

The Risk Committee's responsibilities include:

- annually review Stockland's *Risk Appetite Statement, Risk Management Policy Statement, and Compliance Framework*, and recommend amendments to the Board,
- oversee the establishment and implementation of Stockland's *risk management framework (which includes the Compliance Framework)*, appropriate *risk policies* and mitigation plans for managing *material risks and compliance obligations* and assess and approve any variations to the *Risk Management Framework* and policies,
- monitor and assess whether Stockland operates within the Risk Appetite Statement and
- Risk Management Policy Statement approved by the Board,
- review and approve *Group Strategy's* annual program of work to assess material strategic risks that may affect Stockland's ability to achieve its corporate objectives,
- monitor changes in the economic business or regulatory environment which may impact on the risk profile of Stockland and changes to Stockland's business that may give rise to new risks,
- monitor management's performance in addressing in a timely manner improvements in risk management recommended through Stockland's risk review functions,
- approve the appointment or termination of the General Manager Operational Risk and provide input into their objectives and appraisal as appropriate,
- periodically assess the adequacy of resourcing and capability within Stockland's risk and compliance functions,
- monitor and assess the ongoing effectiveness of Stockland's treasury policy including recommending any amendments of the treasury policy to the Board,
- in conjunction with management, review Stockland's current and future liquidity, funding and derivative exposures and strategies and review delegated authorities granted to management relating to treasury operations,
- review and approve the *Work Health and Safety* program including policies designed to promote the safety of employees, tenants and visitors to Stockland's properties,

- consider proposals and reports from management and also monitor compliance with Stockland's policies and guidelines relating to health, safety and the environment and monitoring management's progress in implementing agreed initiatives,
- oversee the establishment and maintenance of Stockland's business continuity and disaster recovery plans,
- oversee the adequacy and effectiveness of management of Stockland's operational risks,
- oversee the adequacy and effectiveness of Stockland's insurance policies and arrangements,
- review statements by Stockland to external stakeholders regarding Stockland's *Risk Appetite Statement*, *Risk Management Policy Statement*, and *Compliance Framework*,
- review and assess matters requiring Board approval including breaches or significant variations to policies, limits and delegations of authority where these have not been reviewed by the Board or delegated to the Committee by the Board,
- carry out an annual review of the ongoing appropriateness of this Charter and recommend any amendments to the Board,
- undertake such further investigations which the Committee considers necessary or maybe requested by the Board.

Specific Delegations from the Board

The Committee has delegated authority to approve:

- credit limits applicable to specific counterparties, consistent with the treasury policy,
- borrowing, investment and hedging transactions within the limits and other parameters set out in the Treasury Policy,
- act as first point of Board reference for management of any major social, environmental or ethical issues likely to adversely affect Stockland's brand, its reputation or its stakeholders.

Key Terms

- **Material Risks** – risks that have potential to significantly impact Stockland's short, medium and long term financial returns and sustainability, as defined by ASX Corporate Governance Principles.
- **Risk Management Framework** – the collection of policies, responsibilities, processes, systems and reporting that combines to enable Stockland to systematically identify and manage its risks.
- **Risk Management Policy Statement** – document which outlines the expectations and responsibilities for managing risk within Stockland.
- **Risk Appetite Statement** – document describing Stockland's willingness to accept risk in the pursuit of long-term sustainable value.
- **Compliance Framework** – document which outlines the expectations and responsibilities for managing compliance with, among other things, applicable laws and regulations, and which forms part of the Risk Management Framework.

Approval

This Charter was approved by the Stockland Board on 17 September 2013.