



# Pilot Energy Limited

ABN: 86 115229 984

## Risk Management Policy

## **Risk Management Policy**

### **1. Purpose**

Pilot believes good risk management practice is crucial to effectively managing operations, driving commercial outcomes and delivering shareholder value. Integrated risk management guides effective decision making and enables the organisation to focus on what matters, maximise opportunities and mitigate the likelihood or consequence of adverse outcomes.

The purpose of this Policy is to:

- Confirm Pilot's commitment to maintaining a risk aware culture and embedding risk management practices within operations;
- Detail roles and responsibilities relating to the identification and management of risk; and
- Articulate Pilot's minimum requirements in relation to risk management. This policy has been developed in consideration of ISO 31000:2018 Risk Management – Guidelines and ASX Corporate Governance Principle 7.

### **2. Policy**

#### **2.1 Commitment**

Pilot is committed to the identification, monitoring and management of material financial and non-financial risks (existing, new and emerging) associated with its business activities across the Group.

Robust, integrated and effective risk management is central to Pilots broader governance framework and is fully supported by the Board and management team. The Board is committed to:

- Leading the integration of risk management into core business activities, decision making and reporting requirements;
- Making appropriate and adequate resources available to support and drive risk management activities;
- Integrating decision making in relation to risk into delegated authorities, responsibilities and accountabilities;
- Supporting open and transparent communication by the risk and assurance functions via direct reporting channels where applicable;
- Avoiding conflicts of interests within the risk and assurance functions through independent reporting lines, separate to operational management; and
- Ongoing review and improvement of the risk function and management framework.

## **2.2 Roles and Responsibilities**

Specific roles and responsibilities include:

(a) Board – The role of the Board is to approve the purpose, values, and strategic direction of the Company, guide and monitor the management of the Company in achieving its strategic plans, determine the Board's risk appetite taking into account the Company's approved strategic direction and plans, review, approve and monitor the Company's risk management systems across its businesses, and to oversee overall good governance practices.

To assist in discharging its responsibilities, the Board has established the Pilot Audit & Risk Committee.

(b) Audit & Risk Committee – The Audit & Risk Committee has been established to assist with discharging the Board's responsibilities in overseeing financial reporting, compliance with legal and regulatory requirements, the setting of the risk appetite of the Group, and overseeing the Group's systems of internal control and its risk management framework. The Audit & Risk Committee operates in accordance with its charter.

(c) Management – Management is responsible for identifying, assessing and mitigating financial and non-financial risks (existing, new and emerging) in accordance with the Group's risk management framework. Management monitors the effectiveness of risk management mechanisms, controls and mitigation measures.

## **2.3 Minimum Risk Management Requirements**

Pilot's ongoing commitment to risk management practices is reflected in the following minimum requirements:

- Retention of the Audit & Risk Committee that oversees the performance of the risk management framework. The Audit & Risk Committee is attended by a minimum of three nonexecutive directors of sufficient technical knowledge and skill – the majority of whom are independent – and is chaired by an independent director.

- The risk appetite, set by the Board, and reviewed at least annually.

- Risk is identified and assessed in accordance with the requirements and guidance provided within the risk management framework. Decision making and reporting is materiality based and occurs in accordance with the guidance provided by the risk management framework.

## **2.4. Policy Approval**

The Board has approved this Policy.

## **2.5. Policy Breaches**

Strict compliance with this policy is a condition of employment. Breaches of this policy shall be subject to disciplinary action which may include termination of employment.

## **2.6. Review of Policy**

This policy will be reviewed by Pilot from time to time to determine its appropriateness to the needs of the Company and, if required, be amended or reviewed to suit the requirements of the Company and adherence to the law.

Adopted: October 2021

Reviewed December 2024