

# Corporate Standard Risk Management

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## 1 PURPOSE

The purpose of the Corporate Risk Management Standard (CRMS) is to describe the processes and tools employed at OceanaGold to assess and reduce the potential impact of economic (commodity prices, interest rates, foreign exchange etc.) and non-economic (operational, environment, community etc.) on delivery of the objectives of the Company (OceanaGold Corporation).

The CRMS describes a framework for a systematic and structured approach to the management of threats and opportunities across the organisation through understanding risks and developing and implementing risk controls and mitigating actions.

The risk management system and processes applied under this CRMS aims to ensure:

- risk management remains a key input into business decision-making;
- risks (and opportunities) associated with the OceanaGold business activities are identified and appropriate risk controls are included.; and
- define risk owners (risk accountability) and those responsible for the implementation of controls (risk responsibility).

## 2 SCOPE

This CRMS applies to the management of risk across all aspects of business undertaken by OceanaGold that arise throughout the lifecycle of the projects/operations from exploration to project conception, commissioning, handover and closure as well as management of corporate functions and associated financial risks. It is a governing procedure directly applied for Corporate Risk Management and dovetailing to the operational risk management processes described in:

- OceanaGold Risk Management Guideline; and
- OceanaGold Integrated Management System (IMS) Standards

All EXCO and senior management are required to understand and work within this procedure.

## 3 DEFINITIONS

Term	Description
ALARP	As Low As Reasonably Practicable
Archived	The risk is no longer relevant for this point of time and has been archived from further consideration, analysis, reporting and management.
Consequence	Outcome of an event affecting objectives.
Consequence - Credible Worse Case	The most severe consequences, considering all scenarios and their outcomes, that is considered plausible or reasonably believable ( <b>with the controls absent or failed</b> ).
Control	A measure that is modifying risk. Also known as risk solution or risk treatment.

Current risk	The risk level after consideration of the current (existing) controls (implemented and effective).
IMS	Integrated Management System
Frequency	The number of times something occurs within a particular period of time
Inherent Risk	A risk calculation that determines a Credible Worse Case (CWC) consequence (x) likelihood for the risk described. It assumes <b>absent or failed controls</b> .
Likelihood	Chance of something happening. It is used as a qualitative description of probability or frequency of an event and detailed in the Risk Matrix.
Maximum reasonable consequences	Those consequences which are considered to be reasonable when the existing risk controls are given fair and reasonable credit. Note that maximum reasonable consequences are typically higher than most expected consequence.
Monitor	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.
Opportunity	Any event or activity that protects value or which gains additional value for the organisation.
PMP	Project Management Plan
Residual Risk	The residual current risk takes into account the 'Maximum Reasonable Consequence (MRC x the likelihood with the <b>controls present and applied</b> )
Risk	The "effect of uncertainty on objectives" and an "effect" is a positive or negative deviation from the outcome that is desired and expected. The definition of risk includes threats (downside) and opportunities (upside).
Risk Assessment	The overall process of risk identification, analysis and evaluation.
Risk Cause (contributing factor)	Element which alone or in combination has the intrinsic potential to give rise to risk.
Risk Breakdown Structure	The set of elements or topics that are established at the commencement of a risk assessment and that are used to assist in risk identification.
Risk Description	A detailed description of the risk including its cause, the risk and the impact of the risk.
Risk Management	Coordinated activities to direct and control an organization with regard to risk.
Risk Treatment Plan	A plan that documents information associated with significant risks. This includes a description of the risk, current and target risk rankings, and current and future controls.
Risk Owner	Person or entity with the accountability and authority to manage a risk.

Risk Record	Documentation describing an identified risk, the associated risk assessment and any risk treatment actions.
Risk Register	A comprehensive listing of risks and associated information.
Risk Treatment	Process to modify risk.
Stakeholders	Person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
Status of a Risk	The current state in which the response to a risk sits, e.g. active, closed, transferred, archived, rejected).
TARP	Trigger Action Response Plan
Transfer	The risk or opportunity has been transferred to a third party or passed back to the client for ownership.

## 4 REFERENCES

- International Standard for Risk Management – Principles and Guidelines ISO 31000:2018
- OceanaGold Risk Management Policy - OGC-101-POL-005
- OceanaGold Integrated Management System (IMS) Standards - OGC-450-STD-005
- OceanaGold Operational Risk Matrix - OGC-450-FOR-007
- OceanaGold Risk Management Guideline - OGC-450-GUI-005

## 5 ACCOUNTABILITIES AND RESPONSIBILITIES

### 5.1 OceanaGold Board

The OceanaGold Board and where applicable the delegated Board committee responsibilities for risk are included in the Charters of the Board and specific Committees.

