

Document: RISK MANAGEMENT POLICY

Reference: GR-ALL-1-0001

Date: 8/06/2023 (Rev 11)



MMA
OFFSHORE

RISK MANAGEMENT POLICY

CONTENTS

1	PURPOSE.....	3
2	Risk Management Statement	3
3	Risk Management Process.....	3
4	Scope	3
5	Policy.....	4
6	Roles and Responsibilities	5
6.1	Employees	5
6.2	Supervisors / Department Managers / Vessel Masters	5
6.3	Risk Owners.....	6
6.4	Business Unit General Managers (or their approved delegates)	6
6.5	General Manager HSE Services.....	6
6.6	Executive General Manager Risk	6
6.7	Executive Management Team	7
6.8	Board Audit and Risk Committee.....	7
6.9	Board of Directors	7
7	Internal Audit function	8
8	Managing Director and CFO declaration.....	8
9	Training and awareness	8
10	Review	8
11	Appendix A – Definitions.....	9
12	Appendix B - The Risk Management Process - Overview.....	11
13	Appendix C - Key Rules to Follow For Risk Management.....	12
14	Appendix D - Risk Assessment Matrix	13

RISK MANAGEMENT POLICY

REVISION HISTORY

Rev. No.	Date	Section	Description of Change
1-4	14/11/2017	All	Updated with changes as required and approved by the MMA Board of Directors.
5			MMA Risk Management Policy, Framework and Procedure reviewed in line with annual review requirements and incorporated organisational structural changes.
6	21/08/2018	All	Updated with changes as required and approved by the MMA Board of Directors
7	04/04/2019	Entire document	MMA Risk Management Framework and associated documents revised.
8	19/09/2019	Entire Document	MMA Risk Management Framework and Risk Management Policy revised and approved by MMA Board; only change "HSEQ Manager" changed to "Executive General Manager, People and Safety"
9	12/05/2021	Entire Document	Audit and Risk Committee reviewed MMA's Risk Management Framework and Policy during September Board Meeting (24.09.2020). No changes required.
10	06/05/2022	Entire Document	Document revised to reflect recent company structural changes, ISO accreditations and revised Integrated Risk Matrix (including Cyber Security Risk)
11	03/05/2023	Entire Document	Audit and Risk Committee reviewed MMA's Risk Management Framework and Policy during May Board Meeting (03.05.2023). No changes to the Risk Management Policy were required.

RISK MANAGEMENT POLICY

1 PURPOSE

The purpose of MMA Offshore Ltd and its subsidiaries' (**MMA or Company**) risk management policy and framework is to create long-term stakeholder value by implementing a sound system of effective risk and control management. Understanding the material risks MMA faces and appropriately managing these risks enhances MMA's ability to make better decisions, deliver on objectives and improve performance. This includes the provision of a safe and healthy work environment for all employees and for contractors and others at MMA sites and offices. MMA recognises its legal and moral obligation to provide and uphold, as far as practicable, a workplace that is safe and without risk to the health of employees, contractors and others.

This policy is a statement of the overall approach to risk management for MMA. The ultimate purpose of risk management is to successfully undertake our work in a way that delivers sustainable value for stakeholders and effectively manages workplace risks and hazards.

2 RISK MANAGEMENT STATEMENT

The identification and effective management of risk, including prudent informed risk-taking, is viewed as an integral part of MMA's aim of creating long-term shareholder value.

MMA will drive a positive culture of risk management by ensuring:

- it is a top priority in all key day-to-day operations;
- it is a top priority in key investment, project and management of change decisions;
- the integration of risk management, audit and HSEQ; and
- the actions of the Board of Directors, Managing Director, the Executive Management Team and Management reinforce its importance.

3 RISK MANAGEMENT PROCESS

The defined terms used in this policy are set out in Appendix A (Definitions).

The risk management process is outlined in Appendix B and is supported by a process of ongoing communication and consultation.

4 SCOPE

MMA is committed to identifying, assessing, monitoring and managing material business risks associated with all of its business activities, including but not limited to:

- compliance risks;
- operational risks;
- financial risks; and
- strategic / market risks.

