



Risk Management Policy

1. Introduction

The directors and management of K2 Asset Management Holdings Ltd and its controlled entities (the "Company") view risk management as integral to their objective of effective management of Company assets and creating and maintaining shareholder value.

The Company's risk management policy provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk.

2. Risk and responsibility

The board of the Company is responsible for overseeing the establishment and implementation by management of risk management systems and reviewing the effectiveness of these systems.

The board's role in relation to risk includes but is not limited to:

- a) overseeing the creation, implementation and maintenance of the risk management system of the Company and its controlled entities and their internal control framework, including information systems;
- b) establishing a risk profile for the Company setting out both financial and non-financial material risks facing the Company;
- c) reviewing the effectiveness of the Company's implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits;
- d) seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the "key" risks which are considered to be currently, or may in the future be, more significant or more likely to occur;
- e) analysing the effectiveness of the Company's risk management and internal compliance system and the effectiveness of their implementation;
- f) developing an understanding of the

overall business environment, relevant laws and codes of importance to the Company and the programs that the Company has in place to provide reasonable assurance of compliance;

- g) reviewing the Company's occupational health and safety policies and ensuring appropriate reporting to the board on issues related to occupational health and safety;
- h) ensuring that the managing directors state in writing to the board annually that the statement given to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
- i) ensuring that the managing director states in writing to the board annually that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects; and
- j) reviewing insurance coverage and claims trends.

3. Risk Appetite and Tolerance

The board is responsible for setting the Company's risk appetite, which defines the nature and level of risk the Company is willing to accept in pursuit of its objectives.

Senior Management is required to operate within these boundaries, and performance is regularly monitored against them.

The risk appetite is reviewed and approved by the board at least annually or as required in response to changes in the business environment.

4. Risk management

4.1. Risk Management Group

The board, assisted by the **Risk Management Group (RMG)**, conducts an annual review of the Company's risk management framework to assess its effectiveness in identifying and managing both current and emerging risks, and in maintaining alignment with the Company's strategic direction and risk

appetite.

The RMG is comprised of members of the Company's executive team and can include the Company Secretary, Compliance Committee members, Managing Director, Chief Financial Officer, and Legal Counsel. It is responsible for:

- a) implementation of the principles, actions and requirements of the risk management framework and monitoring its implementation within the Company;
- b) provision of the necessary tools and resources to identify and manage risks;
- c) review of risks on an annual basis, including identification of new risks, changes to existing risks and retirement of previously identified risks (through a formal decision making process);
- d) the manner in which ownership of risks is delegated to senior management or others in accordance with function or expertise;
- e) reporting of the status of any current risk items to the board;
- f) appraisal of risk owners' actions taken to manage risk and correction of inappropriate performance;
- g) internal compliance and control systems for the implementation of the risk management framework as outlined in the ASL Compliance Manual;
- h) consideration of non-financial audits; and
- i) compliance with regulatory requirements and best practice.

4.2. Risk Identification

To ensure key risks are identified and analysed, the Company:

- a) defines risks in the context of the Company's strategy;
- b) prepares risk profiles including a description of the material risks, the risk level and action plans used to mitigate the risk; and regularly reviews and updates

the risk profiles.

The RMG is responsible for the oversight of risks, identifying new and emerging risks, and monitoring the overall legal and regulatory compliance risks which impact the Company. Updates on these risks and any mitigation measures are reported to the board or Compliance Committee.

4.3. Risk Management and Compliance and Control

In developing a culture of risk management, senior management is responsible for appropriate responses to manage risk, aided by the risk action plans and the creation of a risk register.

To enable this, the Company:

- a) has implemented a systematic process to assist in the identification, assessment, treatment and monitoring of risks;
- b) provides the necessary tools and resources to senior management and employees to support the effective management of risks; and
- c) reviews and communicates risk management best practice on a regular basis.

4.4. Assessment of Effectiveness

The Company assesses the effectiveness of its risk management framework through structured improvement processes to ensure risks and controls are regularly monitored and reviewed. This includes appraisal of risk owners' actions taken to manage risks.

4.5. Reporting

The Company ensures that the board is adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis.

5. Risk Culture

The Company promotes a risk-aware culture that stems from its core values of Vigilance, Success, Focus and Transparency. The Company's values permeate from the board down to ensure accountability at all levels.

The Company board oversees and reviews its risk culture to ensure the Company exhibits its core values in relation to identifying and managing risk, takes responsibility of risk and manages risk in an effective and efficient manner.

6. Review of policy

To ensure best practice, this policy is reviewed at least annually by the RMG with the review being escalated to the Board. The Board, when reviewing the risk appetite, will consider this policy.

7. Access to the policy

This policy will be available for viewing by any person on the Company's website or a copy will be sent upon request.