

# OneSteel Limited Risk Policy

---

OneSteel is committed to managing risk to protect our people, the environment, Company assets and our reputation as well as to realise opportunities.

OneSteel's risk-based system of internal control helps us to operate effectively and efficiently, achieve business objectives, ensure reliable reporting and comply with applicable laws and regulations.

## ROLE OF THE BOARD AND BOARD COMMITTEES

The Board implements the Risk Policy (Policy) by overseeing the establishment and implementation of the risk management system, reviewing the effectiveness of the Company's implementation of that system in accordance with the relevant risk management standard - AS/NZS ISO 31000:2009. Through this system, the Board ensures that investors are informed of material changes to the Company's risk profile. The Board is assisted in this process by the Audit & Compliance Committee, Occupational, Health, Safety & Environment Committee, Human Resources Committee, Governance & Nominations Committee and the Operational Risk Committee (Committees).

The Committees assist the Board in implementing the Policy by focusing the Company on risk oversight and management and on internal control. The Committees oversee the establishment of policies on risk oversight and management.

The Committees report to the Board on the status of the Company's material business risks through integrated risk management programs. These management programs cover areas such as the environment, occupational health and safety, operations, asset protection, financial reporting and internal control.

Financial reporting risks and treasury risks are handled centrally. Each division is responsible and accountable for implementing and managing its operational risks to the standards required by the Company's risk management initiatives.

## POLICY IMPLEMENTATION

Management implements this Policy by designing and establishing a system for identifying, assessing, monitoring and managing material business risk throughout the Company including the Company's internal compliance and control systems.

### Management is expected to:

- design and implement a system of ongoing risk reviews capable of responding promptly to new and evolving risks;
- monitor the effectiveness of the system of risks and internal controls management; and

- provide an annual assurance to the Board regarding the extent of compliance with this policy.

**Each division and corporate function is expected to:**

- establish clear business objectives and identify and evaluate the significant risks that may influence the achievement of those objectives;
- define acceptable levels for risk taking and apply fit-for-purpose risk mitigation measures where necessary;
- comply with Company standards which relate to particular types of risks; and
- comply with the Company's system of ongoing risk review.

**Managers are expected to:**

- design, resource, operate and monitor internal control systems;
- ensure that a risk-based approach to internal control is communicated to our people and embedded in business processes;
- assign accountability for managing risks within agreed boundaries; and
- report the results of balanced assessments regarding the effectiveness of the risk-based internal control system, including identified weaknesses or incidents, to executive management.

Further, there is:

- functional reporting to the Audit & Compliance Committee;
- administrative reporting to the Chief Financial Officer; and
- access to management and the right to seek information and explanations.

**ANNUAL REVIEW AND BOARD APPROVAL**

Reviewed by the Governance & Nominations Committee on 3 August 2011 and approved by the OneSteel Limited Board on 15 August 2011.