

Risk Management Policy

Risk is an inherent component of Beach's business, and represents an exposure and tolerance to the potential for both positive and negative outcomes.

Risk manifests itself in many ways in the exploration and production (E&P) industry. In addition to industry systemic risks, there are other material business risks specific to the characteristics of Beach's asset portfolio and business structure. In general, Beach's systemic and specific risks are typical of those associated with a mid-sized international E&P company.

Beach's material business risks include:

- Operational (including safety, environmental, reserves) risks;
- Commercial risks;
- Legal and regulatory / contractual risks; and
- Reputational / social licence to operate risks;
- Economic and financial risks.

The Board has overall responsibility for the integrity of Beach's risk management system.

Beach's risk management system has a framework that is underpinned by various policies and practices that are intended to ensure:

- A consistent approach to measuring and managing risk, including maintaining a corporate risk matrix and a centralised corporate risk register;
- A consistent approach to monitoring and reviewing risk mitigation plans; and
- Regular reporting to relevant stakeholders including financial, operational and technical reports.

Beach has a Risk Management Committee, which reports through the Managing Director to the Board Risk Committee and is governed by the terms of a Risk Management Committee Charter. The Committee's role is to design and implement the various risk management policies and procedures, and to assist the Board to review the effectiveness of those management systems.

The Board has a Risk Committee which oversees the effectiveness of the risk management framework. It receives regular reports from the Risk Management Committee through the Managing Director including updates on material risks facing the organisation.

Beach's manages its risks in a pro-active and effective manner, based upon ISO31000, and ensures that an integrated company-wide approach to the incorporation of risk and reward considerations is undertaken for all material business decisions. However, whilst appropriate methods will be utilised in the identification, analysis and ranking of risks to minimise loss and maximise opportunity, no process can guarantee assurance against a risk of material loss.