



Enterprise Risk Management Policy

1. Introduction

AUB Group Limited (AUB) and its controlled entities (AUB Group) operate in a regulated environment and are committed to good corporate governance and acting with integrity in the conduct of our business.

Risk is an inherent part of AUB Group's business model and effective management of that risk is therefore an important foundation of our success, business growth and delivering sustainable value to shareholders. This policy outlines how AUB Group identifies, monitors, and mitigates its risks.

Effective risk management is a strategic priority at AUB Group and risk is embedded in Board discussions regarding strategy and execution, and risk appetite is considered as part of major strategic decisions. AUB Group's risk management strategy adopts a philosophy of not seeking to eliminate all risks, but to identify, understand, assess, and effectively manage the risks and opportunities arising from our businesses. We proactively identify opportunities to create and protect shareholder value but ensure that our decisions are risk aware, informed and consider both financial and reputational impact.

2. Purpose

The purpose of this Enterprise Risk Management Policy is to:

- Provide an overview of AUB Group's Enterprise Risk Management (ERM) Framework.
- Detail the risk responsibilities of employees, senior management and the AUB Board.
- Highlight the requirements for reporting issues and incidents.
- Highlight the requirements and timelines for regulatory breach reporting.

3. Scope of Policy

The Enterprise Risk Management Policy applies to directors, officers, employees, and contractors of AUB and its controlled entities (Designated Persons).

Application of Policy

AUB's business model is designed to provide key employees of certain controlled entities with business ownership opportunities and a degree of day-to-day operational independence. Appropriate governance and risk management practices, processes, and management reporting tools, along with AUB nominee director(s) being appointed to the boards of these controlled entities, provides AUB with appropriate oversight and influence over these entities from a risk management perspective.



4. Responsibilities

The AUB CEO will have primary responsibility for ensuring compliance by AUB Group with this policy.

The AUB Chief Legal and Risk Officer (CLRO) is responsible for monitoring compliance with this policy and ensuring that Designated Persons understand its requirements.

Any breaches of this policy should be reported in the first instance to the CLRO who will escalate to the AUB CEO and reported to AUB Board.

5. Review

This policy will be reviewed periodically by the AUB Board.

6. Risk Management Overview

a) Risk Appetite Statements

The purpose of a Risk Appetite Statement is to describe:

- The nature and level of risk that AUB Group is willing to accept in pursuit of an appropriate and resilient long-term return on capital.
- The risks that AUB Group is not willing to accept.
- The limits and policies to ensure that the risks accepted are consistent with AUB Group's risk appetite.
- The processes established to:
 - ensure that our risk tolerances are set at an appropriate level. and
 - monitor compliance with our risk tolerances, limits and policies, and the steps we take should these thresholds be breached.
- The timing and process for review of the risk limits and policies.

AUB's risk appetite will evolve and mature over time and the Risk Appetite Statement will be reviewed periodically and approved by the Board.

b) ERM Framework

AUB Group has its own risk framework and policies that reflect the strategic, financial, operational, regulatory, legal, people and conduct risks specifically associated with its operations and investments. A key part of this framework is clear identification of risk roles and responsibilities represented by 'three lines of accountability'.

The primary responsibility for risk management lies with management which form the **first line of accountability**. They are responsible for identifying, managing, and reporting risks within the business. They also need to ensure that risks are managed appropriately with reference to regulatory environment, the risk appetite statement, and other limits as agreed. Promoting and implementing a culture of risk ownership and awareness is also a key responsibility.

AUB's Risk, Legal and Compliance teams are the **second line of accountability**. They are responsible for the design and maintenance of the ERM and Compliance Frameworks and provide tools/advice to assist the business manage risks. The AUB CLRO is a member

of the Group Executive, attends Board meetings and is responsible for Senior Management and Board risk reporting.

The **third line of accountability** is independent review. This encompasses internal and external audit and other independent assessments conducted on AUB Group risk management processes, controls, and systems. AUB Group has a co-sourced internal audit function that reports to the Board Audit and Risk Committee at least quarterly.

