

# Universal Store

## Risk Management Policy

### 1. Introduction

The identification and proper management of Universal Store Holdings Limited (ACN 628 836 484) (**Universal Store**) risks are an important priority of the board of directors of Universal Store (**Board**). This risk management policy provides a framework for how the Board identifies, analyses and monitors any risks that Universal Store is subject to.

This is a group-wide policy and applies to all operations of Universal Store.

### 2. Risks

The risks faced by Universal Store include:

- Compliance risk
- Investment risk
- Legal risk
- Financial risk
- Reputation risk
- Operational and execution risk
- Strategic risk
- Environmental risk
- Social sustainability risk

### 3. Responsibility

Responsibility for risk management is shared across the organisation.

Key responsibilities include:

- The Board is responsible for overseeing the establishment and approving Universal Store's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems and setting the risk appetite within which the Board expects management to operate.
- The Board has delegated to the Audit and Risk Committee responsibility for:
  - identifying major risk areas;
  - reviewing (at least annually) and monitoring the effectiveness of Universal Store's risk management framework to satisfy itself that it continues to be sound and that Universal Store is operating with due regard to the risk appetite set by the Board;
  - ensuring that risk considerations are incorporated into strategic and business planning;
  - providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
  - reviewing Universal Store's financial statements and reports;
  - in relation to Universal Store's financial reporting, without limitation:
    - reviewing the suitability of Universal Store's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
    - assessing significant estimates and judgements in financial reports;
    - assessing information from the external auditor to ensure the quality of financial reports; and
    - recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee's assessment of them.
  - Universal Store's entry into, approval or disclosure of related party transactions (if any);

- overseeing Universal Store's financial controls and systems;
- managing audit arrangements and auditor independence, including considering whether an internal audit function is required and, if not, ensuring that Universal Store discloses the processes it employs to evaluate and improve its risk management and internal control processes; and
- ensuring that any periodic corporate report Universal Store releases to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.
- Universal Store management is responsible for establishing Universal Store's risk management framework, including identifying major risk areas and developing Universal Store's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks.
- The Chief Executive Officer and Chief Financial Officer are to provide to the Board declarations in accordance with section 295A of the Corporations Act.

Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.

#### **4. Reporting**

It is the responsibility of the Audit and Risk Committee to report to the Board about Universal Store's adherence to policies and guidelines approved by the Board for the management of risks.

The Chief Executive Officer and Chief Financial Officer are each responsible for reporting to the Audit and Risk Committee any proposed changes to the risk management framework and to that committee and to the Board any exposures or breaches of key policies or incidence of risks, where significant.

#### **5. Dealing with risks**

Risk issues will be identified, analysed and ranked in a consistent manner.

Universal Store will deal with risks in the following way:

- Identify the nature of the risk
- Determine the seriousness of such risk, and who the risk is to be reported to
- Develop a risk mitigation plan
- Implement the risk mitigation plan
- Monitor and report progress of risk mitigation plan

#### **6. Review**

The Audit and Risk Committee will review this policy at least annually or earlier if required by a change in circumstances.

The Audit and Risk Committee will submit any amendments required to the Board for approval.