

Risk Management Policy

Policy Owner: Group Finance

Version: 2

March 2021

1. Overview

This Risk Management Policy (**Policy**) sets out the framework of how Lynch Group Holdings Limited (ABN 35 608 543 219) (**Company**) manages risk relating to the Company and its controlled entities.

2. Board oversight

The board of directors of the Company (**Board**) determines the Company's risk tolerance, appetite and attitude, and in doing so, seeks to strike an appropriate balance between risk and reward in the Company's overall strategy. The Board is also responsible for reviewing the Company's policies on risk oversight and management, satisfying itself that management has developed and implemented a sound system of risk management and internal control, and that the system is operating effectively. The Board has delegated much of the detailed work to the Audit & Risk Committee.

3. Audit and Risk Committee

The Audit & Risk Committee of the Company assists the Board to monitor the Company's risk management framework by reviewing any matters of significance affecting financial reporting and internal controls of the Company. A separate charter sets out the specific responsibilities of the Audit and Risk Committee.

4. Management

Senior management oversight

- 4.1 Senior management assists the Company in monitoring:
- (a) key aspects of the risk management framework including the Company's policies;
 - (b) delegation of approvals required under the risk management framework;
 - (c) risk management reporting including operational issues and operational losses;
 - (d) operational control weaknesses and breakdowns, including fraud;
 - (e) due diligence conducted for appointment and ongoing monitoring of outsourced arrangements; and
 - (f) results of risk self-assessment reviews and workshops.

Operations management

- 4.2 The Company's management ensures that the Company's activities are conducted within the parameters set by the operational risk matrix, policies and procedures and in accordance with the Board's directions.
- 4.3 This is achieved by:
- (a) documented policies and procedures;
 - (b) staff training in respect of the Company's policies and procedures;
 - (c) quarterly review of compliance with compliance plans and underlying policies and procedures; and
 - (d) appropriate reporting of operational issues to senior management and the Board.
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5. Reporting

- 5.1 To assist the Company's Audit & Risk Committee in monitoring and reviewing the effectiveness of the operational risk management framework and compliance with key risk management policies, a semi-annual risk management update is provided to the Committee.
- 5.2 Breaches and operational risk incidents arising within the operations of the Company are reported to the Group Chief Executive Officer on a monthly basis. Significant breaches or incidents are reported to the Company via regular Board reporting and/or immediate notification to the Board as necessary.
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6. Review

This Policy will be reviewed periodically as appropriate to take account of the Company's evolving circumstances and developments in market practice.

7. Publication of this Policy and questions

- 7.1 This Policy will be available on the Company's website.
- 7.2 For questions about the operation of this Policy, please contact the Company Secretary.