

## RISK MANAGEMENT POLICY

24 August 2022



### A. THE COMPANY

Platinum Asset Management Limited ABN 13 050 064 287 (the "**Company**") is a holding company of a number of subsidiary companies, and in particular of Platinum Investment Management Limited ABN 25 063 565 006 which trades as 'Platinum Asset Management', a funds management business ("**Platinum**").

The Company and its subsidiaries together are referred to as the "Group" in this Policy.

### B. THE BOARD'S VIEW ON RISK

The Board of Directors (the "**Board**") of the Company believes that 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, market and investment, financial operational, outsourcing, legal regulatory and compliance, IT and cybersecurity, people culture and conduct, and ESG.

The Board is cognisant that a measure of risk is inherent in all investment and asset management activities undertaken by the Group, and cannot and should not be entirely eliminated. However, the Board does not have any tolerance for intentional actions that breach the law or are reckless.

### C. 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's management operates within the Company's approved risk appetite.

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 and the broader Group.

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;
- reporting mechanisms from Platinum's management responsible for the investment and administrative operations of the Group (as part of the Group's risk management framework); and
- a certification process for the preparation and release of the Company's half yearly and annual financial reports.

### D. 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, and ensuring the independence of the Company's external auditor.

In addition, the Audit, Risk & Compliance Committee oversees and appraises the quality of audits conducted by Platinum's internal audit function and the 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, General Counsel, Chief Compliance Officer and Head of Finance. The external auditor attends meetings as requested by the Audit, Risk & Compliance Committee.

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

### E. RISK MANAGEMENT FRAMEWORK

Risks are analysed in the context of the Board's risk appetite, strategic objectives and attitude to risk.

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

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The Framework incorporates:

- systematic processes for the identification, assessment, treatment and monitoring of risks;
- communication and consultative processes to ensure Platinum's 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 Platinum's management and staff awareness of risks and management techniques; and
- periodical performance reporting to the Board.

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.

A risk profile is maintained for the Group, which describes the risks (financial and non-financial) facing the Group and the key controls surrounding those risks. Any changes to the risk profile are reported to the Audit, Risk & Compliance Committee (immediately if significant, otherwise at the next Committee meeting). The risk profile is formally reviewed at least annually by Platinum's management and presented to the Audit, Risk & Compliance Committee and the Board on request.

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

- clearly defined management responsibilities and organisational structure;
- delegated limits of authority defined by a delegations document;
- regular internal review and mechanisms including a management committee, and dedicated compliance and risk team (which incorporates internal audit);
- appropriate policies and procedures widely disseminated to, and understood by, employees;
- 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 reported to the Board; and

- controls on the use and maintenance of derivative instruments as part of its investment operations.

The Group's control environment is subject to regular testing by Platinum's internal audit function.

### F. CERTIFICATION PROCESS FOR THE ANNUAL FINANCIAL REPORTS

Prior to the Board approving the Company's annual financial reports, the Company's Chief Executive Officer and Finance Director are required to make the following certifications to the Board:

- the Company's financial records for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001* (Cth) (the "Act");
- the financial statements, and notes referred to in section 295(3)(b) of the Act, for the financial year comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view of the Company's financial position and performance (as per section 297 of the Act);
- any other matters that are prescribed by the Act and the *Corporations Regulations 2001* (Cth) in relation to the financial statements and the notes for the financial year are satisfied;
- the statements regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control that, in all material respects, implements the policies adopted by the Board;
- the Company's risk management and internal compliance and control system relating to financial reporting objectives is operating efficiently and effectively in all material respects;
- the risk management and internal compliance control systems have been designed and implemented to effectively manage the Company's material business risks;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- statements made to the auditor in the representation are true and accurate.