Link Group Risk Management Policy

November 2020

Document Name:	Link Group Risk Management Policy
Policy Category:	**Risk and Compliance**
Approver:	Board
Executive Sponsor:	Chief Risk Officer
Policy Owner (Author):	Chief Risk Officer
Approval Date:	19 November 2020
Review Frequency:	Generally, every two years unless required more frequently
Last Review Date:	August 2017
Next Review Date	November 2022
Contact for Questions:	Risk and Compliance
Information Security Document Classification	Public

1. What is this policy?

This Policy sets out our commitment and approach to Risk Management and Compliance at Link Group. It aims to enable the pursuit of strategic opportunities and operational returns, while achieving compliance with applicable laws, regulations, and contractual obligations and managing risks within acceptable levels as set by the Link Group Board.

Risk is inherent in all aspects of Link Group's business. We do not seek to avoid risk, but rather capitalise on the opportunities it creates. Indeed, taking calculated risks is the only way any organisation can survive and thrive. Link Group's Risk Appetite Statement describes the types and amounts of risk we are willing to take in pursuit of our objectives and those that we are not.

Link Group is committed to maintaining effective risk and compliance management systems and a culture of effective Risk Management and Compliance to address both financial and non-financial risks, in the best interests of our stakeholders, including Our People, shareholders, clients and their customers.

2. Why do we need this policy?

2.1. Risk Management

Organisations of all types face internal and external drivers, factors and influences that create uncertainty in the achievement of objectives. The effect of this uncertainty on an organisation's objectives is known as 'risk'. Effective taking and management of risk is critical to Link Group's ongoing success. Understanding threats to our objectives and having confidence in the effectiveness of our preventing, detecting, and mitigating controls enhances the likelihood of positive outcomes from taking calculated risks.

2.2. Compliance

Link Group is subject to legal and regulatory obligations, internal policies and client contractual obligations, collectively referred to as **Compliance Obligations**. Failing to adequately manage and discharge these obligations has the potential to cause harm to Link Group and its stakeholders. The Link Group Compliance function is a critical management control, established to enhance and support organisational understanding, ownership and management of Compliance Obligations.

2.3. Commitment to effective management of risk and compliance

Link Group considers ongoing management of risk and compliance to be core competencies of Link Group. Link Group's ability to identify, assess, address, and monitor risk is central to achieving its objectives. Similarly, Link Group's ability to manage and discharge its Compliance Obligations is integral to its ongoing success. Given the nature of Link Group's businesses, the internal Risk Management and Compliance functions operate together. The Risk Management Policy (Policy) therefore communicates Link Group's commitment to the effective management of both risk and Compliance Obligations.

Link Group seeks to maintain risk and compliance frameworks and management systems which align to the key principles, frameworks and procedures of the international standards ISO 31000 Risk Management Guidelines and ISO 19600 Compliance Management System Guidelines.

Any reference in this Policy to Risk Management hereinafter includes Compliance.

