

## RISK MANAGEMENT POLICY

17 August 2021



### A. INTRODUCTION

The Board of Directors (the "**Board**") of Platinum Asia Investments Limited ABN 13 606 647 358 (the "**Company**") believes the management of risk is a continual process and an integral part of good business management and corporate governance. Risk management is defined by the Board to mean the identification and management of those risks that could harm the Company.

In general, risks for the Company may be classified as strategic, governance, operational, market and investment.

The Company is an investment company. A measure of risk is inherent in all investment activities undertaken by the Company and its appointed investment manager and administrator, Platinum Investment Management Limited ABN 25 063 565 006 ("**Platinum**"). However, the Board does not have any tolerance for intentional actions that breach the law or are reckless.

### B. RESPONSIBILITIES

The Board is responsible for setting the risk appetite of the Company and ensuring that an appropriate risk management framework is in place for the Company such that significant risks (financial and non-financial) facing the Company are identified, and appropriate systems and controls, metrics, monitoring and reporting mechanisms are put in place to enable the Board to measure performance against the Company's approved risk appetite.

The Board is also responsible for ensuring that Platinum and the Company's other key service providers operate within the Company's approved risk appetite.

The Company's risk appetite is formally reviewed at least annually by the Company's Audit, Risk & Compliance Committee for approval by the Board.

In addition, the Board has responsibility to ensure internal controls and arrangements are adequate for monitoring compliance with laws and regulations (applicable to the Company).

To assist them, the Board has established:

- an Audit, Risk & Compliance Committee that operates in accordance with ASX Listing Rule 12.7 and Principle 4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition, unless otherwise stated in the Company's annual Corporate Governance Statement;
- reporting mechanisms from Platinum, which undertakes both the investment and administrative operations of the Company; and
- a certification process for the preparation and release of the Company's annual financial reports.

### C. AUDIT, RISK & COMPLIANCE COMMITTEE

The Audit, Risk & Compliance Committee plays a key role in assisting the Board with its responsibilities relating to accounting, internal control systems, reporting practices and risk management, ensuring the independence of the external auditor, and monitoring the franking account balance.

In addition, the Audit, Risk & Compliance Committee oversees and appraises the quality of internal audits conducted by Platinum's Compliance and Risk Department (insofar as they relate to the activities performed by Platinum on behalf of the Company) and the audits performed by the Company's external auditor, and emphasises areas where the Committee believes that special attention is needed.

The Audit, Risk & Compliance Committee is comprised of the Non-Executive Directors of the Board. Regular attendees at meetings of the Committee include Platinum's Finance Director, Platinum's General Counsel, Platinum's Head of Finance and Platinum's Chief Compliance Officer. The external auditor attends meetings as requested by the Committee.

The Audit, Risk & Compliance Committee operates in accordance with a Charter, which outlines the structure and responsibilities of the Committee.

### D. INVESTMENT MANAGER'S RISK MANAGEMENT FRAMEWORK

Platinum has implemented a Risk Management Framework ("**Framework**") based on the standard AS/NZS ISO 31000:2009 *Risk management - Principles and guidelines*.

The Framework incorporates:

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- systematic processes for the identification, assessment, treatment and monitoring of risks;
- communication and consultative processes to ensure management and staff are involved with the development and maintenance of risk profiles;
- integrated risk management in business planning, decision-making and day to day operational management;
- training programs to improve management and staff awareness of risks and management techniques; and
- periodical performance reporting to the Board.

Platinum also has the following in place to ensure a strong control environment:

- clearly defined management responsibilities and organisational structure;
- documented delegations and limits for authorised representatives;
- regular internal review and control mechanisms including a management committee, and dedicated compliance and risk team (which incorporates internal audit);
- appropriate policies and procedures readily available for staff use;
- a business recovery plan, aimed at preventing significant disruptions to the business;
- a control self-assessment program, which includes regular testing of the key controls of identified risks, with results affecting the Company, reported to the Board; and
- controls on the use and maintenance of derivative instruments as part of its investment operations.

Platinum's control environment is subject to regular testing.

Platinum's Chief Compliance Officer is responsible for the coordination and continued improvement of the Framework. The Framework is formally reviewed annually, with results reported to the Audit, Risk & Compliance Committee.

Risk monitoring of the Company's approved risk appetite is performed on a quarterly basis by Platinum. The results of this monitoring are presented using a risk dashboard to the Audit, Risk and Compliance Committee.

### E. OTHER CERTIFICATIONS

On an annual basis, Platinum provides the Company with a certification of:

- compliance with the Company's Investment Management Agreement and Administration Agreement; and
- the external auditor's independence having regard to the standard of independence imposed for auditors under Part 2M.4 of the *Corporations Act 2001 (Cth)*.

These certifications are provided by Platinum's Finance Director to the Audit, Risk & Compliance Committee.

### F. CERTIFICATION PROCESS FOR ANNUAL FINANCIAL REPORTS

Prior to the Board approving the Annual Report, the Finance Director of Platinum is required to make certain representations to the Board for the purpose of expressing an opinion as to whether the financial report gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001 (Cth)* ("**Act**"), including (but not limited to):

- acknowledging Platinum's responsibility for ensuring the accuracy of the financial records and the financial report prepared from them to give a true and fair view of the Company's financial position;
- that the financial report has been prepared in accordance with the Act and complies with the Australian Accounting Standards, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements;
- that Platinum has provided the external auditor with access to all information and records relevant to the preparation of the financial statements, any additional information requested by the external auditor and unrestricted access to personnel as is necessary for the conduct of the audit;
- acknowledging Platinum's responsibility for the design and implementation of accounting and internal control systems to prevent and detect error and fraud, and confirming that Platinum has established and maintained adequate internal controls to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained;

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- that Platinum has communicated to the external auditor all deficiencies in its internal control systems and all significant facts relating to any frauds or suspected frauds that may have affected the Company, of which it is aware;
- that full and adequate disclosure has been made in the financial report of all related party relationships;
- that the financial report at balance date includes all assets and liabilities of the Company required to be included therein in accordance with Australian Accounting Standards;
- that the Company has satisfactory title to all recorded assets; and
- that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

### **G. REVIEW OF RISK MANAGEMENT PRACTICES**

The Company regularly evaluates the effectiveness of its risk management and internal control frameworks.

The division of responsibility between the Board, Platinum and the Audit, Risk & Compliance Committee aims to ensure that specific responsibilities for risk management are clearly communicated and understood.