



**THORNEY**

TECHNOLOGIES

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# RISK MANAGEMENT POLICY

THORNEY TECHNOLOGIES LTD

ABN 66 096 782 188

Level 39, 55 Collins St. Melbourne VIC 3000 Australia

This policy was first approved on 15 November 2016, to have effect from the re-listing of Thorney Technologies Ltd (**Company**) as an ASX Listed Investment Company. The policy has been reviewed in June 2024.

## 1. Introduction

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- 1.1 The aim of the Risk Management Policy is to provide guidelines on the management of risks to enable the achievement of strategic and operational objectives of the Company.
- 1.2 The Policy seeks to cover all material risks that the Company faces.

## 2. Definitions

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**ASX** means the Australian Securities Exchange, ASX Limited.

**Board** means the Board of Directors of the Company.

**Company** means Thorney Technologies Ltd ACN: 096 782 188

**Directors** mean the members of the Board.

**Investment Manager** means Thorney Management Services Pty Ltd ACN 164 880 148

**Risk Management Plan** means the risk management plan approved by the Investment Manager.

## 3. Purpose

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- 3.1 The purpose of this Policy is to state the overall intentions and direction of the Company in relation to risk management.
- 3.2 Risk management comprises a series of planned and coordinated activities to direct and control an organisation with regard to risk.
- 3.3 Risk is the effect of uncertainty on objectives.

## 4. Policy

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- 4.1 All investments and businesses involve risk. The Company is subject to an ever changing spectrum of risk which may impact its ability to achieve its financial, operational and investment objectives.
- 4.2 Risk management is an important discipline which, to be effective, must be planned, implemented and monitored.
- 4.3 The purpose of risk management is to plan for risk and to put into place controls which may reduce the likelihood of risks eventuating and to develop contingency plans to minimise their consequences if they eventuate.

## **5. Risk management process**

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- 5.1 The purpose of the risk management process is to protect and further the interests of the Company's shareholders.
- 5.2 The risk management process is the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
- 5.3 Risk management is not about avoiding risk. Risk necessarily attaches to all business decisions and risks must be taken to further the objectives of the Company. The Company is aware that an overly cautious approach to risk management may have a harmful impact on the achievement of strategic and operational objectives.

## **6. Risk Management Plan**

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- 6.1 The Company anticipates that the establishment of a risk management framework will assist both the Board and the Investment Manager to make informed and transparent decisions which will assist the Company to achieve its objectives.
- 6.2 The risk management framework will comprise a set of components that will provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Company.
- 6.3 Risk appetite is the combined level of tolerances for all the risks that the Company is willing to accept in pursuing its objectives. Through its risk management plan the Company will define its individual risk tolerances and therefore its collective risk appetite.
- 6.4 To articulate its risk appetite, the Company will maintain a risk register which will record information about all identified, material risks including the Company's risk tolerances and acceptability. This is completed by the Investment Manager (supported by third party specialist), and reviewed by the Audit & Risk Committee to ensure that the Investment Manager is operating within the risk appetite of the Board.

## **7. Standards**

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- 7.1 The risk management plan, process and framework have been designed to meet industry standards.
- 7.2 The following standards have and will continue to be adopted by the Company in its risk management framework, plan and process:
- International Standards ISO 31000 Risk management – Principles and guidelines
  - Guidelines issued by the Australia Securities & Investments Commission
- 7.3 The Board is assisted in its risk management activities by the Audit and Risk Committee. Co-ordination of risk management activities is done by the Company Secretary, who reports to the Audit and Risk Committee on such matters, with support from a third party specialist.

## 8. Key Risk Areas

8.1 Two key areas of risk have been identified: Investment Risk and Operational Risk.

### 8.2 Investment Risk

Investment risk includes:

- Market risk;
- Credit, counter-party and settlement risk;
- Liquidity risk;
- Climate risk; and
- Reputational risk (insofar as it relates to the investment that the Company enters into).

The Investment Manager is primarily responsible for dealing with issues arising from investment risk and has day-to-day management of the portfolios by an experienced investment team.

By its nature as a listed investment company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

In addition to the investment portfolio, the Company also operates a trading portfolio for short term opportunities. From time to time the Investment Manager may seek to enhance returns by selling call and put options. The Investment Manager maintains close control of option transactions.

While the Company is not directly exposed to physical climate risk, the directors and Investment Manager consider climate risk when making investment decisions and investment related disclosures in the financial statements.

### 8.3 Operational Risk

The Investment Manager is primarily responsible for recognizing and managing operational risk issues such as legal and regulatory risk, systems and process risk, human resource risk, reputation risk (insofar as it relates to the operations of the Company) and disaster recovery risk.

8.4 The Company receives reports from the Investment Manager outlining the control objectives for the Company and the specific policies and procedures established to meet these objectives. These policies include management oversight, segregation of duties, multiple sign-offs and specific authorisation levels.

8.5 The Investment Manager reports each year that these have been in place throughout the period, and have been effective in meeting the control objectives.

8.6 These statements and verifications are confirmed with the Company's auditors under the requirements of Auditing Standard 810.

**9. Publication of the Policy**

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- 9.1 Key features of the policy are outlined in the annual reports to shareholders each year.
- 9.2 A copy of the policy is available at [www.thorney.com.au/thorney-technologies/](http://www.thorney.com.au/thorney-technologies/)