Link Group is committed to maintaining a sound system of risk oversight, management, and internal controls to identify, assess, monitor and manage material risks related to Link Group's objectives and activities. We also promote and cultivate a culture where we effective manage risks that could affect our shareholder value, employees, stakeholders, the community, the environment, our reputation, our operating assets, our financial and legal status, or prevent the achievement of our objectives.
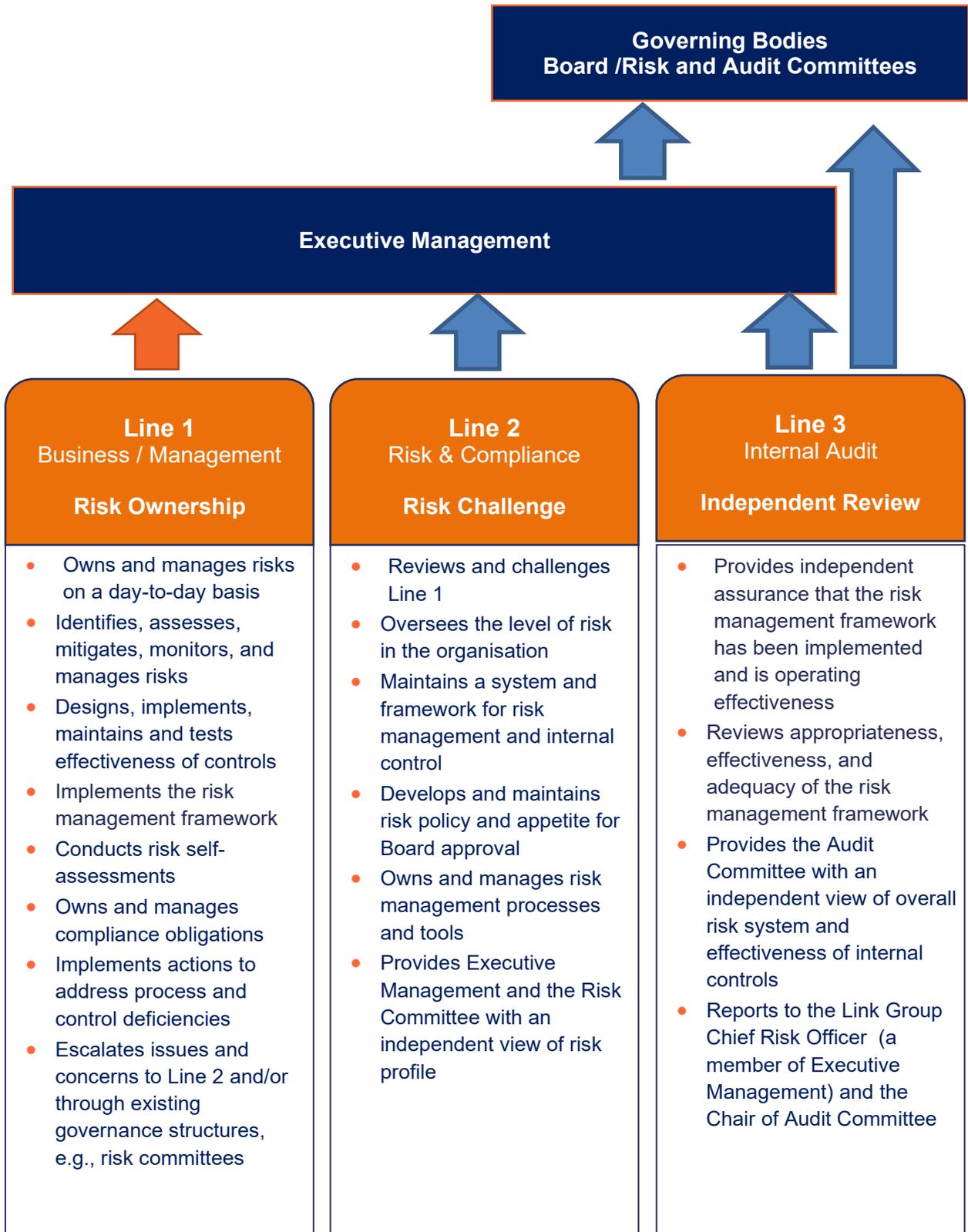
Link Group will do this by:

- Embedding Risk Management into all day-to-day activities and operations of the organisation, including strategic planning, project planning and execution, budgets, operations, and overall decision making and operating philosophy;

- Clearly defining the roles and responsibilities of individuals and adopting a systematic approach to the management and oversight of risk and compliance obligations;

- Educating and engaging Our People and stakeholders in the processes of managing Risk and Compliance;

- Promoting, supporting, enabling, innovation and acceptance of appropriate risks, whilst exercising strong stewardship and good corporate governance;

- Developing a culture of accountability and risk awareness at all levels to recognise and appropriately manage risk;

- Ensuring risks are appropriately identified, analysed, evaluated and treated in a consistent, pragmatic manner;

- Identifying, assessing, and appropriately reporting breaches;

- Prioritising risk management efforts based upon materiality and Link Group's approved Risk Appetite;

- Developing action plans which assign responsibilities and accountabilities to minimise the potential impact of material threat risks and maximise the return on material opportunity risks;

- Undertaking regular reviews of the Risk Management Framework and processes to ensure continuous improvement;

- Regularly considering and updating Link Group's Risk Register and Risk Profile, including the identification of new business activities and unusual circumstances which may present new and emerging risks;

- Seeking to continually improve the effectiveness of Risk Management;

- Complying with all applicable regulatory and legislative requirements

Link Group is committed to the effective management of **Conduct Risk**, and accordingly this Policy applies to consideration of risks that could ultimately impact on Link Group's clients and customers, and Link Groups' client's customers.

2.4. Three Lines of Defence Model

Link has adopted a "Three Lines of Defence" risk model which distinguishes between the functional responsibilities of each line to collectively ensure adequate oversight, management, monitoring, assurance and reporting of risk.

