

MIRVAC GROUP RISK MANAGEMENT FRAMEWORK

June 2021

Contents

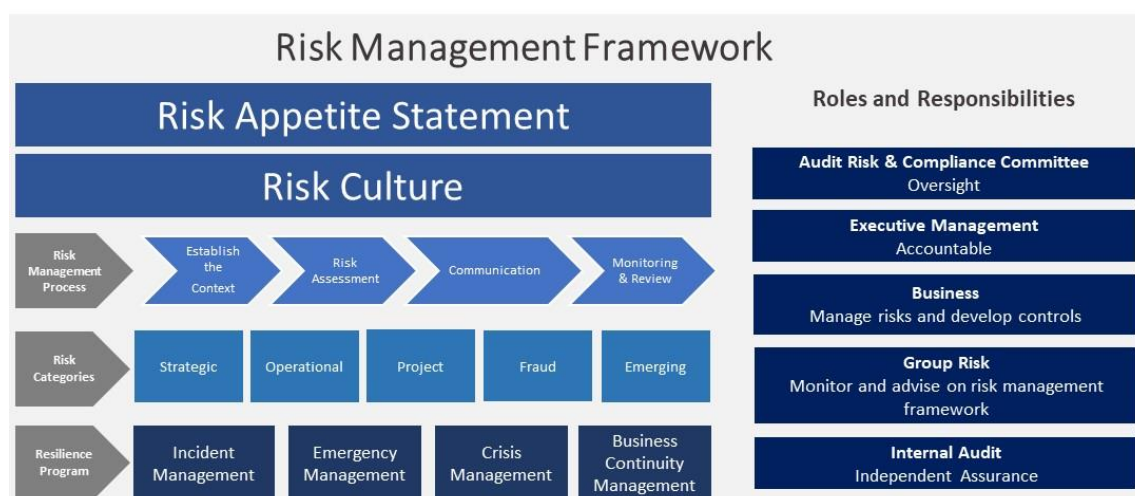
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1 Introduction

The Risk Management Policy (Policy) outlines the risk management framework in place to safeguard the Mirvac Group (Group) in achieving its strategic and operational objectives. Risk management principles underpinning the Group's risk management framework include:

- Clear accountability and responsibilities for risk management
- Ensuring risks are contained to an acceptable level within the Groups risk appetite
- A strong risk culture which supports our values, behaviors and decision making
- Effective risk management processes and systems
- Organisational resilience program to respond and adapt to business disruptions

The Risk Management Framework (outlined in the diagram below) ensures the systematic identification, assessment, management, monitoring and communication of all material risks associated with the Groups' business operations. The policy adopts a risk management approach based on the Australian Standard for risk management, AU/NZS/ISO 31000, which provides guidelines on managing risk and integrating risk management into decision-making and governance (Note, compliance with this standard is not a regulatory requirement). The policy also reflects the requirements of the ASX Corporate Governance Principles.



2 Scope

This policy applies to all business units and activities undertaken by the Group. It is the responsibility of all employees to manage risk as part of their roles as outlined by this policy. The Executive Leadership Team (ELT) is responsible for the implementation of this policy.

3 Roles and Responsibilities

Board

The Boards of Mirvac Limited and Mirvac Funds Limited as responsible entity for Mirvac Property Trust (MPT), including their controlled entities (collectively the Board) bear overall responsibility for the nature and extent of risks taken by the Group in order to meet strategic objectives.

Audit Risk and Compliance Committee (ARCC)

The Board has established the ARCC to discharge its responsibility for the management of risk and compliance obligations within the Group. The key responsibilities of the ARCC are outlined in the ARCC Charter and include setting the risk appetite, reviewing the Group's risk profile and approving the risk management framework.

