

# 8IP Emerging Companies Limited

## Risk Management Policy

11 DECEMBER 2018

### 1. INTRODUCTION

The Board of Directors (the **Board**) of 8IP Emerging Companies Limited ACN: 608 411 347 (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, operational, financial, legal, contractual, and technological.

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, Eight Investment Partners Pty Ltd ABN 22 139 616 783 (**Eight Investment Partners** or **Investment Manager**).

### 2. RESPONSIBILITIES

The Board is responsible for ensuring effective systems are in place to identify, assess, monitor and manage the risks of the Company, and inform investors of material changes to the Company's risk profile (in accordance with the Company's disclosure obligations - refer to the Company's Continuous Disclosure Policy).

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 – 3rd Edition, unless otherwise stated in the Company's annual Corporate Governance Statement;
- reporting mechanisms from Eight Investment Partners, 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.

### 3. 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 external auditor.

In addition, the Audit, Risk & Compliance Committee oversees and appraises the quality of audits conducted 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 Directors of the Board, the majority of which are 'independent' (as defined by the Company's policy). Regular attendees at meetings of the Committee may include executives from the Investment Manager. 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.

#### **4. COMPANY'S RISK MANAGEMENT FRAMEWORK**

The company has a risk management framework that reflects the size and scope of 8EC's business.

A risk profile is maintained for the Company, which describes the risks (financial and non-financial) facing the Company 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 to the next Committee meeting). The risk profile is formally reviewed at least annually by the Company and presented to the Audit, Risk & Compliance Committee and the Board on request.

The Company's risk profile includes the risk management report of the Investment Manager. The Investment Manager has a risk management strategy, which is generally consistent with AS/NZS ISO 31000:2009 (Risk management – Principles and guidelines). This forms part of the Investment Manager's Policies and Procedures Manual, which is available upon request to the Company, and includes a matrix of operational and investment risks.

#### **5. OTHER CERTIFICATIONS**

On an annual basis, the Investment Manager provides the Company with a certification of compliance with the Company's Investment Management Agreement and Administration Agreement. This certification is provided to the Company Secretary to the Board.

#### **6. CERTIFICATION PROCESS FOR ANNUAL FINANCIAL REPORTS**

Prior to the Board approving the Annual Report, the Company is 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 paragraph 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 (as per section 297 of the Act);
- any other matters that are prescribed by the Corporations Regulations in relation to the financial statements and the notes for the financial year are satisfied;
- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects; and
- statements made to the auditor in the representation are true and accurate.

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

The Company regularly evaluates the effectiveness of its risk management practices to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

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