**Governing Bodies
Board /Risk and Audit Committees**

Executive Management

Line 1 Business / Management **Risk Ownership**	**Line 2** Risk & Compliance **Risk Challenge**	**Line 3** Internal Audit **Independent Review**
• Owns and manages risks on a day-to-day basis • Identifies, assesses, mitigates, monitors, and manages risks • Designs, implements, maintains and tests effectiveness of controls • Implements the risk management framework • Conducts risk self-assessments • Owns and manages compliance obligations • Implements actions to address process and control deficiencies • Escalates issues and concerns to Line 2 and/or through existing governance structures, e.g., risk committees	• Reviews and challenges Line 1 • Oversees the level of risk in the organisation • Maintains a system and framework for risk management and internal control • Develops and maintains risk policy and appetite for Board approval • Owns and manages risk management processes and tools • Provides Executive Management and the Risk Committee with an independent view of risk profile	• Provides independent assurance that the risk management framework has been implemented and is operating effectiveness • Reviews appropriateness, effectiveness, and adequacy of the risk management framework • Provides the Audit Committee with an independent view of overall risk system and effectiveness of internal controls • Reports to the Link Group Chief Risk Officer (a member of Executive Management) and the Chair of Audit Committee

3. Who does the policy apply to?

This Policy applies to all of Link Administration Holdings Limited and its subsidiaries (Link Group) directors, employees, contractors and all other people who represent Link Group or undertake work for the benefit of Link Group (our People) globally.

This Policy applies in all jurisdictions, unless specific exemption is formally provided by the Link Group Board. Any local (jurisdiction) legal and / or regulatory requirements must be reflected in the Principles and Standards that support this Policy and form part of the Link Group Risk Management Framework.

4. How to comply with this policy?

4.1. Roles and Responsibilities

All Our People are responsible for the management of risk and meeting our compliance obligations. Specific responsibilities are allocated to the **Executive Leadership Team** to ensure that the Risk Framework is effectively implemented and maintained at all levels of the organisation.

The responsibilities of the Link Group Board and its Committees are captured in individual Charters published on the Link Group website.

For the purposes of monitoring and managing risk across Link Group, the following responsibilities apply:

Role	Responsibilities
Link Group Board	The Link Group Board: • Is ultimately accountable for Risk Management. As such, the Board approves the Policy, sets the Group Risk Appetite, and oversees the Risk Management Framework and satisfies itself that the framework is sound. • Is responsible for reviewing with Management the adequacy of Link Group's processes and systems for identifying, assessing, monitoring and managing risk. The Board will review the effectiveness of Link Group's Risk Management Framework and internal control systems annually to satisfy itself that it continues to be sound. • Has delegated responsibility for reviewing the risk profile, including material risks and reporting on the operation of the internal control systems to the Risk Committee (RC) and Audit Committee (AC) respectively.
Risk Committee (RC)	The Link Group Board has delegated to the Risk Committee (RC) responsibility to maintain oversight of the Risk Framework. To assist the RC with oversight, various executive and management forums operate to support the business in meeting its Risk Management obligations and objectives. In relation to Risk Management, the RC assists the Link Board by providing oversight, reviewing Link Group's Risk Management Framework and function for effectiveness, and promoting a positive Risk Managed culture and capability.
Audit Committee (AC)	The Audit Committee (AC) assists the Board in fulfilling its corporate governance responsibilities in regard to financial reporting, audit and management of financial risk. AC oversight responsibilities include the integrity of the Group's financial reporting, the effectiveness of the Group's management of financial risk, the internal control framework, and oversight of the independence of the external and internal auditors.