Executive and Senior Management

The Executive Leadership Team (ELT) ensures that material risks, controls and thresholds are communicated and adhered to. The ELT is accountable for the overall soundness of governance including policies and processes, people, systems, and tools and controls in meeting Mirvac's risk appetite. The ELT is responsible for implementing the risk management framework as outlined in this policy

Heads of business units are responsible for appropriately identifying, assessing and managing risks to which their business units are exposed. Business Units should establish and maintain effective internal controls and monitoring processes.

All employees

Employees are responsible for adhering to policies and procedures which are designed to manage risks associated with the work they undertake.

Group Risk

Group Risk coordinates and advises on the risk management process to ensure a consistent approach is taken across the Group in managing risk. This includes:

- developing and refining the risk management framework
- contributing to strong risk culture through supporting the ELT in its implementation of the risk management framework
- providing and maintaining risk management processes and systems
- advising the business on risk management, issue/incident management and controls
- providing quarterly updates to the ELT and ARCC on the Groups Risk profile (strategic and operational), key risk indicators and remediation action undertaken to address significant risk issues.

Internal Audit

Internal Audit undertakes risk-based reviews to provide assurance key risks and controls are working effectively. Internal Audit independently reports to the ARCC on the effectiveness of the control environment and recommendations for improvements to controls.

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4 Risk Management Framework

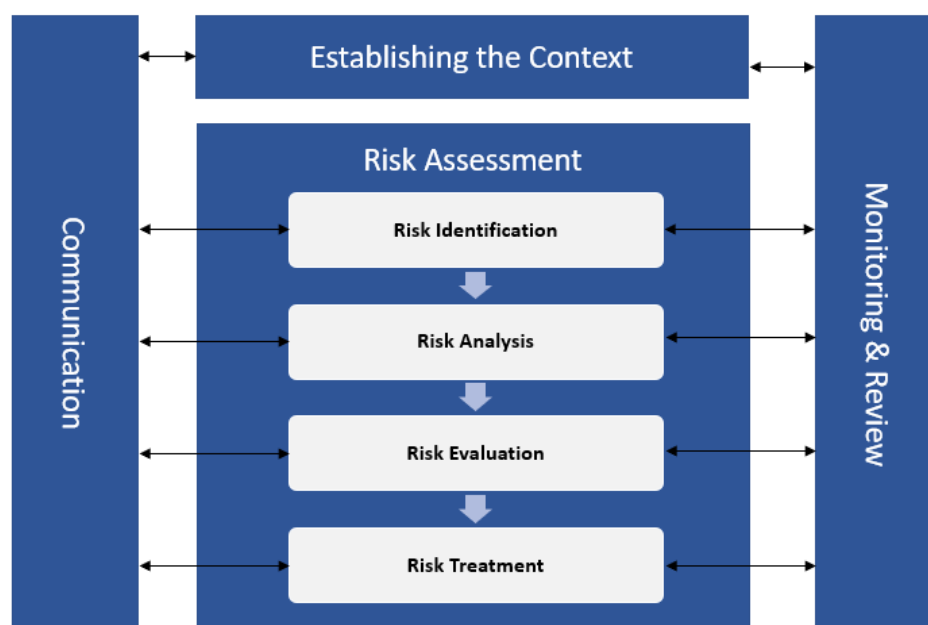
4.1 Risk Appetite Framework

The Risk Appetite Framework sets out the Group's capacity i.e. the amount and type of risks the Group is able and willing to accept in order to achieve its strategic objectives. The Group's strategy and strategic risks forms the baseline of the risk appetite. The appetite should be reviewed any time there are material changes in strategy or market conditions.

A risk appetite statement is developed for each risk category relating to the Group's strategic objectives including strategic, financial, operational and compliance risk. The risk appetite statement outlines the Key Risk Indicators (KRIs) for Group and each business unit. Each KRI has a risk tolerance (upper and lower limits) which defines the level of risk, which if reached, requires immediate escalation to the ELT and mitigation through corrective actions. The KRIs are monitored and reported to the ELT and ARCC bi-annually by Group Risk.

