

Risk Management Framework

WHITEFIELD LIMITED

May 2016

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has delegated responsibility for reviewing the risk profile including material business risks and reporting on the operation of the internal control system to the Audit Committee.

The Audit Committee:

- a) requires executive management to report annually on the operation of internal controls,
- b) reviews the external audit of internal controls and liaises with the external auditor; and
- c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system.

The Board identifies the following business risks as having the potential to significantly or materially impact the company's performance:

- a) administrative risks including operational, compliance and financial reporting; and
- b) market related risks.

ADMINISTRATIVE RISKS

The Company has outsourced its administrative functions to service providers, JP Morgan (custody), White Outsourcing Pty Limited (accounting) and White Funds Management Pty Limited (investment management and Company Secretarial). Accordingly risk issues associated with these activities are handled in accordance with the service providers policies and procedures. White Outsourcing Pty Limited is responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. Certificates of insurance currency are obtained annually from all key service providers.

White Outsourcing Pty Limited provides a declaration to the Board twice annually, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001.

In addition, White Outsourcing Pty Ltd (accounting) will confirm half-yearly in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

MARKET RISKS

The Board is primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this

investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

White Funds Management Pty Ltd (investment manager), is required to act in accordance with the Board approved investment management agreement and reports to the Board quarterly on the portfolio's performance, material actions of the investment manager during that quarter and an explanation of the investment manager's material proposed actions for the upcoming quarter. In addition, the investment manager is required to report half-yearly that White Funds Management Pty Ltd have invested the Company's assets in accordance with the approved investment mandate and complied with the Investment Management Agreement requirements during the reporting period.

In assessing the Company's risk tolerance level the Board considers any instance which materially affects the Company's monthly Net Tangible Asset backing announcement released to the ASX.

The Audit Committee and the Board perform a review of the Risk Management Framework on an annual basis to ensure that it is sound and operating efficiently and conduct reviews of specific risks on a periodic basis.