



# Risk Management

## Strategic Significance

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Orocobre's operations are located in North-West Argentina. Given the complexities of the physical operating environment as well as the dynamic political, economic and regulatory context in Argentina, ensuring that we have an active approach to risk management is critical to the stability and longevity of our operations.

In accordance with the principles set out in ISO31000 (2009) Orocobre is committed to ensuring risk management forms an integral part of all organizational processes, including strategic planning.

Acknowledging the importance of active risk management in the creation and protection of stakeholder value, Orocobre is constantly seeking ways to ensure early identification of current and emerging risks and the rapid deployment of control and response mechanisms.

## Impact Boundary

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Orocobre acknowledges that risks associated with the organization's activities extend well beyond the boundaries of our physical operations, must at times be considered from a stakeholder rather than organizational perspective, and do not necessarily fall within our sphere of operational control.

## Management Approach

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### Commitment

The following policies outline our approach and our commitments with regards to Risk Management:

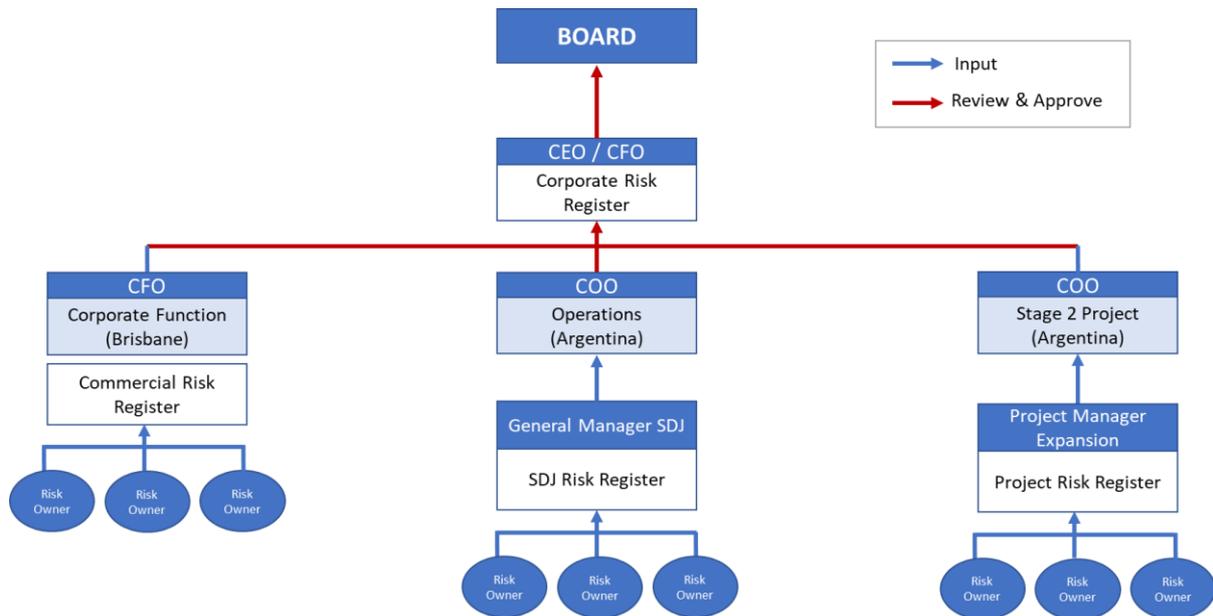
- Risk Framework
- [Human Rights Policy](#)
- [Environmental Policy](#)

### Management Systems

Orocobre's Audit and Risk Committee to the Board provides oversight and assurance that risk management obligations and objectives are met by the business.

Risk management is factored into strategic planning and oversight, performance management (operational, corporate and project management), audit and assurance, and scheduled risk and performance assessments across a range of departments, functions and focus areas.

Orocobre captures clusters of risks, as they relate to a particular part of the business, in a sub-register to the Orocobre Corporate Risk Register. These sub-registers have designated 'Owners' who use the sub-register in management meetings with their direct reports.



## Responsibilities

Group-level responsibility for Risk Management resides with the Chief Executive Officer and the Chief Financial Officer, who have dual ownership of the Corporate Risk Register.

The Chief Operating Officer is responsible for the group's Operational Risk Register, the Chief Operations Officer for the groups Project Risk Register and the Chief Financial Officer for the Commercial Risk Register.

## Monitoring and Reporting

Standard risk reporting to the Audit and Risk Committee includes:

- Corporate Risk Review Report (annually)
- Corporate Risk Register (annually)
- Submission to the Board of 'material' risks (annually)
- Report to the Board on any changes to 'material' risks or important trends (quarterly)
- 'Risk Control Action Plan' (annually)
- Progress reporting on items captured in 'Risk Control Action Plan' related to 'material' residual risks (quarterly)

In addition, the committee receives ad-hoc or on request reporting, for example, of any significant incident or events, exception reports and reports on specific risks.

In addition to the formal Corporate Risk Review process, 'risk' is established as a regular agenda item at Executive Team meetings in order to promote effective reporting of risks to the appropriate level within the organisation.

## **FY19 Update**

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During FY19, Orocobre commissioned an external risk management review, formulating a comprehensive enterprise-wide risk management framework based on the principles of ISO 31000. The structure facilitates continuous improvement of Orocobre's risk management capability, with roles and responsibilities of varying degrees of accountability at all levels of the organisation.

Orocobre considers risk an inherent component of all business activities that can be minimised with effective identification and management strategies. The framework was developed on the basis that everyone involved with the Company's activities (e.g. employees, contractors, partners etc.) should be risk-aware, identify and manage sources of risk, and communicate incidents. Where risk presents itself as an opportunity or is connected to an opportunity, the business follows a structured risk process to determine the risk versus reward relationship.

Intelix, the cloud-based system for EHSQ management that was implemented by the organization in FY19, has operational and enterprise risk functionality which has been configured in accordance with Orocobre's risk management framework.

Over FY20/21 we will be working to build comfortability with the new management tool and framework to encourage a more robust, visible and integrated approach to risk management across the organization.

Standalone risk assessments will continue to be conducted in accordance with existing policies, and in areas requiring specific methodological approaches such as climate risk and human rights risk, but all will be considered in conjunction with this enterprise risk management framework.

### **Human Rights Risk**

Orocobre commenced a detailed Human Rights Risk Assessment in FY19, to be conducted in 2 Stages.

Stage 1: a high-level contextual risk analysis to identify the most salient human rights risk factors across our operations and broader value chain. Stage 1 outcomes will inform the scope and focus for Stage 2.

Stage 2: an in-depth investigation into actual risks and impacts based on site-based evaluations, stakeholder engagement and a facilitated risk prioritisation and control evaluation process with our management and operations teams.

For more information about our Human Rights risk assessment and broader management approach please refer to our [Human Rights](#) disclosure.

### **Climate Risk**

Orocobre is preparing to undertake its first formal Climate Risk Assessment. The objective is to provide greater understanding at both Group and Operational level of climate-related risks and opportunities, so that they can be more effectively integrated into strategic, managerial and operational decision-making. Orocobre's exposure to climate-related risks and opportunities will be assessed based on its current and proposed portfolio of assets, products and markets, and a series of global climate scenarios.

For more information please refer to the [Climate](#) disclosure.