4.2 Risk Management Process

The Group adopts the risk management methodology and approach based on Australian Standard for risk management, AU/NZS/ISO 31000. The risk management process is summarised in the diagram below:



4.2.1 Establishing the Context

When establishing the context of risk, consideration must be given to both the internal and external factors (outlined in the diagram below).



4.2.2 Risk Assessment

The risk assessment process includes identifying, analysing, evaluating and treating the risk. The risk assessment process is undertaken and documented in the Mirvac Risk Management System.

4.2.2.1 Risk Identification

Risk identification is the process of finding, recognising and recording risks. The purpose of risk identification is to identify what might happen or what situations might exist that might affect the achievement of the objectives of the organisation. To assist with risk identification and reporting, all risks are to be categorised as one of the following: strategic, operational, project, fraud and emerging risks.

Strategic Risk

Mirvac Group strategic plan is used as a basis for the evaluation of the Group's strategic risks which are defined as those risks which have the potential to prevent the Group from delivering its strategic objectives. The strategic risk profile is discussed at quarterly ELT and ARCC meetings to determine the relevancy of the strategic risks, changes to components and the inherent (before controls) and residual (after controls) risk rating.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. These risks could hinder Mirvac business operations and are managed by the business. Non-financial risks such as compliance and conduct risk are also considered as operational risks.

Project Risk

Project Risks are uncertain events or set of circumstances that, should they occur, will have an effect on the achievement of one or more of the project's objectives. The key consideration for these risks is that they are not ongoing risks and instead have a definitive life cycle.

Fraud Risk

Fraud involves using deception to dishonestly make a personal gain for oneself and/or create loss for another. Fraud Risk can come from sources both internal and external to the organisation and includes activities such as theft, corruption, money laundering, bribery and extortion.

Emerging Risk

Emerging risks are newly developing risks that cannot be fully assessed, but that could in the future affect Mirvac's ability to deliver strategic objectives. Emerging risks can be internal or external. Group Risk has in place a horizon risk framework to understand and prioritise emerging risks.

4.2.2.2 Risk Analysis

Risk analysis is the process of developing an understanding of a risk. Risk analysis includes an assessment of the severity of risks which is undertaken by understanding and rating the risk using the following criteria:

- **Likelihood:** the frequency with which a risk may occur. Refer to *Appendix 2* for definitions of likelihood based on the probability of the risk occurring. This is a qualitative measure and generally uses subjective assessment of the occurrence of the risk.
- **Impact:** defines the actual impact that would occur if the risk eventuated. Mirvac Group has created a financial consequence parameter for the following three risk categories – strategic, operational and project. Refer to *Appendix 1.1 to 1.3* to assess the impact of the risk. Risk impact could also be non-financial such as damage to reputation, where it is difficult to put a dollar value to the impact but the impact would adversely affect the group. Refer to *Appendix 1.4* for non-financial consequence parameters.
- **Risk Rating:** the exposure that is a function of the likelihood and impact. Risk Heat Maps are used to visualise the inherent (before controls) and residual (after controls) risk ratings. Refer to risk matrix in *Appendix 3*.

4.2.2.3 Risk Evaluation

Risk evaluation uses the understanding obtained during the risk analysis to make decisions about future actions to either reduce the likelihood or minimise the impact of a risk. Ethical, legal, financial and other consequences should be considered.

4.2.2.4 Risk Treatment

Risk treatment involves selecting and agreeing to one or more relevant options for changing the probability of occurrence (likelihood), the effect of risks (impacts), or both, and implementing these options. The risk response falls into the following two categories:

- **Controls:** prevent risks from occurring or reduce the impact of risks.
- **Mitigate:** mitigate a significant portion of a risk i.e. purchase insurance.
- **Actions:** are one off events designed to minimise Mirvac's risk exposure.