RISK MANAGEMENT POLICY

5 POLICY

The aim of this policy is to manage the material business risks of MMA by:

- identifying, analysing and evaluating those risks;
- designing and implementing appropriate risk control systems; and
- reviewing the effectiveness of the control systems on a regular basis.

MMA's risk appetite and tolerance levels are set by the Board and are in line with the Company's strategy which has as its central focus, the creation of long-term shareholder value. These are captured in the Board approved *Risk Appetite Statement*.

To achieve this aim:

- MMA has created a risk register, approved by the Board, which:
 - identifies the material business risks faced by the Company;
 - assesses the likelihood and consequences of identified risks in the form of a risk potential matrix; and
 - sets out and assesses the Company's controls to eliminate, reduce or manage the risk as far as is reasonably practical.

MMA has embedded in its management, monitoring and reporting systems a number of overarching risk management and internal control systems, including:

- a long-term strategic plan set by the Board, reviewed annually and framing the decision making of management;
- a formal process of preparing short-term objectives and key results aligned with the overall strategy;
- in line with the strategic plan set by the Board, annual budgeting and monthly reporting systems for all business units which enable the monitoring of progress against performance targets and the evaluation of trends;
- clearly articulated and communicated roles and responsibilities to support the practical implementation of the risk management framework;
- risk management workshops that act as the risk management process mechanism;
- Executive Management Team risk management workshops regarding the management of material business risks across the Company;
- a Company-wide business management system / compliance programme (IBMS) including policies and procedures covering safety, the environment, operations, and financial controls;
- in line with this Company-wide compliance programme, a system of rigorous monitoring and reporting, including both internal and external monitoring and audits to comply with inter alia ISO 9001, 14001 and 45001, the ISM Code, Classification Society Rules and various regulatory requirements;

RISK MANAGEMENT POLICY

- guidelines, limits and a stringent authorisation process for commitment and approval of expenditure, including capital expenditure and investments;
- the transfer of risk to external insurers and the mitigation of risk through prudent contracting regimes and the capture of these contracts via the Company's contracts register; and
- relevant employee training and guidance in relation to the Company's risk management policies and internal control systems.

6 ROLES AND RESPONSIBILITIES

6.1 Employees

Are responsible and accountable for managing risks on a daily basis by adhering to MMA's risk management approach as directed by this policy and reporting identified risks or concerns to their appropriate line manager immediately – both in relation to hazard risks and business risks.

Employees are to actively participate in the hazard risk assessment process by establishing, reviewing and utilising:

- Standard operating procedures – the base procedure of how to complete the task/activity – and general guidance for completing a set action;
- Implementation of specific controls as identified in the hazard risk register(s); and
- Assess the workplace and work tasks prior to starting or recommencing work.

6.2 Supervisors / Department Managers / Vessel Masters

Are responsible and accountable for:

- The overall management of the area specific / department's hazard risk register. This includes identification of the risks facing their department and ensuring they are familiar with the hazards, risks and controls contained within the risk register for their area of responsibility;
- Ensuring employees within their department are aware of and understand their obligations under the Risk Management Framework and Risk Management Policy;
- Reviewing JHA's against the activities identified in the risk register to ensure all have been adequately identified, assessed and controlled to ALARP;
- Where assigned as a Risk Owner, the same responsibilities and accountabilities as listed under 'Risk Owners' below;
- Notifying relevant Business Unit Manager(s) where a control appears to be reduced in effectiveness; and
- Approval of JHA's in accordance with the authority delegation within the Integrated Risk Assessment Matrix.

RISK MANAGEMENT POLICY

6.3 Risk Owners

Are responsible and accountable for:

- Ensuring the assigned risk is managed in accordance with this Risk Management Policy. This includes maintenance of the risk within the area specific / department risk register, the monitoring of associated control effectiveness and associated risk treatments;
- Ensuring the assigned risk is reviewed, and if applicable amended, to reflect any change to MMA's internal or external environment; and
- Providing reports on the management of the allocated risk, where requested by HSEQ, the Executive Management Team or the Business Unit General Manager.

