

Risk Management Policy

Introduction

Style views risk management as integral to its objective of effective management of Company assets and creating and maintaining shareholder value. The company's business strategies and activities involve risk.

Risk is minimised to the extent it does not inhibit the Company or its controlled entities from pursuing its goals and objectives with a considered and balanced view of risk.

The board is responsible for the oversight of the risk management system and is the recipient of risk reporting from management.

Style's Risk Management Policy provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk.

Risk Profile

The identification and effective management of risks is critical in achieving Style's corporate goals. Style focuses on effective management of the following material risks:

- business risks;
- operating risks;
- financial risks;
- organisational risks; and
- corporate risks.

Risk Management Policy

Style believes that risk should be managed on a continuous basis. Style's risk management system is to assist appropriate management and early warning of risks.

The Style executive and board is responsible for identifying, assessing, monitoring and managing risk throughout the organisation via the creation and continual updating and monitoring of the Company's Risk Management Plan.

Risk Management Process

The elements of the risk process are:

1. Oversight of the Risk Management System

The Board is responsible for overseeing the risk management framework as set out in the Responsibility and Authority section below.

2. Risk Profile

To ensure key risks are identified and analysed, Style :

- defines risks in the context of the Group's strategy;
- prepares risk profiles including a description of the material risks, the risk level and action plans used to mitigate the risk; and
- regularly reviews and updates the risk profiles.

3. Risk Management and Compliance and Control

The identification and proper management of risk within Style is an important priority of the Board and senior management. In developing a culture of risk management, each manager is responsible for appropriate responses to manage risk, aided by the risk management plans.

4. Assessment of Effectiveness

Style assesses the effectiveness of its Risk Management Plan through a continuous improvement process to ensure risks and controls are continually monitored and reviewed. This includes appraisal of risk manager's actions taken to manage risks.

5. Reporting

Style ensures the Audit Committee and Board are adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis.

Responsibility and Authority

1. Board

The Board is responsible for overseeing the implementation of the Risk Management Plan and reviews, at least annually, the effectiveness of the system.

The Board is responsible for approving the risk management policy, framework and risk tolerance of the Company. The responsibility for regular review of the risk management system has been delegated to the Finance and Audit Committee, who conduct these reviews at least half yearly.

2. Audit Committee

The Audit Committee advises the Board on risk management and is responsible for reviewing the effectiveness of Style's approach to risk management including the status of major business risks.

3. Management of Risk

The risk owner for each business function covered by the risk is responsible for:

- implementation of the principles, actions and requirements of the Risk Management Plan and monitoring its implementation within the Company;
- provision of the necessary tools and resources to identify and manage risks;
- regular review of progress against action plans for all risk items;
- regular review of the current list of risk items and making any necessary changes to the risk status of individual items;
- regular reporting of the status of risk items to the Audit Committee and Board;
- appraisal of risk owners actions taken to manage risk and correction of substandard performance;
- internal compliance and control systems for the implementation of the Risk Management Plan;
- co-operation necessary to assist the internal auditor in carrying out the internal risk audit under the terms required by the Audit Committee; and
- compliance with regulatory requirements and best practice.

The executive will regularly:

- a) identify all possible risks and risk owners;
- b) analyse the probability and affect of the risk;
- c) determine and implement risk control measures;
- d) monitor and review performance of the risk management system;
- e) formulate the above into a collective Risk Management Plan under the guidance of the CEO.

4. Employees

All staff are responsible for the ownership of and for undertaking their part in the actions and requirements of the Risk Management Plan.

Responsibilities - Other

The Company has implemented and documented a range of policies and procedures throughout the operations that provide a sound system of internal control. It also purchases insurance, where appropriate, as a means of risk transfer.

Due to the size and nature of the Company, there is no internal audit function.