



RISK MANAGEMENT POLICY

1. RISK OVERSIGHT

The Board is responsible for approving and reviewing NetComm's Operational Risk Management strategy and policy. The management of operational risk and the implementation of mitigation measures is the responsibility of management.

On an annual basis the Board considers the significant business risks applicable to the business and ongoing operations. Additionally, the Board considers risk profiles as part of the annual strategy review and budget planning review.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit Committee. The responsibilities of the Committee are contained in the Committee's charter. The Board has also delegated various authorities to the Managing Director to enable the setting of the policy and procedures to assist with the management of the NetComm risk profile.

The Audit Committee's primary function is to assist the Board in its responsibility to exercise due care, diligence and skill in relation to NetComm in the areas of:-

- integrity of NetComm's financial and external reporting;
- external auditor's activities, scope and independence;
- management processes for the identification of significant business risks and exposures and reviewing and assessing the adequacy of management information and internal control structures; and
- whether NetComm is adequately managing risk relating to corporate governance and is maintaining appropriate controls against conflicts of interest and fraud.

The Committee plays a key role for the Board in overseeing management's application of the ASX Corporate Governance Council Guidelines in respect of Financial Reporting and Risk oversight.

2. RISK PROFILE & MANAGEMENT OF RISKS

NetComm regards business risks as “threats to the achievement of NetComm’s objectives and goals and to the successful execution of its strategies, including threats of bad things happening and good things not happening.”

NetComm’s Operational risk management framework is based on the Australian/New Zealand Standard (AS/NZS 4360:1999) for risk management.

3. COMPLIANCE & CONTROL / ASSESSMENT OF EFFECTIVENESS

The Audit Committee has responsibility for overseeing management’s processes and results in identifying, assessing and monitoring risks associated with NetComm business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risks.

In doing so, the Committee considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the external Auditor’s reports to management on internal controls and action taken or proposed resulting from those reports.

The risk management and internal control systems within NetComm encompass all policies, processes, practices and procedures established by management and/or the Board to provide reasonable assurance that:

- established corporate and business strategies and objectives are achieved;
- risk exposure is identified and adequately monitored and managed;
- resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out NetComm’s business;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.