6.4 Business Unit General Managers (or their approved delegates)

Are responsible and accountable for:

- Ensuring that Department Managers within their department are aware of and understand their obligations under the Risk Management Framework and Risk Management Policy;
- Ensuring that the Risk Management Framework and Risk Management Policy is fully implemented within their department;
- Approval of JHA's in accordance with the authority delegation within the Integrated Risk Assessment Matrix and
- Where assigned as a Risk Owner, the same responsibilities and accountabilities as listed under 'Risk Owners' above.

6.5 General Manager HSE Services

Is responsible and accountable for:

- Providing hazard risk management support, facilitation (where required) and guidance to ensure the effective implementation of the Risk Management Framework and the Risk Management Policy in relation to hazard risk management; and
- Facilitation and co-ordination of regular hazard risk reporting to the Executive General Manager Risk

6.6 Executive General Manager Risk

Is responsible and accountable for:

- Providing risk management support, facilitation (where required) and guidance to ensure the effective implementation of the Risk Management Framework and the Risk Management Policy;
- Facilitation and co-ordination of regular reporting to the Executive Management Team and the Audit and Risk Committee;

RISK MANAGEMENT POLICY

- Reviewing and improving the Risk Management Framework and the Risk Management Policy; and
- Developing risk management capability across MMA (training).

6.7 Executive Management Team

Acting through the Managing Director, the Executive Management Team are responsible and accountable for:

- Designing and implementing the risk managing policies and internal control systems to best manage MMA's risks;
- Identifying areas of risk within MMA's internal and external environment and providing feedback to the Business Unit General Managers on the effectiveness of the management of risk; and
- Regularly reporting to the Board of Directors through its Audit and Risk Committee on the effectiveness of the systems in managing MMA's risks and ensuring that the Board of Directors is aware of any matters that could potentially have a significant impact on MMA.

6.8 Board Audit and Risk Committee

The Board's Audit and Risk Committee is nominated by the Board of Directors to assist the Board in relation to risk management. Whilst the Board of Directors has ultimate accountability, the Audit & Risk Committee is responsible and accountable for:

- Reviewing the principle risks faced by the Company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Reviewing, approving and monitoring the Company's systems of risk management, internal compliance and control systems (including a review of the effectiveness and implementation of Company's risk management and internal control systems), codes of conduct and compliance with all laws, government regulations and accounting standards; and
- Ensuring that the Company's financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board.

6.9 Board of Directors

The Board is responsible for satisfying itself that the Executive Management Team has developed and implemented a sound system of risk management and internal control. The Board shall regularly review and approve MMA's risk management and oversight policies including a review of the effectiveness of the implementation of that system.

Detailed work on this task is delegated to the Audit and Risk Committee and reviewed by the full Board.

RISK MANAGEMENT POLICY

7 INTERNAL AUDIT FUNCTION

The internal audit function provides independent assurance to the Board and the Audit and Risk Committee on the effectiveness of the risk management framework, including assurance that the controls relied on to manage identified risks and the treatment responses are effective and that the risk management process is being adhered to, having regard to the appropriate/adequate identification of risks.

The head of the Company's internal audit function (who will be appointed by the Audit and Risk Committee) will regularly report to the Audit and Risk Committee on the effectiveness of the Company's governance, risk management and internal control processes.

8 MANAGING DIRECTOR AND CFO DECLARATION

Before the Board approves any of the Company's financial statements, the Managing Director and CFO will provide a written declaration to the Board that:

- in their opinion, the financial records of the Company have been properly maintained;
- in their opinion, the financial statements of the Company comply with applicable accounting standards and present a true and fair view of the Company's financial position and performance; and
- their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

9 TRAINING AND AWARENESS

MMA will continually promote awareness of the Company's Risk Management Framework and Risk Management Policy. MMA will improve its risk management capability by assisting employees to understand the Company's intentions and processes for identifying and managing risk.

