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## 1. Introduction

Frontier Energy Limited (the **Company**) views sound risk management systems and capability as integral to the Company's operations. The Company maintains a fit-for-purpose enterprise-wide risk management framework to support the achievement of its strategic objectives through the identification, analysis, evaluation, treatment and reporting of risk.

The Company's risk appetite has been set by the Board to align with its strategic objectives. The Company, through the Board, delegates day-to-day management of risk to the Executive Chairman, the Managing Director and the Chief Financial Officer who, with the assistance of other members of the executive leadership team as required, have the responsibility for identifying, assessing, managing and monitoring risks. Risks that fall outside of the defined risk appetite and/or tolerance thresholds are reported to and assessed by the Board.

The Company encourages and promotes a culture and environment that enables effective risk management across all its operations and activities.

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## 2. Process


The Company's process of risk management and internal compliance and control includes:

- (a) Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, including economic, environmental and social sustainability risks, and monitoring the business and social environment for emerging factors and trends that may affect these risks, or that present emerging risks;
- (b) Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- (c) Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

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## 3. Risk, Internal Controls and Assurance (RICA) Framework

The Company employs a "Risk, Internal Controls and Assurance" ("RICA") framework across strategic, operational, health and safety, environmental, legal and regulatory, reputational and financial risks, all directed towards achieving the following objectives:

- (a) Compliance with applicable laws and regulations;
  - (b) Preparation of reliable published financial information; and
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- (c) Implementation of risk transfer strategies where appropriate e.g. insurance.

Internal controls are key elements of risk management frameworks. They include processes to assess, mitigate and monitor risks. The Company has established internal controls as part of its overall governance structures and reporting systems. As a result, the Company's RICA framework is:

- (a) Supported by internal processes and documentation as required;
- (b) Compliant with the requirements of ASX Corporate Governance Principles and Recommendations (4th edition) Principle 7, to "Recognise and Manage Risk"; and
- (c) Regularly reviewed and updated commensurate with legislative changes, industry trends and best practice.

The Company's RICA frameworks consists of:


- (a) Comprehensive risk processes, templates and standards that establish context and effectively guide leaders and their teams through identification, analysis, evaluation, treatment, communication and reporting of applicable risks to their respective areas of responsibility;
- (b) Clear identification of risk "owners" for each risk at the appropriate organisational level; and
- (c) Regular monitoring, periodic review, evaluation and reporting of the RICA framework, supporting systems and tools, and material risks across each area of the Company by the Board (and/or any sub-committee established for that purpose).

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## 4. Role of The Board in Assessing Risk

The Board (and/or any sub-committee established for that purpose) will review the effectiveness of the Company's RICA framework and RICA capability on an annual basis.

Among other things, it will:

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
  - (b) Assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
  - (c) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.
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## 5. Policy Review

This policy is to be reviewed on an annual basis by the Managing Director and Chief Financial Officer and presented for review and recommendation to the Board.

February 2023