### 5.2 Chief Executive Officer

The CEO is accountable for ensuring that OceanaGold has a process to identify and manage risks and opportunities for OceanaGold and that the processes (Procedures and Standards) for risk management are implemented across the organisation. This includes:

- Acting as the sponsor for the risk management process within the organisation.
- Providing adequate resources to manage risks and/or to realise opportunities.
- Communicating significant risks and opportunities to the OceanaGold Board, per normal reporting structures.
- Allocating responsibility for risk and risk mitigation including ensuring that accountable persons provide suitable guiding processes for the management of specific risk categories (eg financial, health and safety, environmental and socio-political risk)

### **5.3 EVP General Counsel and Company Secretary**

The EVP General Counsel and Company Secretary is accountable for:

- Participating in risk register reviews with EXCO.
- Ensuring that suitable audit and assurance programmes are in place to demonstrate to OceanaGold senior management and Board that risk is being managed.
- Reviewing and updating the OceanaGold Risk Management Policy and Corporate Risk Management Standard.

### **5.4 Group Treasurer**

The Group Treasurer is accountable for:

- Maintaining the Corporate Risk Register.
- Participating in facilitation of risk register reviews with EXCO.
- Ensuring that appropriate insurance policies are in place consistent with OGC risk management objectives.

### **5.5 Site General Managers**

The Operational General Manager is accountable for ensuring the OceanaGold Risk Management framework is implemented across their Operation. This includes:

- Acting as the sponsor for risk management process at their operating site.
- Maintaining the site risk register.
- Providing adequate resources and delegations to manage risks and/or to realise opportunities.
- Communicating the site's significant risks and opportunities to the EXCO member.

### **5.6 Project Managers**

The Project Manager is accountable for ensuring the OceanaGold Risk Management framework is implemented across their project activities. This includes:

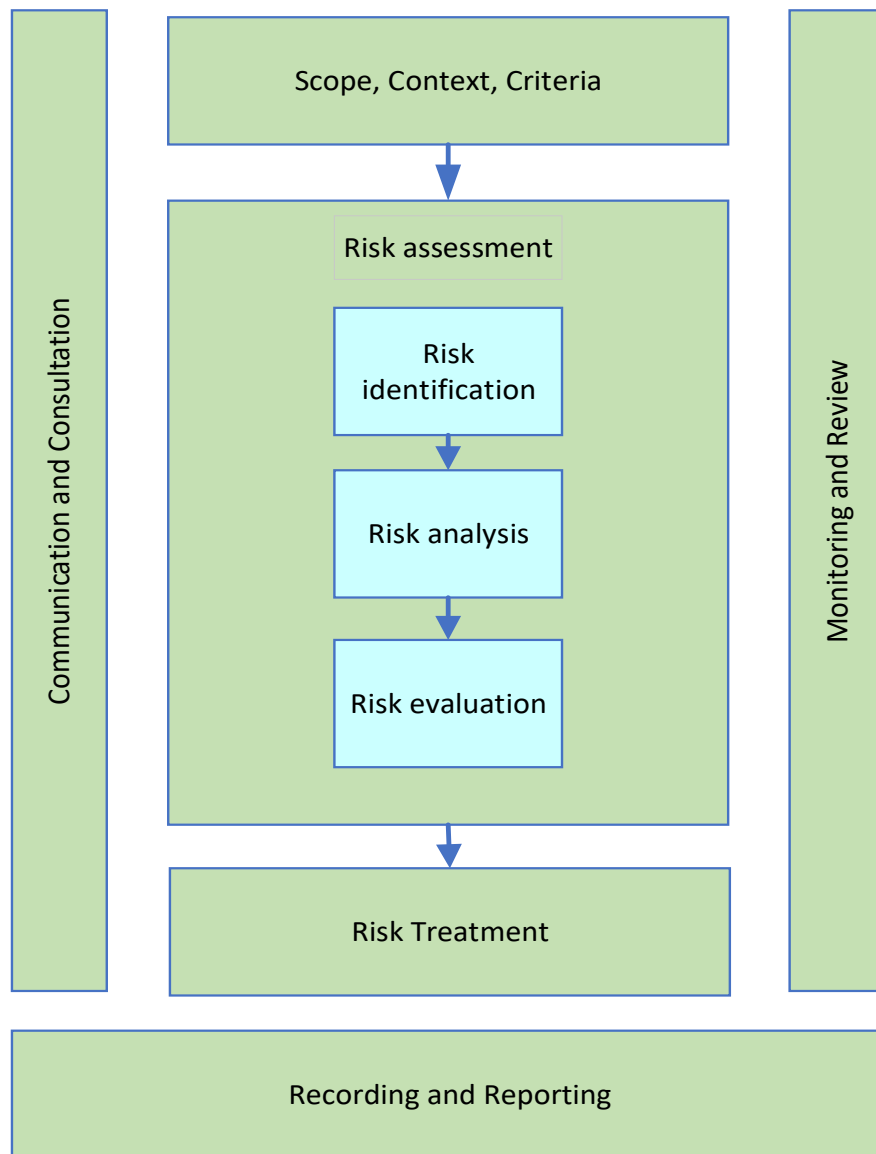
- Developing and maintaining a Project Risk Management Plan.
- Maintain a project risk register.
- Providing adequate resources and delegations to manage risks and/or to realise opportunities
- Be the custodian of the project risk management plan and communicating the site's significant risks and opportunities to the responsible EXCO member.
- Promote awareness within the project by introducing threat and opportunity management objectives.