10 REVIEW

The Audit and Risk Committee will review this policy at least annually or as often as is required.

RISK MANAGEMENT POLICY

APPENDIX A – DEFINITIONS

As low as reasonably practical or ALARP	The cost involved in reducing the risk further would be grossly disproportionate to the benefit gained.
Cause	The thing, either internal or external to MMA, which alone or in combination with other causes has the potential to give rise to the risk.
Communication and consultation	This is a dialogue between MMA and its stakeholders. It is a continual two-way process that involves sharing and receiving information about the management of risk. The consultation and communication process allows risk owners and others who may be reasonably affected by the risk or have pertinent information to make informed decisions about the risk. Discussions could include the nature, form, likelihood, significance and treatment of the risk.
Consequence	The outcomes of an event affecting MMA’s objectives (i.e. the risk occurring). A consequence can be expressed quantitatively or qualitatively, can escalate through knock-on effects and can be certain or uncertain with positive and negative effects.
Control	A measure <u>implemented</u> (not planned) to eliminate, reduce or otherwise manage a risk.
Context	<p>The internal and external environment within which MMA seeks to achieve its objectives.</p> <p>The external context includes:</p> <ul style="list-style-type: none"> • Political – reforms, industrial relations environment, civil unrest; • Economic – taxes, economic growth, inflation, unemployment, financial standing; • Social – cultural expectations, social norms, demographics, internal capabilities; • Technological – current and emerging technology; • Legal – regulation and legislation; • Environmental – ecological and environmental aspects; • Key drivers and trends that may impact MMA’s objectives; and • Relationships with and the perceptions and values of MMA’s key external stakeholders. <p>The internal context includes:</p> <ul style="list-style-type: none"> • MMA’s governance, organisation structure, roles and accountabilities; • MMA’s policies, objectives and the strategies that are in place to achieve them; • MMA’s capabilities in relation to its people, processes, systems and technologies; • Significant investigation and audit findings, incidents and near misses; • Relationships with and the perceptions and values of internal stakeholders; and • MMA’s culture.

