



Policy

Risk Management Policy

Australian Finance Group Ltd (**Company**)
ACN 066 385 822

Adopted by the Board on 25 March 2015

1. Risk Management Policy

At Australian Finance Group Limited ('AFG') 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.

2. Statement of Policy

2.1 Risk Management

It is AFG practice to:

- 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;
- monitor the effectiveness of the risk management process;
- follow relevant AFG standards, processes, procedures and guidelines; and
- 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:

- resource, operate and monitor its system of internal control;
- incorporate risk responses in the form of controls into its management system;

- report the results of balanced assessments regarding the effectiveness of its internal control, including identified weaknesses or incidents to the Audit & Risk Committee

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. 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. 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.

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 Audit and Risk 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.

The Managing Director 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.



Brett McKeon

Managing Director

Australian Finance Group Limited

25 March 2015