## 6 RISK MANAGEMENT

### 6.1 Overview

Risk management is an integral part of good management practice. It is an iterative process consisting of steps, which, when taken in sequence, enable continual improvement in decision-making. Risk management is not a matter of becoming risk averse and unnecessarily avoiding risks.

Risk management enables an organisation to understand its risks and assess how to manage and if necessary mitigate those risks. Good risk management processes reduce the element of surprise in an organisation’s business performance and ensures that appropriate resources are allocated to management of risks. The schematic risk management process shown below is taken from the ISO 31000-2018 Risk Management Standard.



### **6.1.1 Establish the Context**

The purpose of conducting a risk assessment is to identify, analyse and to develop strategies for managing threats and/or realising opportunities. A key element in the risk management process is establishment of context. Establishing the context, or scoping a risk, requires consideration of the following:

- Defining the relevant objectives (economic and non-economic).
- Defining scope, e.g. risk assessment reference case.
- Identifying stakeholders for the risk assessment team.

During context establishment, the risk breakdown structure (RBS) that will be used for identification and classification of risks must be defined. A RBS is the set of elements or topics that are established at the commencement of a risk assessment and that are used to assist in risk identification.

Any change to the context will require a revision of risks in accordance with the management of change process (refer Section 6).

### **6.1.2 Consultation and Communication**

Prior to undertaking a risk assessment, key stakeholders shall be identified, including those stakeholders who need to be involved in the risk assessment activities.

### **6.1.3 Risk Identification**

Threats or opportunities are typically associated with events resulting from sources of risk. Once these sources of risk are understood, a systematic process to identify and clarify the associated threats or opportunities must be followed.

There are various techniques available for the identification of risks. Examples are:

- Experience/judgment/history – experienced personnel at all levels provide a sound basis for risk identification; review and modification of the risk list to be used for a given assessment serves as the starting activity of each threat and opportunity assessment session.
- Checklists – these provide risks that are common to a particular task or system; however, there is a potential for checklists to restrict a thorough identification of risks present in a system.
- Legislation and Standards – legislation, industry and company standards reflect collective knowledge and experience, accumulated on a broad operational and historic basis. For example, many mining regulations are structured around important risks, e.g. electrical safety, environmental spills or releases.
- Accident/Incident investigation – often accident/incident investigations identify risks that require management action.

### **6.1.4 Risk Analysis**

#### **6.1.4.1 Approach**

Risk is measured as a combination of consequence and likelihood. The OceanaGold risk analysis process uses a semi-quantitative risk ranking matrix in conjunction with consequence and likelihood tables to prioritise threats and opportunities based on a qualitative assessment of consequence and likelihood.

The numeric values used to describe the level of risk are semi-quantitative and should be used for ranking purposes only.