RISK MANAGEMENT POLICY

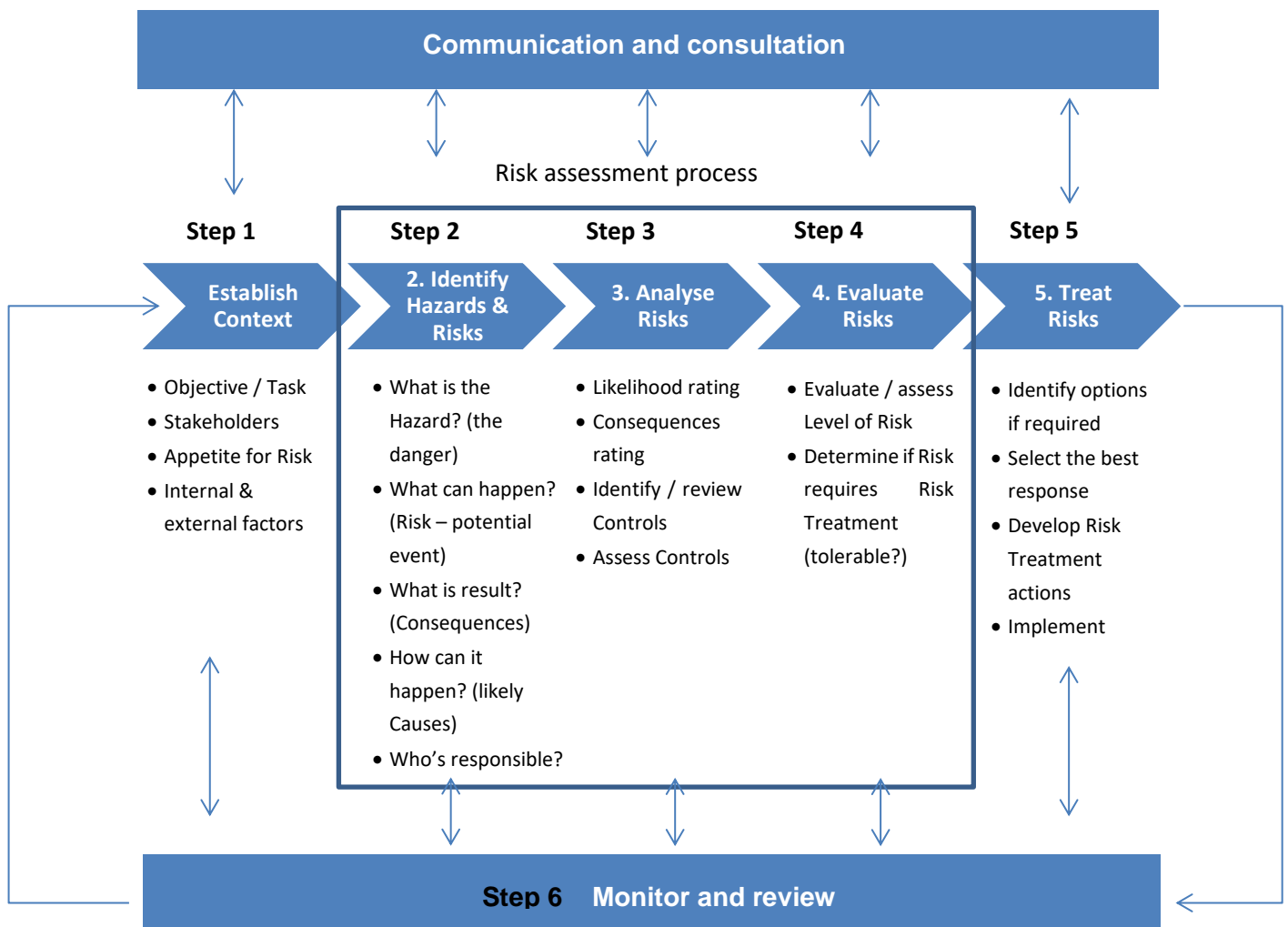
Job hazard analysis (JHA)	A JHA is a formal risk assessment of hazards for each step involved in a task.
Hazard	A situation that has the potential to cause damage or injury to people, property or the environment.
Hazard identification	The process used to identify all possible situations in the workplace where hazards exist.
Hierarchy of controls	Ranks controls in decreasing order of desirability and effectiveness: <ul style="list-style-type: none"> • Elimination (hard control); • Substitution (hard control); • Engineering (hard control); • Isolation (hard control); • Administrative (soft control); • Personal protective equipment (PPE) (Hazard risk only) (soft control, noting that at times it can become a hard control e.g. face masks resulting in isolation / separation).
InControl	HSESQ related system that is predominantly used for scheduling, recording and analysing Continual Improvement activities and Incidents, including allocating and tracking associated actions.
Inherent risk	The level of risk that MMA experiences without taking into account the effect of existing controls that we implement.
Level of risk	This is a combination of the likelihood and consequence ratings to give an overall risk potential rating.
Likelihood	The chance / probability that something might happen.
Residual risk	The risk remaining after consideration of implemented Controls.
Risk	The effect of uncertainty on the achievement of MMA's objectives (or of successfully undertaking the task / activity safely). This may be a positive or negative effect.
Risk assessment	The process set out under Appendix B.
Risk categories	Broad types of risks used to group similar risks for management reporting purposes.
Risk owner	The position within MMA with the accountability and authority to manage the risk and to ensure Controls are working as expected.
Risk potential rating	Refer to level of risk.
Risk register	A risk tool that identifies and documents key risks managed by MMA in accordance with the Risk Management Framework and the Risk Management Policy.
Risk treatment	The process to modify a risk, typically with the intention of eliminating it or reducing either the likelihood and/or negative consequences.
Stakeholder	A person or organisation that could be, or perceives themselves to be, impacted by a decision or activity.

RISK MANAGEMENT POLICY

APPENDIX B - THE RISK MANAGEMENT PROCESS - OVERVIEW

When undertaking a risk assessment, the following process must be followed and recorded within the appropriate MMA operating system i.e., SharePoint – Risk Registers

Where actions are identified to treat identified risks, these shall be recorded and managed within InControl.



