RISK & MATERI

Risk management

The Group's enterprise risk management framework seeks to ensure that there is an effective process in place to manage risk across all our brands.

The Group acknowledges that risk management is important to all aspects of our activities and is the responsibility of every team member. Our leaders have a particular responsibility to appraise their risk environment, to put in place appropriate controls and to monitor the effectiveness of those controls.

The Group's risk appetite, which is set by the Board, provides informed decision-making in the enterprise risk management framework and delivers parameters within which the business is expected to manage risk.

The Group's enterprise risk management framework is aligned with best practice and includes:

- A consistent, structured approach to identifying and managing risk;
- Supporting the achievement of the Group's strategic, retail, financial and operational goals by managing risks associated with each of these goals;
- Encouraging an open and transparent culture where risk discussion and awareness is supported;
- Enabling better decision-making practices that support risk-informed choices, prioritise actions and distinguish between alternative courses of action; and
- Encouraging an understanding of the risk environment within which the Group operates.

Our risk management culture is based on a risk management framework which utilises the three lines of defence model. As the first line of defence, our people have clear responsibilities for business risk management including compliance with Group policy and external requirements. The second line of defence is managed by risk specialists throughout the business who provide oversight to and compliance with the first line of defence. The third line of defence is the assurance provided by internal audit and other professional service providers that report through to the Audit and Risk Committee.

Implementing this risk management culture encourages analysis and management of risk in all business processes whereby risks are identified, assessed and managed at both an enterprise level (top-down) and business level (bottom-up).

The Group, as part of its ongoing risk governance, has established an Enterprise Risk Management Committee (ERMC) which comprises senior leaders from across the Group. The committee meets monthly to ensure there is a balanced view of risk and that critical risks are understood, reviewed, appropriately managed and reported.

Materiality

Materiality in the six capitals is different from financial materiality in the financial statements. It is driven by the risk appetite settings, and the specific outcomes and strategies in each capital. A material improvement in our environmental reduction outcomes, for example, may be different this year compared to other years depending on the starting position and default trajectory of performance.

Building on an improvement may mean we have a higher materiality for change than if we were attempting to arrest a declining performance.

Materiality is therefore relative to every strategy and metric in each capital and is used to filter what is reported and what is not. The Integrated Report is not the definitive or last word that the organisation has to say on a given topic, it is the material performance report against those elements in the capitals that we are trying to influence or improve.

RIALITY


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customer collection
customer collection
60 months