

Risk Management Policy

1. Introduction

This Risk Management Policy (Policy) has been established to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

Material Business Risks are the most significant areas of uncertainty or exposure for Credit Corp Group Ltd (Company) and its subsidiaries (Group) and include anything that could impact the achievement of the Company's goals. Business risks comprise, but are not limited to economic, technological, operational, legal, political and social risks.

They represent potential for financial gain or loss by the Company.

The Company will establish and maintain an integrated system of risk oversight and management and internal control based on the risk management standard AS/NZS ISO 31000:2009 - Risk management - Principles and guidelines.

This integrated risk system will:

- (a) annually review and update the risk profile of the Company in accordance with the risk profile procedure;
- (b) effectively monitor and manage the Company's risks;
- (c) annually assess the effectiveness of control procedures throughout the organisation; and
- (d) inform investors through continuous disclosure of any material changes to the Company's risk profile.

2. Risk Management Framework

2.1 Purpose

The Company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

2.2 Board's Role

With the assistance of the Audit & Risk Committee (Committee), the Board is responsible for reviewing and ratifying the system of risk management and internal compliance and control, codes of conduct and legal compliance.

In particular, this includes:

- (a) overseeing the establishment and implementation of the risk management system; and
- (b) reviewing the effectiveness of the Company's risk management system.

2.3 Management's Role

The Board has delegated to the Chief Executive Officer (CEO) the responsibility for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

2.4 Audit and Risk Committee's Purpose

The Board has delegated to the Audit and Risk Committee, a number of key tasks in relation to risk management.

The Committee's role in assisting the Board in satisfying its responsibilities is set out in the Committee's charter.

The Committee's purpose is to assist the Board in the discharge of its responsibilities to stakeholders for corporate governance and overseeing the Company's financial reporting, internal control system, risk management framework and external audit function.

More specifically the Committee's purpose in relation to risk management is to:

- (a) oversee the Company's internal control structure systems and risk management framework (for both financial and non-financial risks);
- (b) review the truthful and factual presentation of the Company's financial position and performance of the Group;
- (c) review the independence and competence of the Company's external auditor;
- (d) review the Company's compliance with all applicable legal and regulatory requirements; and
- (e) make sure that the Company is managing risk relating to corporate governance and that controls against conflicts of interest and fraud are in place.

2.5 Risk Profile and Internal Compliance and Control System

The main risks faced by the Company are economic, technological, operational, legal, political and social risks.

Areas to be included in the compliance and control system include, but are not limited to:

- (a) economic risk;
- (b) technological and operational risks;
- (c) reputational risks;
- (d) regulatory risks;
- (e) personnel risks;
- (f) commercial and legal risks;
- (g) political environment;
- (h) environmental and social risks;
- (i) conduct risk;
- (j) digital disruption, cyber-security, privacy and data breach risks;
- (k) sustainability and climate change risks;
- (l) management activities and controls; and
- (m) strategic risk.

The Company actively manages its legal and compliance risks to its business through a complete review prepared annually. The results of this review are presented to the Committee for consideration and action as necessary.

2.6 Review of this policy

The Board will review this policy annually to ensure it remains consistent with the Board's objectives and responsibilities.