RISK MANAGEMENT POLICY

APPENDIX C - KEY RULES TO FOLLOW FOR RISK MANAGEMENT

1. Risk reviews must consider risks within context, i.e. recent audit findings, incidents, control reviews (verification), internal and external events;
2. Risk reviews must be conducted with more than one person, ideally with a group of interested stakeholders – consult with stakeholders affected by the risk;
3. Risk reviews shall be conducted in accordance with the timeframes identified within the relevant risk register and shall be determined according to risk level;
4. Controls implemented or identified as treatment actions must follow the hierarchy of controls – ensure each risk cause is mitigated by sufficient controls;
5. Each Business Unit within MMA are responsible for managing their own risks following the process outlined in Appendix B;
6. Follow the *Integrated Risk Assessment Matrix* in Appendix D to determine if the risk requires treatment and if approval is required; and
7. Carefully consider the effectiveness of the controls when assessing the risk – if the controls fail, the risk may revert to its higher inherent risk rating.

RISK MANAGEMENT POLICY

APPENDIX D - RISK ASSESSMENT MATRIX

Severity level	Impact types						
	Health and safety	Environment	Security (Information and Physical)	Service / Business Disruption	Reputation	Legal & Regulatory	Financial
Massive (5)	Fatality	Long term / permanent impact	Compromise of information with significant ongoing impact Manual processes engaged for > 1 month	Vessel > 3 days Corporate >5 days	Loss of confidence of clients and stakeholders. Massive adverse press coverage/community reaction .	Suspension of trading >7 days or delisted from ASX Permanent loss of licence to operate Breach occurs and sanction imposed by regulator Potential for fines imposed on Directors >\$500k	P&L > 10% EBITDA Budget > 10% variance Asset damage >\$500k (extensive damage) (net of insurance)
Major (4)	Lost time injury (LTI)	Major effect, medium term (>1 year) impact	Compromise of information sensitive to the Company's ongoing interests Manual processes engaged for 15 – 30 days	Vessel > 2 days Corporate 1-5 days	Major negative impact on clients and stakeholders. Major (areas of operation) adverse press coverage/community reaction	Suspension of trading 1-7 days Temporary loss of licence to operate >1-7 days Breach occurs and sanction imposed by regulator Potential for fines imposed on Directors >\$250k-\$500k	P&L 5-10% EBITDA Budget > 5-10% variance Asset damage >\$250k-\$500k (major damage) (net of insurance)
Moderate (3)	Restricted duties injury (RDI)	Medium effect, short term (< 1 year) impact	Compromise of information sensitive to the Company's operations Manual processes engaged for 7 - 14 days	Vessel 2 days Corporate 1 day	Moderate negative impact on clients and stakeholders. Moderate adverse press coverage/community reaction.	Threat of suspension of trading Temporary loss of licence to operate 1 day Breach occurs and warning issued by regulator Potential for fines imposed on Directors & Officers <\$250k	P&L 3-5% EBITDA Budget > 3-5% variance Asset damage <\$250k (localised damage) (net of insurance)
Minor (2)	Medically treated injury (MTI)	Localised effect	Minor compromise of sensitive information Manual processes engaged for 3 – 7 days	Vessel 1 Day Corporate <1 day	Likely to lead to client and/or stakeholder complaint Minor adverse press coverage/community reaction	Breach occurs, reporting to regulator required but no sanction imposed	P&L 1-3% EBITDA Budget > 1-3% variance Asset damage <\$50k (net of insurance)
Slight (1)	First aid case	Slight effect (immediate area)	Compromise of information otherwise available on the public domain Manual processes engaged for < 3 days	Slight delays for < 1 hour, recoverable	Unlikely to lead to client and/or stakeholder complaint. Slight adverse press coverage/community reaction.	Breach occurs however reporting to regulator not required	P&L > 1% EBITDA Budget > 1% variance Asset damage (slight damage)