

SUMMARY OF RISK MANAGEMENT POLICIES BGFC

Beston Global Food Company (“BGFC” or “the Company”) views effective risk management as key to achieving and maintaining its operational and strategic objectives. This policy is designed to assist BGFC to identify, assess, monitor and manage risks affecting the Company’s business.

Risk Oversight

The BGFC Board (the Board) is responsible for approving and reviewing the BGFC Group’s risk management strategy, framework and policy. The active identification of risks and implementation of mitigation measures is the responsibility of Management.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit & Risk Committee. The responsibilities of this Committee are contained in the Committee’s charter a summary of which is available at www.BGFC.com.au.

The Board has also delegated various authorities to the Executive Chairman and CEO and subsidiary Boards and Committees to enable the setting of certain risk management policies and procedures. A summary of the relevant information can also be found at the BGFC website.

When considering the Audit and Risk Committee’s review of financial reports, the Board receives a written statement, signed by the Executive Chairman and CEO, and the Chief Financial Officer, that the company’s financial reports give a true and fair view, in all material respects, of the company’s financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the company’s financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly in reviewing risk management reports, in a separate written statement the Executive Chairman and CEO, and the Chief Financial Officer also confirm to the Board that the company’s risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period- end that would materially change the position.

An outline of the key risks being managed by the Group is provided in the Risk Profile section below.

BGFC Risk Appetite Statement

The risk context within which the BGFC Group operates is characterised by:

- The criticality of its operations to wider market forces affecting the Australian economy and Asian economies (including China, Vietnam and Thailand);
- The vulnerability of its businesses to weather events and possible outbreaks of disease in livestock and aquaculture

- Brand and reputation risk in the event that products are not supplied to consumers in the best condition
- The regulatory and licensing regimes within which it operates, in Australia and overseas together with its role to monitor and enforce compliance with its operating rules and quality standards; and
- The intent to deliver adequate shareholder returns in an increasingly competitive environment.

For strategic risks, the Board's appetite recognises that given the dynamic business and regulatory environment within which BGFC operates corporate performance is heavily dependent on external factors which are often outside the entity's ability to influence. Notwithstanding, the Group will remain attuned to upcoming changes in its risk environment and, after due consideration by the Group, will seek to implement strategic commercial responses as appropriate to capture possible upside outcomes while limiting any significant potential negative impacts. It is recognised though that an inherent component of operating in its environment requires the Group to accept significant levels of residual strategic risk.

The Board's appetite for the occurrence of largely internally manageable significant risk incidents including financial, operational, legal and regulatory risks is very low. In this regard the Group will:

- Implement a control environment that within practical constraints (in all but the most

- extreme circumstances) minimises the likelihood of significant risk events;
- Put adequate arrangements in place to ensure compliance with licence and regulatory requirements; and
- Seek operational excellence and effect change only after careful consideration of impacts and remediation methods.

Adequate capital and liquidity is to be in place to underpin business operations, future growth and absorb foreseeable loss events in all but the most extreme circumstances.

Management of Risks

The Audit and Risk Committee has responsibility for considering Management's reports regarding the effectiveness of BGFC's risk management framework and processes.

The Committee is assisted in this area by External Audit and Internal Management controls.

The Committee will consider reports from Management and External Auditors regarding the appropriateness and effectiveness of internal controls, and action taken or proposed resulting from assessment recommendations.

Risk Profile

BGFC's activities give rise to a broad range of risks to BGFC's commercial return and enterprise value which are considered under the categories of Strategic, Financial, Legal & Regulatory and Operational risk and include:

Strategic Risks

- Fluctuations in macroeconomic demand factors and food related market activity levels
- Including movements in global food prices, especially in relation to dairy products, seafood, meat and health related products
- Openness and tariffs in relation to Asian export markets, notably China, Vietnam and Thailand
- Product and service innovation
- Environmental impacts and opportunities
- Reputation risks arising from (internal or external) incidents, policies or events

Financial Risks

- Central counterparty exposures, including
 - Counterparty credit downgrades
 - Counterparty defaults
 - Liquidity shortfalls
- Adequacy of BGFC Group capital, funding and liquidity

Legal and Regulatory Risks

- Compliance with, and the impact of changes to, applicable laws and regulations in Australia and overseas, especially Asian countries where branches are held

Operational Risks

- Ensuring complete and accurate processing and reporting of transactions, availability of systems, structured changes to procedures, comprehensive service provider agreements, appropriate staff management practices, and robust business continuity arrangements
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