Processes and procedures have been developed for addressing risk management at a corporate and operational level:

- OceanaGold Risk Management Policy
- OceanaGold Risk Management Guideline
- OceanaGold Integrated Management System (IMS) Standards

The risk ranking matrix and tables used by OceanaGold for its risk assessments are provided in SharePoint for common reference and are included in the Corporate Risk Register spreadsheet. The risk matrix consequence and likelihood tables can be amended with the approval of EXCO and may vary depending upon the nature of the risk assessment and the level of application within the organisation.

#### **6.1.4.2 Risk Register**

The Corporate Risk Register spreadsheet is managed and controlled by the Group Treasurer and is a restricted document for the EXCO.

The Group Treasurer will be accountable for maintaining the contents of the Register based on quarterly facilitated risk review sessions.

#### **6.1.4.3 Risk Evaluation**

In risk evaluation decisions are made regarding whether a given risk and its associated consequences are deemed to be acceptable, or whether there is a need for further risk reduction through the application of risk treatments.

Risk evaluation criteria are included with the risk ranking matrix.

#### **6.1.5 Risk Treatment**

Various options are available for risk treatment. The specific required risk treatment will depend on the nature and severity of the risk. Some options are discussed below:

- Reduce likelihood – For many risks, the main focus is on reducing likelihood. The likelihood of an event occurring can be impacted by introducing additional controls.
- Reduce consequence – Consequence reduction/modification can be achieved through design changes.
- Risk transfer – This refers to tools such as insurance or third-party contracts.
- Risk avoidance – This is typically accomplished by elimination of the given hazard/activity that would result in a risk.
- Risk retention – The retain or tolerate option is adopted only when the organisation is prepared to accept the risk. This decision may be influenced by organisational risk appetite and regulatory requirements.

The risk owner will ensure that all extreme risks will require the development of a formal, documented risk management plan.

### **6.1.6 Monitor and Review**

The Group Treasurer shall maintain the Corporate Risk Register. Changes or additions of any risks must be coordinated through the Group Treasurer.

The Risk Register must be updated as risks or opportunities are identified, or a risk assessment review is completed.

Action items identified in the Risk Registers and mitigation plans must be managed within OceanaGold's action tracking system.

Risks can only be allocated to personnel for accountability within their authority limits. Risks can only be modified by the party who is accountable to close out the risk.

### **6.1.7 Competency of Risk Facilitators**

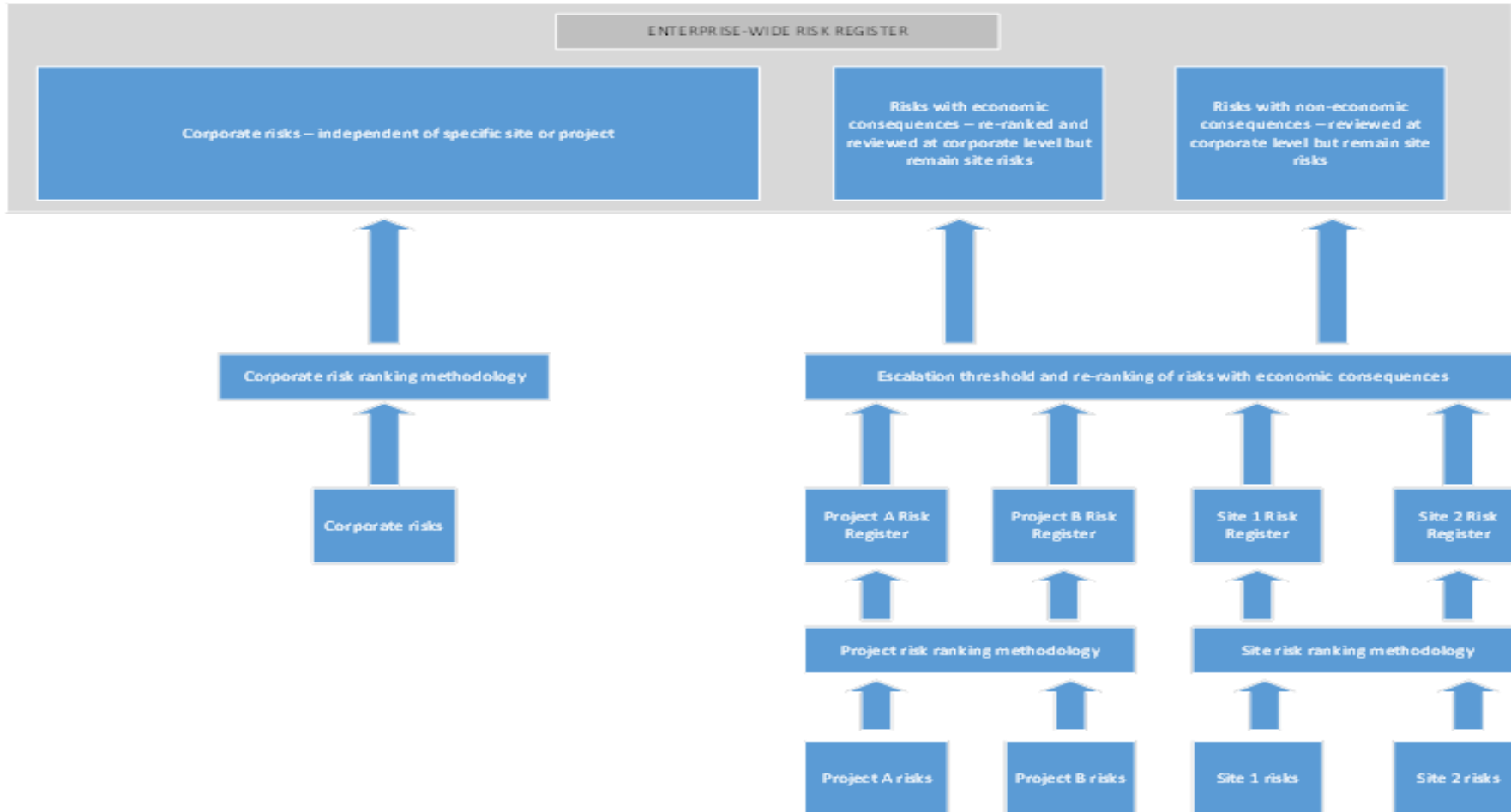
High level risk assessments will only be undertaken and reported by persons considered to be competent to undertake that type of study.