7. Risk Oversight

Risk is the responsibility of everyone at AUB Group. Below are key actions for each level of AUB:

a) Board Oversight

The AUB Board is responsible for the overall risk oversight of AUB Group, including:

- Assist Management to identify principal financial and non-financial risks (including strategic, operational, and macro risks and opportunities, and including both current and emerging risks) and to oversee and monitor these risks.
- Review and approve the risk appetite within which the Board expects AUB Group to operate, as well as AUB Group's risk management policy.
- Ensuring that AUB Group has an appropriate ERM framework and internal control systems which follow AUB Group's risk management policy.
- Monitor the effectiveness and adequacy of AUB Group's risk management systems, including reviewing of processes for identifying areas of significant business risk and oversight of internal controls.
- Ensuring that risk management practices enable the Board to maintain current knowledge and understanding of AUB Group's risks and any changes to these risk (including emerging risks)
- Evaluating the overall effectiveness of the implementation of the ERM Framework.

The BARC assists the Board in fulfilling its responsibilities by overseeing the design and implementation of the risk framework, and the monitoring of compliance with the risk framework.

b) Senior Management Oversight

AUB Senior Management, comprising the AUB Group Executive, and the Tysers CEO, are responsible for:

- Establish and implement a sound system of risk management for the Group including ensuring adequate resources are in place.
- Driving AUB Group's risk management strategy and activities
- Identifying the key risks to the business and ensuring that AUB Group has implemented appropriate and effective risk management controls to manage these risks and escalate to the AUB Board in a timely manner.
- Reporting to the Risk Management Executive Committees (RMECs) and AUB Board, including results of risk self-assessment workshops, risk trends, control performance, operational issues, and operational losses.

- Conducting diligence for appointment and ongoing monitoring of outsourced arrangements; and
- External risk reporting protocols and disclosures where required by regulation and governance.

The Risk Management Executive Committee (RMEC) of AUB and Tysers assist Senior Management in discharging their risk responsibilities.

c) Operations Management

AUB employees must ensure their activities are conducted within the parameters set by the risk appetite, policies, and procedures and in accordance with the AUB Board's direction.

This is achieved by:

- Documented policies and procedures and compliance plans
- Staff training in respect of the policies and procedures to be followed.
- Quarterly review of compliance with underlying policies and procedures. And
- Appropriate reporting of operational issues to senior management and the board.

8. Board Reporting

To assist the AUB Board and BARC in monitoring and reviewing the effectiveness of the ERM Framework and compliance with key risk management policies, the CLRO will provide quarterly risk management updates to the BARC. The frequency and scope of the reporting provided to the Board will be agreed as part of the annual ERM review and BARC workplan.

9. Issue and Incident Reporting

All employees have a responsibility to identify, assess and manage potential issues and/or report incidents that have had, or could have a negative impact on an organization's business operations and financial performance. The issue and/or incident is recorded in a group-wide platform for monitoring and reporting.

The second line is responsible for providing the relevant Boards and Committees with regular management information on issues and incidents, including trend analysis. Significant issues or incidents are reported to the AUB CEO and BARC in a timely manner as required.

Certain entities within the AUB Group are regulated and are required to identify breaches or likely breaches of the conditions of their licences and notify the regulator within a prescribed period of becoming aware of the breach or likely breach.

10. Risk and Control Self Assessments

The Risk and Control Self-Assessment (RCSA) process helps to identify the key risks and related controls across the business. The main objectives of the RCSA are the following:

- To identify and assess the materiality of current and emerging risks to the business that could threaten the achievement of business objectives.
- To assess the efficacy and adequacy of the control environment, identifying controls that may require improvement to bring risk into appetite.
- To maintain an up-to-date residual risk profile for each key business unit.

- To form a foundation of risk management information for key stakeholders in the business to inform effective decision making. And
- To facilitate the embedding of a sound risk culture.

RCSA reporting and escalations are provided to the Board Audit and Risk Committee (BARC) and Risk, Audit, and Compliance Committee (RCC) on a quarterly basis.

11. Consequences

Breach of this Policy may be regarded as misconduct, which may lead to disciplinary action (including termination of employment or engagement).

Potential or realised breaches of this Policy must be escalated and managed according to the Group Issue and Incident Standard.

12. Supporting Documents

- AUB Risk Appetite Statement
- AUB Enterprise Risk Management (ERM) Framework
- AUB Issue and Incident Policy

13. Document Control

Term	Meaning
Author	Group Risk Director
1st Approver	Head of Risk
2nd Approver	
Exemption Authority	
Owner	Group Chief Legal and Risk Officer
Support	
Review Cycle	Annual

Material Revisions

Version	Approval Date	Effective Date	Details
1	09/02/2023	09/02/2023	Initial Policy
2	28/02/2023	28/02/2023	Board Approved
3	08/06/2024	08/06/2024	Changes to Issue and Incident Process and inclusion of the RCSA process.