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4.2.3 Communication

Group Risk maintains continuous dialogue with the ARCC, ELT, business units and other Group functions with designated risk management responsibilities such as Group Health Safety and Environment and Group Compliance.

4.2.4 Monitoring & Review

Monitoring of the control environment is performed through the annual risk and control self-assessment process and internal audit reviews. Risk profiles (registers) are maintained and captured in the Mirvac risk management system at a Group and Divisional level. The strategic, key operational and emerging risks are reported to the ELT and ARCC on a quarterly basis. Project risks are monitoring monthly through project development meetings.

5 Resilience Program

The Group's resilience program is in place to assist the Group to respond to, and recover from, business disruptions effectively and efficiently. The resilience program includes processes for emergency, incident, crisis and business continuity management

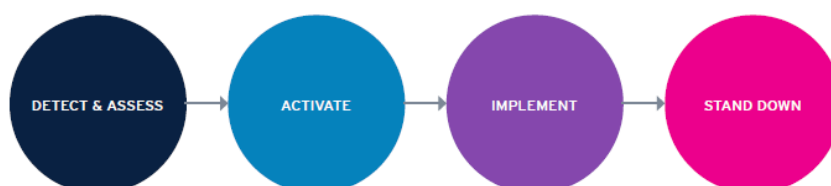
5.1 Emergency Management

Emergency management at Mirvac is led by Group Health, Safety and Environment (HSE). Each Mirvac site and/or asset has an **Emergency Response Plan (ERP)** to ensure that plans are in place to effectively control an emergency whenever it arises. The requirements of the ERP are communicated to all Mirvac personnel, service providers, visitors, affected community contacts or neighbours and where required, emergency services.

5.2 Crisis and Incident Management

Mirvac has implemented a **Crisis and Incident Management Plan (CIMP)** which establishes clear accountabilities and first response protocols based on a three-tiered incident severity rating system, level 1 to level 3. Incident rated 1 and 2 are managed by the Incident Management Team and incidents rated Level 3 are managed by the Crisis Management Team.

The response plan has four key response stages as outlined in the diagram below. Refer to the CIMP for detailed processes.



5.3 Business Continuity Management

Mirvac utilises the Crisis and Incident Management plan, Crisis Communication Plan, Business Impact Analysis and IT Disaster Recovery Plan for business continuity planning and management. They are designed to support the business with managing a significant business disruption incident or crisis.

The Crisis and Incident Management Plan contains key response stages, tool kits and contact lists. This plan will be used by staff, as well as incident and crisis management teams to ensure that business disruption incidents and/or crises are managed in a timely, safe and appropriate manner.

Crisis Communication Plan

The Crisis Communication Plan is activated by the Incident or Crisis Management Team. The crisis communication team (CCT) is responsible for coordinating and managing the communications response during a crisis. The CCT deals with all communications including internal, external and social media.

When establishing a CCT, the incident determines the size and nature of the team and is adapted to the circumstances being dealt with and reflect the complexity and scale of the event.

The CCT follows the same key responses stages and process in the Crisis and Incident Management Plan. The Crisis Communications Resource Kit contains templates and tools to assist with management of the crisis communications.

5.3.1 Business Impact Analysis (BIA)

The BIA identifies, quantifies and qualifies the criticality of the processes, services and functions, and determines how those that are critical can be supported during a significant business disruption.

Each business unit is responsible to understand their critical business processes, people and systems based on framework established by Group Risk. BIA's are reviewed on an annual basis.

5.3.2 Disaster Recovery

Mirvac has implemented a Disaster Recovery Plan (DRP) which is a documented process to recover and protect the business IT infrastructure in the event of a disaster. The DRP is managed and maintained by the Group Technology team.

6 Review

The Risk Management Policy is reviewed annually by the ELT and ARCC to ensure ongoing effectiveness and relevancy.

7 Approved and Adopted

This policy was approved and adopted by the Mirvac Group ARCC on 18 June 2021.