## **6.2 Corporate Risk Management**

### **6.2.1 Overview**

OceanaGold will maintain a register of enterprise-wide risks, i.e. those risks that can significantly impact on the entire organisation. This could occur because the risks are applicable across the entire organisation or because their severity at a location is such that the organisation itself would suffer severe consequences. The structure of the Corporate Risk Register is shown in the diagram on the following page

# RISK REGISTER STRUCTURE



## 6.2.2 Corporate Risk Register

Risks within the Corporate Risk Register arise in three ways:

- Risks may be generated through a specific enterprise-wide risk assessment process. This process will be undertaken at a minimum frequency of once per annum and should be linked to the strategic planning/business planning processes.
- Those site operational risks satisfying the threshold for escalation (economic and non-economic escalation criteria) will also be included in the Corporate Risk Register.
- Those project risks satisfying the threshold for escalation (economic and non-economic escalation criteria) will also be included in the Corporate Risk Register.

It is noted that both project risks and site operational risks, even if escalated to the corporate level, remain the responsibility of site or project personnel.

Members of the OceanaGold EXCO will be assigned ownership of specific enterprise-wide risks within the register.

The Group Treasurer and will facilitate quarterly risk reviews by the EXCO team to maintain the currency and contents of the Corporate Risk Register.

## 6.2.3 Escalation Threshold

Risks with Level 5 maximum reasonable consequences, or current risk rankings of 22 to 25 will be escalated to EXCO for review.

## 6.2.4 Board Reporting

The content of the Corporate Risk Register will be used for providing reports to the OceanaGold Board.

## 6.3 Operational Risk Management

### 6.3.1 Overview

Each operation will undertake sufficient risk assessments to identify and manage its significant risks. As noted in Section 5 below, operational sites should receive risk information as part of the project close-out process, i.e. those risks not resolved during the period of the project will transition to become operational risks.

The nature and type of risk assessment to be undertaken is guided by the content of the OceanaGold IMS:

- OceanaGold Risk Management Guideline
- OceanaGold Integrated Management System (IMS) Standards

### 6.3.2 Risk Register Requirements

As a minimum, the following risk categories will be evaluated and maintained in a risk register:

- Health and Safety Risk encompassing the sites most significant health and safety risks, i.e. those with credible worse-case consequences of Level 4 and Level 5. Each site may also choose to incorporate lower order health and safety risks in the register if it is advantageous.