Role	Responsibilities
Management	As Line 1, Management is responsible for designing, implementing, and embedding internal control systems which identify, assess, monitor and manage risk. Management must develop and implement action plans to execute company policies and to manage material risks across Link Group to levels that are within the risk appetite. Management should regularly monitor status of risk and evaluate the effectiveness of controls and action plans. In addition, Management should promote and monitor the culture of risk awareness within Link Group. Some members of Management have more specific responsibilities for managing risks due to the materiality of risks taken in their area of responsibility, their position in Link Group, such as ELT members or Link-appointed members of subsidiary Boards, or as prescribed with regulatory expectations, such as those in PCF, SMF, or Certification Roles.
Chief Risk Officer (CRO)	The Chief Risk Officer (CRO) is accountable for managing the strategic direction of the Risk and Compliance functions and oversees the development and implementation of the Link Group Risk Framework as a part of the accountabilities in the second line of defence, assisting the Board and the Executive Leadership Team in fulfilling their respective risk oversight responsibilities. The CRO assists in establishing ongoing Risk Management practices, reviewing, and communicating risk issues through relevant risk forums and escalating identified or emerging risk exposures to Executive Management/Committees, the RC, and the Board.
Internal Audit	Internal Audit carries out reviews and assessments of internal control activities which are aligned to the key Risks in Link Group to provide independent assurance to the RC, AC and Board on the adequacy and effectiveness of the financial reporting, control environment, and Risk and Compliance Management systems.
Our People	All Our People are required to understand, promote and be responsible for ensuring that internal controls are in place to effectively manage risks that apply to activities within their day-to-day responsibility, including risks associated with external events and internal business decisions, processes, systems or people. It is the responsibility of the person who detects a risk to satisfy himself or herself that the risk has been reported to an appropriate person, and that reasonable steps will be taken to report, rectify and/or manage the risk.

4.2. Acceptance / Approval of Risks

Acceptance / approval of risks must be in accordance with Link Group's Risk Appetite Statement and the Link Group Delegations of Authority Policy. Delegations are structured to accommodate new and existing risks, and are based upon risk ratings. Risks that not been analysed to determine inherent, residual and target risk ratings are unable to be approved at any level.

5. How will policy compliance be monitored?

Reporting/Monitoring

The Policy will be integrated with and enforced by Our People, processes and systems. Exceptions should be escalated within line management and handled in accordance with the

Link Group Incident Management Policy. The CRO will report breaches of the Policy to the Risk Committee in such a manner and frequency as is outlined in the Risk Framework and the Risk Committee Charter.

Non-compliance

Failure to take reasonable steps to comply with this Policy may result in disciplinary action, up to and including termination of employment.

6. What is the relevant Framework?

Risk Framework

This Link Group Risk Management Policy forms part of the Link Group Risk Framework together with:

- Risk Appetite Statement – articulates the Board's preparedness to take risk in order to pursue its strategic objectives whilst also clearly defining what risks are unacceptable;

- Risk Principles – set the performance requirements for Risk Management in Link Group. They describe when and why risk management activities are undertaken, with a focus on the outcomes that are required;

- Risk Standards – describe how Our People should implement the requirements of the Link Group Risk Policy / Framework, per the Risk Principles; and

- Risk Training – the development of knowledge, skills and competencies in the management of risk appropriate to the individual's role and level in the organisation.

Risk Principles and Risk Standards require the approval of the Link Group Chief Risk Officer. Once such approval is given, compliance with the Risk Principles and Risk Standards is mandatory.

7. Are there any interrelated policies?

This Policy applies to all Risk Management activities globally across the Link Group and is intended to ensure a uniform approach to identification, assessment, management and reporting of risk across Link Group.

The application of this Policy does not diminish Link Group's responsibility to comply with various other legislative and regulatory requirements, or ASX corporate governance and listing requirements.

A conflict between this Policy and another corporate policy must be escalated by the Chief Risk Officer to the Link Group Board or Risk Committee.

8. Definitions

Term	Definition
Certification Roles	Staff performing certification roles as defined in the UK Financial Conduct Authority's Senior Managers and Certification Regime.
Compliance	Meeting all Link Group's obligations, made sustainable by embedding it in the culture and in the behaviour and attitude of Our People.
Compliance Obligations	Requirements that Link Group must, or chooses to, comply with, such as, laws, regulatory rules, Link Group policies, and client contractual obligations.
Conduct Risk	Any action (decisions and behaviours) that leads to detrimental or poor outcomes for customers and the risk that the institution fails to maintain high standards of market behaviour and integrity.
Executive Leadership Team	Executive Leadership Team comprising the Managing Director and direct reports to the Managing Director.
Employees	Any permanent employee, temporary worker and contractor, full time and part time of the Link Group.
Link Group	Link Administration Holdings Limited and each of its subsidiaries
Our People	All directors, employees, contractors and all other people who represent Link Group or undertake work for the benefit of Link Group
PCF	Pre-Approval Control Function, as defined in the Central Bank of Ireland's Fitness and Probity Standards.
Risk	The effect of uncertainty on Link Group's objectives.
Risk Management	The internal function overseeing the management of risk at Link Group. For the purposes of this Policy, the term Risk Management includes the Compliance function unless otherwise indicated.
SMF	Significant Management Function, as defined in the UK Financial Conduct Authority's Senior Managers and Certification Regime.