

RISK MANAGEMENT POLICY

Adopted by the Board on 27 February 2025

Version 2.3

1. Risk Management Policy

At Australian Finance Group Ltd (**AFG** or the **Company**) all our business ventures have associated risk and therefore the identification and management of risk is fundamental to delivering our business objectives.

Inherent to AFG's business, risk takes many forms. It has the potential to impact the health and safety, environment, community, reputation, operational, market, and financial performance of the Company and thereby the achievement of our objectives.

By understanding and managing risk we are able to provide greater certainty and confidence for our shareholders, employees, contractors, suppliers and for the communities in which we operate.

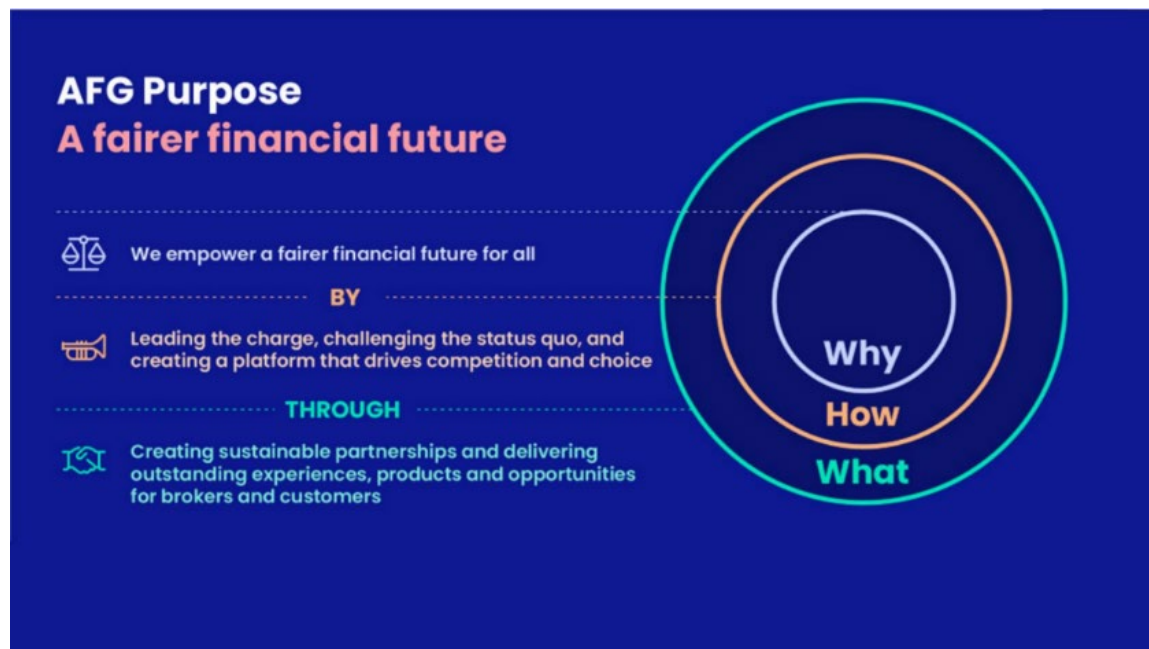
Successful risk management can maximise our opportunities and competitive advantage.

AFG's Board recognises that risk management and internal control are key elements of good corporate governance. AFG has developed a Risk Management Policy that describes the manner in which AFG:

- identifies, assesses, monitors and manages business risk and opportunity;
- identifies material changes to the Company's risk profile; and
- implements and monitors the effectiveness of the internal control framework.

This Risk Management Policy applies to AFG and its controlled entities unless otherwise specified in this policy.

All AFG's policies and practices are intended to read in line with, and reflect, AFG's purpose of a fairer financial future and core values (IACT) as set out below.



Core values:

- **Integrity** – We do the right thing and hold ourselves and each other to the highest standard. We are known and respected for our commitment to honesty, trust and transparency;
- **Accountability** – We take ownership of our actions, behaviours, performance and decisions. We act with consistency, and we keep our commitments;

- **Customer Centric** – We earn our customers’ trust by working in partnership with them to create solutions and deliver exceptional customer experiences. We listen, learn, and put our customers at the center of all we do; and
- **Team Player** – We empower and support those around us to achieve our shared purpose. We collaborate, we challenge ourselves and each other, and we’re open, encouraging, and respectful of everyone we work with.



2. Statement of Policy

2.1. Risk Management

It is AFG practice to:

- a) establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking and apply fit-for-purpose risk responses including risk mitigation where appropriate;
- b) monitor the effectiveness of the risk management process;
- c) follow relevant AFG standards, processes, procedures and guidelines; and
- d) provide quarterly assurance to the Board regarding the compliance with this policy and the effectiveness of the management of significant risks.

2.2. Internal Control

AFG management will be expected to:

- a) resource, operate and monitor its system of internal control;
- b) incorporate risk responses in the form of controls into its management systems; and
- c) report the results of balanced assessments regarding the effectiveness of its internal control, including identified weaknesses or incidents to the Board Risk and Compliance Committee.

Via AFG and its controlled entities, the Company operates multiple businesses offering different services within the Australian financial sector. Those businesses may develop individual risk management plans or policy of their own; any such plans or policy must be consistent with this Risk Management Policy. In the event of any inconsistency, this Risk Management Policy will apply.

2.3. Risk Profile

The operation of AFG's risk management process results in the identification of risks, which may impact upon AFG's business.

AFG's risks may change over time as the external environment changes and the Company expands its operations. AFG is exposed to both financial and non-financial risks. The Company must effectively manage both:

- a) industry-specific risks which stem from AFG's specific business activities, and;
- b) broader, macro risks which impact many different types of organisations, and impact AFG's ability to achieve its objectives.

The risk management process requires regular reviews of AFG's existing risks and the identification of any new and emerging risks, including financial and non-financial matters such as conduct risk, digital disruption, privacy and data or cyber breaches, monetary and fiscal policy risks, acquisition integration risks, and business continuity and disaster recovery risks sustainability and climate change. It also requires the management (including mitigation where appropriate) and reporting of the effectiveness of the management of these risks.

2.4. Assessing the effectiveness of the policy and oversight

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control with due regard to the risk appetite set by the Board.

Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of this policy.

Oversight of this policy is provided by the Board Risk and Compliance Committee.

2.5. Accountabilities

The Board will oversee the processes by which risks are managed. This will include defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business.

Where circumstances dictate that the Company needs to operate outside of the current risk appetite set by the Board, that matter will be brought to the attention of the Board.

The Chief Executive Officer and the Chief Financial Officer are required to state to the Board in writing that the declaration relating to the integrity of AFG's financial statements is founded on a sound system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks.

Management is responsible for the implementation of the risk management and internal control system to manage AFG's risks and report to the Board whether those risks are being effectively managed.

All AFG personnel have responsibility to identify, analyse, manage and report risks.

3. Policy History

1 May 2015	Policy adopted.
27 February 2025	Policy reviewed and amended and adopted by the Board.