- Environment Risk encompassing the sites most significant environmental risks, i.e. those with credible worse-case consequences of Level 4 and Level 5. Each site may also choose to incorporate lower order environmental risks in the register if it is advantageous.
- Social Risk encompassing the sites most significant social risks, i.e. those with credible worse-case consequences of Level 4 and Level 5. Each site may also choose to incorporate lower order social risks in the register if it is advantageous.
- Operational/Business Interruption Risk encompassing the sites most significant operational/business interruption risks, i.e. those with credible worse-case consequences of Level 4 and Level 5. Each site may also choose to incorporate lower order operational/business interruption risks in the register if it is advantageous.

### **6.3.3 Risk Treatment**

Detailed Risk Treatment Plans must be developed for any risks with a current risk ranking of “extreme” and Trigger Actions Response Plans (TARPs) should be developed for risks with credible worse-case consequences of Level 5 (any consequence category).

A TARP must:

- Define the risk of interest and the associated credible worse case consequences.
- Identify those leading indicators that will provide management with information regarding potential emergence of the threat and its consequences.
- Quantify and provide thresholds for lead indicators at which response activities must be initiated.
- Include Management accountabilities and define the responses to be undertaken.

### **6.3.4 Reporting**

Site risks that meet the escalation thresholds for Corporate risk notification should be communicated/escalated and form part of the Corporate Risk Register. Whilst their level of importance requires their inclusion within the Corporate Risk Register, they remain site operational risks to be addressed and managed at a site level.

### **6.3.5 Additional Risk Assessments**

In addition to the requirements noted above, the additional risk assessment requirements included in OceanaGold’s Integrated Management System, e.g. task level risk assessments, remain relevant.

## 6.4 Project Risk Management

### 6.4.1 Overview

The Project Manager will ensure that processes are in place to ensure that risks within a project are systematically managed. Risk management activities for major project stages are summarized below:

PROJECT STAGE	SUMMARY OF RISK MANAGEMENT ACTIVITIES
Conceptual	Opportunities and fatal threats relative to business/project objectives are identified, evaluated and managed.
Order of Magnitude	High level risks are identified, evaluated and managed, especially opportunities. Risk profiles for different options are developed.
Pre-feasibility	Identification, evaluation and management of risks relative to the full range of project and operational objectives occurs. Risk profiles for remaining options are refined.
Feasibility	Detailed identification, evaluation and management of risks for the selected option including executive activities and operational readiness occurs. Prioritization of work and development of robust management systems for key risks.
Execution	<p>Implementation and monitoring of effectiveness of management of risks for the selected option occurs, including updates for identification and evaluation based on progress made and project developments.</p> <p>Detailed identification, evaluation and management of risks for detailed design, execution activities and operational readiness including opportunities associated with the procurement contracts, costs and scheduling is considered.</p> <p>Prioritization of work and development of robust management strategies for key risks occurs.</p> <p>Specific studies such as HAZOP, RAMCO, construction risk assessment occur at this stage.</p>
Commissioning and Ramp Up	Implementation and monitoring effectiveness of management for risks for commissioning and operational readiness activities occurs (including updates to the identification and evaluation based on construction performance and commissioning and ramp up performance).
Project Closeout	Handover of residual project risks to operations for ongoing management and updating of risks based on operational performance and operational developments occurs. Lessons learned are captured for future projects.

### 6.4.2 Conceptual Risk Assessment

An initial risk assessment should be undertaken at the conceptual level of a project in order to understand the broad scope of risks and identify those risks which have greatest potential to impact on the successful evaluation and subsequent implementation of a project.

The aim is to focus on opportunities (including consideration outside currently assumed scope) and fatal flaw risks relative to business objectives. The risk analysis should ensure that all concept options are considered in

broad terms. The study team and representatives from relevant areas should participate in the risk analysis process.

### **6.4.3 Order of Magnitude Risk Assessment**

A whole of business risk assessment will be undertaken and reported at the conclusion of the Order of Magnitude Study.

The risk assessment should address in further detail the risks raised in the conceptual risk assessment. A key outcome of this risk analysis will be to identify those significant risks that need to be managed as the project moves from Order of Magnitude to Pre-feasibility stage.

In this project stage the risk analysis scope should be broadened to include high level risks associated with undertaking the project with a parallel focus on opportunities. Each of the potential project options should be considered in sufficient detail to facilitate a comparison of the risk and opportunity profiles. Participants in risk analysis activities should include specialists from sources external to the business unit.

