

Risk Management.



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Hansen recognises that the daily activities and existence of its business is subject to various elements that can create uncertainty which brings with it potential risk and opportunity. At Hansen, all members of the Group aim to promote a culture of internal controls and reporting which will empower all employees to manage risk as and when it occurs, with the aim of achieving the stated goals and strategic objectives.

With contribution from all layers of management and the Board, a Register of Risks has been developed and will be maintained. Each risk is assessed for the likelihood and consequence of a risk eventuating and a combined inherent risk rating developed. Risk management practises to mitigate and manage the identified risks are then specified and put into action. It is the intention that the Risk Register be regularly reviewed and updated on a case by case basis as new risks are identified or the situation surrounding previously identified risks are varied.

Roles and Responsibilities

The Board of Directors is responsible for approving and reviewing Hansen's Risk Management Policy and overseeing all aspects of internal control including compliance activities, the appropriateness of accounting policies and the adequacy of financial reporting. It delegates daily management responsibility to the Chief Executive Officer.

The Executive team is responsible for implementing the Board approved Risk Management Policy, maintaining the currency of the Risk Register and developing operational policies, internal controls, processes and procedures for identifying and managing risks in all of Hansen's activities.

Management must also periodically report to the Board on the maintenance of the Risk Register and the effectiveness of the risk management processes.

Independent Review will be conducted including:

- External audit being an overall independent evaluation of the adequacy and effectiveness of management's control of operational risk.
- Quality Assurance audits verifying that systems are operating as planned.
- Independent reviews that may be conducted for special assessment as required.

Key Risk Categories

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, decisions of employees or from external events. Hansen operates under a Risk Management framework that is approved by the Board.

Implementation and accountability is the responsibility of management with effectiveness being subject to external audit review.

Each individual business unit is responsible for the identification, measurement, monitoring and mitigation of operational risk. This is supported by input from corporate level functions such as the office of Chief Operating Officer, Risk Management Group, Legal and Finance Departments.

The internal control system is an integral part of Hansen’s operations and involves all levels of personnel. The controls are preventative and detective in nature and are reviewed regularly for relevance and effectiveness.

Key elements to the internal control system are Change Management, Finance Procedures, Delegation of Authority, Segregation of Duties, Access Security, Reconciliation, Documentation and Reporting. This is further supported by Contingency Planning and Continual Improvement activities.

Credit Risk

Credit risk is the potential for financial loss where customers or business associates fail to meet their financial obligations to Hansen. The foundation control is that individuals throughout the Hansen Group are aware of credit risk and act to identify, report and manage situations that arise. Specific policies and procedures are in place to deal with credit risk, the critical element of these policies being segregation of duties and delegation of authority. Throughout the course of the credit cycle each phase is assessed by the relevant specialist group. Each group is trained and independent in the cycle.

Market Risk

Market risk is the potential for financial loss arising from Hansen’s activities in the information technology market across all regions. The components of the market risk framework Hansen operates in are:

<p>Origination</p> <ul style="list-style-type: none"> ▪ Target markets ▪ Know your customers ▪ Know your vendors ▪ Product planning & management ▪ Pricing models ▪ Resource planning 	<p>Environment</p> <ul style="list-style-type: none"> ▪ Assess the market & region ▪ Assess the product for the region ▪ Global Hansen policies to be observed ▪ Manage segregation of duties
<p>Monitoring & Reporting</p> <ul style="list-style-type: none"> ▪ Transparency and communication ▪ Change management ▪ Central reporting on product, financials, operations, legal and risk management 	<p>Authorities</p> <ul style="list-style-type: none"> ▪ Delegation of authority ▪ Central authorities ▪ Supports segregation of duties operations, legal and operations, legal and risk management

Assurances

The integrity of the Group’s financial reporting depends upon the existence of a sound system of risk oversight and management and internal control. The Board receives regular reports about the financial condition and operational results. The CEO and the CFO annually provide a formal statement to the Board that in all material respects:

The financial records of the Group for the financial year have been properly maintained in that they:

- Accurately record and explain its financial position and performance.
- Enable true and fair financial statements to be prepared and audited.
- The financial statements and notes required by the accounting standards for the financial year comply with the accounting standards.
- The risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.
- Such a statement has been provided in respect of the current financial year.

Overall Risk Treatment

Hansen relies on the internal control systems and the ability and culture of staff and management to identify, report and manage risk. All risks are to be reported to the appropriate line manager, registered in the Risk Register and raised to the attention of the Executive team which will develop and document the steps which are required to manage the risk.

Where Hansen identifies risk, the risk will be managed with the aim of minimising the likelihood of an adverse event occurring, maximising the likelihood of a positive outcome and reducing the impact of the risk.