

DIVERSA LIMITED

RISK MANAGEMENT POLICY

OVERVIEW

The Company's process of risk management, including implementation of appropriate internal controls and compliance, is to:-

- Establish the Company's goals and objectives. Design, implement and monitor strategies and policies to achieve these goals and objectives;
- Continually identify potential risks and measure their possible impact upon the achievement of the Company's goals and objectives; and
- Formulate risk management strategies to manage identified risks and monitor/assess the performance of risk management system.

RISK MANAGEMENT SYSTEM

Oversight, Compliance and Control

The Board is responsible for establishing the Company's goals and objectives and overseeing the establishment, implementation and review of the Company's risk management system.

Management is responsible for establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material risks. Management has established an Executive Committee which meets regularly to discuss the achievement of the Company's goals and objectives. Any material risks would be tabled at these meetings and procedures then implemented to monitor and deal with these identified material risks. Management has undertaken to inform the Board of any new material risks and outline the actions that have been undertaken to manage such material risks.

Risk Profile

The risk profile of the Company can be categorised as follows:-

- Strategic risks (including competition, market, etc);
- Technological risks;
- Operational risks;
- Financial risks;
- Organisational risks;
- Legal and regulatory risks;

Compliance & Control/Assessment of Effectiveness

The Company has implemented a number of controls, policies and procedures to decrease, eliminate or manage the various identified categories aimed at:-

- The Company's goals and objectives being achieved;
- Material risks being identified, documented and controlled;
- Resources being efficiently and effectively deployed to manage, control and protect the Company's assets;
- Managerial, operating and financial information being accurate, reliable and timely; and
- There is an adequate level of compliance with Company policies and procedures.

The Company's Risk Management System is evolving. This is an on going process and it is recognised that the level and extent of the Risk Management System will evolve as the Company evolves from a superannuation administration company to a diversified financial services company. Both management and the Board believe that given the Company's current state of development and the need to efficiently utilise its limited resources it is reasonable not to have an internal audit function at present.

EXTERNAL AUDIT

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting of the Company.

Selection Criteria

Mandatory

- Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence throughout the engagement period;
- Further the successful candidate must have arrangement in place for the rotation of the audit engagement partner on a regular basis.

Other Criteria

- Other than the mandatory criteria mentioned above, the Board may select and external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

Review

The Board will review the performance of the external auditor on a regular basis.