An initial social risk assessment will be undertaken as part of the Order of Magnitude risk assessment and will be updated progressively. It will be formally revisited as part of the Pre-feasibility, Feasibility and Construction risk assessment.

An initial operational readiness risk assessment should be undertaken as part of the Order of Magnitude Risk Analysis and should be updated progressively. It should be formally revisited as part of the Pre-feasibility, Feasibility and Commissioning risk assessment.

This risk assessment report will be submitted as an integral part of the Order of Magnitude Study Report and represents a key milestone in the transition from Order of Magnitude to Pre-feasibility stage.

### **6.4.4 Pre-Feasibility Risk Assessment**

A whole of business risk assessment will be undertaken and reported prior to the completion of the Pre-feasibility Study. This risk assessment will be submitted as an integral part of the Pre-feasibility Study Report and represents a key milestone in the transition from Pre-feasibility to Feasibility stage.

In this phase the scope of risk assessment studies should be extended to consider risks relative to the full range of project and operational objectives. At this stage there may be less focus on opportunities as they should already be included in the scope of this or other studies or have been discarded.

It should be ensured that the remaining options are considered in sufficient detail to facilitate a comparison of risk profiles.

Participants should be drawn from the study team, operations and other related operations and disciplines and external specialists

### **6.4.5 Feasibility Risk Assessment**

A whole of business assessment will be undertaken and reported prior to the completion of the Feasibility Study. This risk analysis will be submitted as an integral part of the Feasibility Study Report and represents a key milestone in the transition from Feasibility Study to Project Execution.

The risk assessment will focus on detailed identification, evaluation and management of risks for the selected option, including execution activities, ramp up to steady state operation.

A risk analysis for a “Brownfield” project should include interface risks between the project and operations.

Participation in the risk assessment process should include appointed design engineers, construction contractors and future operators. Quantification of risks may be appropriate at this stage.

#### **6.4.6 Project Execution**

A series of more detailed risk assessment activities will be undertaken as part of the project execution process. Examples include:

- Social risk assessment
- HAZOP
- RAMCO (reliability, availability, maintainability, constructability, operability)
- Construction risk assessment
- Commissioning/operations readiness risk assessment.

#### **6.4.7 Risk Treatment**

Detailed Risk Management Plans must be developed for any risks with a current risk ranking of “extreme” and Trigger Actions Response Plans (TARPs) should be developed for risks with credible worse-case consequences of 5.

A TARP must:

- Define the risk of interest and the associated credible worse case consequences.
- Identify those leading indicators that will provide management with information regarding potential emergence of the threat and its consequences.
- Quantify and provide thresholds for lead indicators at which response activities must be initiated.
- Include Management accountabilities and define the responses to be undertaken.

#### **6.4.8 Reporting**

Project risks that meet the escalation thresholds for Corporate risk notification should be communicated/escalated and form part of the Corporate Risk Register. Whilst their level of importance requires their inclusion within the Corporate Risk Register, they remain site operational risks to be addressed and managed at a site level.

#### **6.4.9 Project Close Out**

Prior to project close-out, a review of all studies and risk management activities will be undertaken with the aim of identifying and documenting key risk management “lessons learned”. The review will be formally reported to the site General Manager.

Risks remaining after project close-out will be transferred to Operational Risk Registers.

## **7 MANAGEMENT OF CHANGE**

A management of change process will be implemented at each site or project to ensure that changes are subject to risk assessment, and risk assessment reports and risk registers are updated.

The site/project Health and Safety Manager is responsible for ensuring that management of change is formally addressed. Risks are dynamic and therefore as change occurs throughout the organisation it is necessary to be able to manage that change and respond by recognising the emergence of new risks or changes to existing risks.

## **8 MANAGING RISK INFORMATION**

Risk management is not a static process and risks may change over time. Therefore, there needs to be an ongoing program for monitoring, reviewing and updating of risks. The Group Treasurer will be responsible for maintaining and updating the Corporate Risk Register.

Management of site and project risk registers are the responsibility of the relevant General Manager or Project Manager.

## **9 INSURANCE**

The Group Treasurer will ensure that appropriate insurances policies are in place consistent with the agreed risk mitigation strategies and objectives of the Company.

## **10 ASSURANCE ACTIVITIES**

The EVP General Counsel and Company Secretary will ensure that suitable audit and assurance programmes are in place to demonstrate to OceanaGold senior management and Board that project risk is being managed in accordance with the Corporate Risk Management Standard.