

Risk Management Policy

Regal Partners Limited ACN 129 188 450

1. Introduction

- 1.1 Regal Partners Limited ACN 129 188 450 (**Company** and, together with its controlled entities, the **Group**) views effective risk management as key to achieving and maintaining its operational and strategic objectives.
- 1.2 This risk management policy is designed to ensure, among other things, that risks taken by the Group:
 - (a) are appropriately aligned to the Group's operational and strategic objectives; and
 - (b) seek to deliver returns to shareholders of the Company.

2. Risk oversight

- 2.1 The directors of the Company are responsible for reviewing and ratifying the risk management structure, processes and guidelines which are to be developed, maintained and implemented by the Group's senior management (**Management**). The active identification of risks and implementation of mitigation measures is also the responsibility of Management.
- 2.2 The audit and risk committee of the Company's board of directors (**Board**) (**Audit and Risk Committee**) or Management may also refer a particular matter or financial risk management issue to the Board or a separate risk committee for consideration and direction.
- 2.3 To assist the Board in discharging its financial responsibility in relation to risk management, the Board has delegated certain activities to the Audit and Risk Committee. The objectives of the Audit and Risk Committee include, among other things:
 - (a) assisting the Board to achieve its governance objectives in relation to, among other things, financial reporting, and internal control and risk management systems;
 - (b) promoting a culture of compliance within the risk appetite set by the Board for the Group;
 - (c) maintaining and improving the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (d) providing a forum for communication between the Board and Management in relation to audit and compliance matters affecting the Group;
 - (e) ensuring effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
 - (f) reviewing and commenting on Management's plans for managing the key risks faced by the Group.
- 2.4 To achieve these objectives, the responsibilities of the Audit and Risk Committee in relation to risk management and internal compliance and control systems include among other things:
 - (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
 - (b) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the Group's risk profile;

- (c) receiving reports from Management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;
- (d) reviewing any material incident involving fraud or a breakdown of the Group's risk controls and considering the implications for the Group of such incidents;
- (e) if the Group has established an internal audit function:
 - (i) appointing or removing the head of internal audit;
 - (ii) determining the scope and adequacy of the internal audit work plan;
 - (iii) receiving reports from internal audit on its reviews of the adequacy of the Group's processes for managing risk; and
 - (iv) ensuring the objectivity and performance of the internal audit function; and
- (f) ensuring that the Company has established a comprehensive process to capture all financial information that must be disclosed to the ASX; and
- (g) reviewing the Group's risk management procedures to ensure that the Group complies with its legal obligations, including to assist the Chief Executive Officer (CEO) and Chief Financial Officer (**CFO**) of the Company to provide the declarations in relation to each of the Group's financial reports required by the *Corporations Act 2001* (Cth) and Recommendation 4.2 of the 4th edition of the *ASX Corporate Governance Principles and Recommendations* (as amended from time to time).

2.5 Further detail in relation to the responsibilities of the Audit and Risk Committee are contained in the Audit and Risk Committee's charter that is available on the Company's website at www.regalpartners.com.

3. Role of Management

- 3.1 Management is responsible for designing and implementing risk management and internal compliance and control systems which identify the material risks facing the Group. These compliance and control systems are designed to provide advanced warning of material risks before they eventuate.
- 3.2 Management must regularly monitor and evaluate the effectiveness of these processes and risk plans and the performance of those employees implementing them, including through the procedures listed in **Schedule A**. In addition, Management must promote and monitor the culture of risk management within the Group (having regard to the risk appetite set by the Board for the Group) and compliance with internal risk systems and processes by employees.
- 3.3 All employees are responsible for implementing, managing and monitoring these processes and risk plans with respect to material business risks, as appropriate.
- 3.4 Management must report at each Board meeting on risk management to the directors and Audit and Risk Committee. The reporting must identify the Group's key risks and the extent to which:
 - (a) the Company's ongoing risk management program effectively identifies all areas of potential risk, including with respect to licensing and regulatory issues;
 - (b) adequate policies and procedures have been designed and implemented to manage identified risks;
 - (c) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
 - (d) proper remedial action is undertaken to redress areas of weakness.

4. Identified risks

There are a number of risks that are inherent to the business activities that the Group undertakes. These risks may change over time as the external environment changes and as the Group expands its operations. The risk management process requires the regular review of the Group's existing risks and the identification of new and emerging risks facing the Group, including financial and non-

financial matters. It also requires the management, including mitigation where appropriate, of these risks.

5. Review of risk management

- 5.1 The division of responsibility between the directors, the Audit and Risk Committee and Management aims to ensure that specific responsibilities for risk management are clearly communicated and understood by all.
- 5.2 The reporting obligations of Management ensure that the directors and the Audit and Risk Committee are regularly informed of material risk management issues and actions. This is supplemented by the Audit and Risk Committee:
 - (a) receiving reports from Management concerning the Group's material risks and the risk controls and mitigation measures that Management has put in place, in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile for the Group; and
 - (b) reviewing and ratifying Management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information.
- 5.3 When considering the Audit and Risk Committee's review of financial statements for a financial period, the directors must request to receive a written statement, signed by the CFO, that in their opinion the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and performance and comply in all material respects with relevant accounting standards. If requested, the statement may also confirm that the Company's financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.
- 5.4 Similarly, when reviewing risk management reports, the directors may request a separate written statement from the Chief Executive Officer of the Company confirming that the Company'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.

6. Review and changes to this policy

- 6.1 The Board will review this policy at minimum on an annual basis.
- 6.2 The Board may approve updates and amendments to this policy from time to time by resolution.

7. Approved and adopted

This risk management policy was last reviewed and approved by the Board on 6 June 2022.

Schedule A

The following are intended to form part of the normal procedures for Management's risk and compliance responsibilities.

- Evaluating the adequacy and effectiveness of management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for the management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from Management and external auditors.
- Evaluating the structure and adequacy of the Group's business continuity plans.
- Evaluating the structure and adequacy of the Group's own insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies.
- Overseeing the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- Disclosing whether the Group has any material exposure to environmental (including climate change) or social risks and, if it does, how it manages or intends to manage those risks.
- Reviewing the Group's corporate governance practices for completeness and accuracy.
- Reviewing the procedures that the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as financial services, industrial relations, occupational health and safety and the environment).
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including, but not limited to, the requirements under the ASX Listing Rules and Generally Accepted Accounting Principles).
- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.
- Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- Reviewing and discussing with Management and the internal (if any) and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.