

## RISK MANAGEMENT POLICY

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### 1 INTRODUCTION

This Policy sets out a framework for a system of risk management and internal compliance and control.

The Group views effective risk management as key to achieving and maintaining its operational and strategic objectives.

The purpose of this Policy is to provide guidance and direction as to the management of risk within the Group. Risk Management occurs at all levels within the Group.

The Group is committed to ensuring that it establishes appropriate risk management systems and processes to ensure its strategic goals and corporate governance responsibilities are met.

This Policy recognises that risk is an inherent part of the business, presenting both threats and opportunities. To achieve the Group's corporate goals, including meeting the economic expectations of shareholders, the Group must pursue opportunities and make decisions that involve some degree of risk.

This Policy provides guidance in relation to a transparent and consistent consideration of risk and uncertainty when these opportunities are pursued and decisions made.

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### 2 OBJECTIVES

The objectives of this Policy are:

- (a) to ensure compliance with applicable laws and regulations;
- (b) prepare reliable financial information; and
- (c) to implement risk transfer strategies where appropriate, such as insurance.

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### 3 RESPONSIBILITIES

The responsibilities under this Policy are set out below.

- (a) Employees

Every Employee within the Group is responsible for the effective management of risk, including identifying risks, responding to risks and reporting risks.

(b) The Board

The Board is ultimately responsible for supervising the framework of control and accountability systems to enable risk to be assessed and managed. Specifically, the Board is responsible for:

- (i) Establishing a sound system of risk oversight and management of internal controls to ensure systems and processes are properly managed and function effectively;
- (ii) Determining the types and levels of risks that are acceptable to the Group;
- (iii) Understanding and monitoring the status of material risks and uncertainties facing the Group;
- (iv) Ensuring an appropriate consideration of risk and uncertainty has been included in any submissions provided to the Board for approval;
- (v) Assessment of the Managing Director's report or judgement on the effectiveness of the implementation of the risk management and internal control system; and
- (vi) Receiving assurance from the Managing Director regarding the annual declaration in relation to the efficiency and effectiveness of risk management and internal controls.

(c) Managing Director

The Board has delegated the day-to-day management of risk to the Managing Director.

The Managing Director, with the assistance of other directors as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. Responsibilities include:

- (i) Designing and implementing a risk management and internal control system to manage the Group's material business risks in line with this Policy;
- (ii) reviewing and approving the controls and strategies implemented for the management of identified risks;
- (iii) managing the operations and allocation of resources of the Group in a manner that balances risk and reward and is consistent with the Group's objectives and risk profile;
- (iv) reporting to the Board on the efficiency and effectiveness of risk management and internal controls;
- (v) overseeing management's actions in the identification, management and reporting of material business risks;

- (vi) periodic review of the Group's risk profile, fostering a risk aware culture; and
- (vii) in conjunction with the CFO or, where there is no CFO appointed, the Company Secretary, provide an annual declaration to the Board:
  - (A) That the financial statements are founded on a sound system of risk management and internal compliance and control; and
  - (B) That the Group's risk management and internal control system is operating efficiently and effectively in all material respects.

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#### **4 RISK MANAGEMENT STRATEGY**

- 4.1 The Board has adopted the following risk management measures to manage the Group's material business risks:
  - (a) The Board has established defined guidelines for capital expenditure. These include levels of authority, appraisal, procedures and due diligence requirements on potential acquisitions or disposals; and
  - (b) The Board has adopted a continuous disclosure policy for the purpose of ensuring compliance with the Group's continuous disclosure obligations.
- 4.2 The Board recognises the importance of performance evaluations and will continually assess the necessity and timing of future performance evaluation, including considering the appointments of an independent consultant to develop a questionnaire to be collated and developed into a series of recommendations to improve performance.

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#### **5 RISK MANAGEMENT PROCESS**

- 5.1 The Group's process of risk management and internal compliance and control includes:
  - (a) Identifying and measuring risks that might impact upon the achievement of the Group's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.
  - (b) Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls;

- (c) Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.
- 5.2 The Board prior to approving the Group’s financial statements for a financial period, receives from the Managing Director and CFO, or where there is no CFO appointed, Company Secretary, a declaration under sections 295A of the Corporations Act that in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- 5.3 Similarly, when reviewing risk management reports, the Board may request a separate written statement from the Managing Director confirming that the Group’s risk management and internal control systems have been operating effectively in relation to all material business risks for the relevant accounting period and that nothing has occurred since the period-end that would materially change this position.

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## **6 REVIEW**

The Board will review this Policy annually and this Policy may be amended by resolution of the Board.

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## **7 DISCLOSURE OF POLICY**

This Policy, and any updates, will be made available on the Company’s website ([www.advancedshare.com.au](http://www.advancedshare.com.au)) in a clearly marked “Corporate Governance” section.

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## **8 DEFINITIONS**

General terms and abbreviations used in this Policy have the meanings set out below.

Annual Reports	means the annual report comprising the annual Directors’ Report, financial statements and Notes to the financial statements of the Group and the preliminary annual financial report where released in advance of the final annual report.
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ASIC	means the Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited, as the case may be.
ASX Listing Rules	means the listing rules of the ASX, as amended from time to time.
Board	means the board of Directors of the Company.
Chair	means the chair of the Board.
Code	means this Code of Conduct.
Company or Group	means Advanced Share Registry Limited ACN 127 175 946 and its controlled entity, Advanced Custodial Services Pty Ltd ACN 165 878 393.
Company Secretary	means the company secretary of the Company.
Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> .
Director	means a director of the Company.
Employee	includes executive Directors, managers and all other staff engaged on a contract of employment or a salaried basis, and where the context requires, non-executive Directors.
Half-Yearly Directors and Financial Reports	means half-yearly Directors' and financial reports produced and issued by the Company.
Managing Director	means the managing director, or equivalent chief executive officer, of the Company.
Officer	means a senior executive of the Company.
Policy	means this Risk Management Policy.