

Domino's Pizza Enterprises Limited

Board Policy 02/05: Risk Management

Adopted by the Board on 11 April 2005 and revised on 23 June 2009

(ASX Corporate Governance Principles and Recommendations: Recommendation 7.1 and 72.)

1 Purpose of this Policy

- 1.1 In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertaking of the company.
- 1.2 This Policy is adopted to ensure fulfilment of those duties and responsibilities.

2 Policy

General approach

- 2.1 Underpinning this policy, the Board adopts an active approach to risk management which recognises that the Company is engaged in activities, which necessarily demand that the Company take certain usual business, entrepreneurial and operational risks.
- 2.2 Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management, as a risk-aware Company, and not a risk-averse one. In doing so, the main material risks confronting the company, as identified by the Board, are those set out in the Company's prospectus

Risk management

- 2.3 The Board requires the CEO to ensure that an approach to managing risk is implemented as part of the day to day operations of the Company, identifying and managing the material risks in the following categories:
 - 2.3.1 Core business and strategy risks;
 - 2.3.2 Operational risks;
 - 2.3.3 Legal and contractual risks;
 - 2.3.4 Financial risks; and
 - 2.3.5 Governance risks (includes legal and ASX listing compliance).
- 2.4 Separate risk management plans for these areas are to be developed with a view to ensuring that, rather than being a complete and stand-alone document, the Company's risk management plans are part of the day to day business and project decision-making within the Company (Risk Management Plans).

- 2.5 The Company's approach to prudent risk management does not require that all risks be identified and eliminated, but that procedures are in place to identify material risks and, where the likelihood and/or consequences of such a risk occurring so demand, that steps be taken to minimise, eliminate or transfer that risk.
- 2.6 Specifically, in managing risk, the Board and Management are to adhere to the following principles:
- 2.6.1 When considering new strategies or projects, management is to analyse the major risks of those opportunities being secured or being lost, and will consider appropriate strategies for minimising those risks where they are identified.
- 2.6.2 The Company will, where thought prudent by the CEO or the Board, take appropriate external advice to determine the best way to manage a particular risk.
- 2.6.3 Financial risk will be managed by the whole of the Board working closely with the CEO and the Chief Financial Officer, to ensure that the financial statements and other financial reporting are rigorously tested prior to submission for audit.
- 2.6.4 To complement risk management by the Company, appropriate insurances are to be in place, and advice taken from the Company's brokers or insurers where necessary, to cover the usual risks for businesses such as that of the Company, and where practicable, to cover any particular extraordinary risks which arise in the circumstances of the Company.
- 2.6.5 The Company's approach to risk management, and the effectiveness of its implementation, is to be reviewed formally at least annually by the Board.

Review of effectiveness of Risk Management Plans

- 2.7 Senior executives (Internal Reviewer) must cause to be conducted yearly internal reviews of the adequacy and effectiveness of the Risk Management Plans in their areas of responsibility which will be conducted independently of any review by the external auditor.
- 2.8 For the purpose of the internal review the Internal Reviewers will have all necessary access to personnel and have the right to seek information and explanations as necessary throughout the Company.
- 2.9 The Internal Reviewer will then report their findings as to the adequacy and effectiveness of the Risk Management Plans to the CEO who will report by exception to the Board.
- 2.10 ***(ASX Corporate Governance Principles and Recommendations: Recommendations 7.2 and 7.3)*** The CEO will at least on an annual basis provide written assurances to the Board in writing that:
- 2.10.1 All assurances given by Management in respect of the integrity of financial statements are founded on sound systems of risk management and internal compliance and control which implements the policies adopted by the Board; and

2.10.2 The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.