Risk Management Policy

Victory Offices Limited

ACN 616 150 022

1 Introduction

1.1 This Risk Management Policy (Policy) sets out Victory Offices (Company) system of risk oversight, management of material business risks and internal control.

1.2 The Company recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company.

1.3 To the extent practicable, the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

1.4 Victory Offices Limited (Victory Offices or the Company) is committed to managing its risks in a consistent and practical manner. Effective risk management is directly focussed on the achievement of organisational objectives and helps ensure Victory Offices delivers on its strategic goals in alliance with its vision and values.

1.5 In its governance role, and particularly in exercising its duty of care and diligence, and associated legal duties, the Board of Victory Offices is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the assets and undertaking of the Company. This Risk Management Policy (Policy) is adopted to ensure fulfilment of those duties and responsibilities.

1.6 This Policy applies to all Victory Offices functions, projects, activities and alliances undertaken by its employees, contractors and consultants.

1.7 In this Policy, Senior Management means the Managing Director of the Company, his direct reports and such other employees of the Company determined by the Board to be included within Senior Management from time to time.

2 Purpose

2.1 The purpose of this Policy is to:

(i) encourage an appropriate level of risk tolerance throughout the Company;

(ii) establish procedures to analyse risks within agreed parameters across the Company;

(iii) establish appropriate risk delegations and corresponding risk management framework across the Company; and,

(iv) ensure the Company has a risk management framework that can measurably react should the risk profile of the Company change.

2.2 Underpinning this Policy, the Board adopts an active approach to risk management which recognises that Victory Offices is engaged in activities, which necessarily demand that Victory Offices take certain usual business, entrepreneurial and operational risks.

2.3 Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management. The Board requires the CEO to ensure that an approach to managing risk is implemented as part of the day to day operations of the Company, identifying and managing the material risks in the following categories as a minimum:

- core business and strategy risks;
- operational and commercial risks;
- risks associated with the regulatory environment in which the Company operates;
- legal and contractual risks;
- financial risks; and
- governance risks (including legal and ASX listing rule compliance).

2.4 Separate risk management plans for these areas may be developed as required with a view to ensuring that, rather than being a complete and stand-alone document, risk management plans are part of Victory Offices' day to day business and project decision making. In particular, the Board requires that the MD links risks to the strategic plan of the organisation. This process should identify the Company's risks appetite and tolerance, identify the links with other business initiatives.

2.5 Victory Offices' approach to prudent risk management does not require that all risks be identified and eliminated, but that procedures are in place to identify and document material risks and, where the likelihood and / or consequences of such a risk occurring so demand, that steps be taken to minimise, eliminate or transfer that risk.

2.6 Specifically, in managing risk, the Board and Senior Management shall adhere to the following principles:

- When considering new strategies or projects, management is to analyse the major risks of those opportunities being secured or being lost, and consider appropriate strategies for minimising or mitigating those risks where they are identified.
- Ensure that management is aware at all times that they are responsible for maintaining an adequate framework of internal control which supports the management of risk.
- Victory Offices will, where thought prudent by the MD or the Board, seek appropriate external advice to determine the best way to manage a particular risk.
- Financial risk will be managed by the whole of the Board working closely with the MD and CFO to ensure:
    - that the financial statements and other financial reporting are rigorously tested prior to submission for audit; and
    - that the transfer of potentially damaging events to third parties (i.e. insurance and other contractual arrangements) is arranged where applicable.
- Victory Offices' approach to risk management, and the effectiveness of implementation, is to be reviewed formally at least annually by the Board.
- The Board, before it approves the financial statements for a financial period, will receive from the MD and CFO a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- The Board will:
    - review Victory Offices' risk management framework at least annually to satisfy itself that it continues to be sound; and
    - disclose, in relation to each reporting period, whether such a review has taken place.
- The Board will assess and disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage these risks.

3 Accountabilities & Responsibilities

3.1 Board

The Board is responsible for the strategic and operational effectiveness of the Company. The role of the Board therefore includes:

- identification of key strategic risks;
- holding groups and individuals accountable for fulfilling their roles and responsibilities under this Policy;
- understanding and monitoring the status of the principal risks and uncertainties facing the Company;
- promoting the Policy across the Company, and publicising and rewarding good risk management practices;
- reviewing the adequacy of the Company's processes and procedures to assess, monitor and manage risks (including financial risks);

- reviewing any incident involving fraud, or any other breakdown of the Company's internal controls; and
- reviewing the Company's insurance program, having regard to the Company's business and the insurable risks associated with such business.

3.2 Managing Director

The MD is responsible for Victory Offices establishing and maintaining an appropriate system of internal control and risk management including overseeing the performance of Senior Management's responsibilities.

3.3 Senior Management

Senior Management are required to maintain the risk management process (for example a risk register and periodic monitoring and reporting). Key risks must be identified, documented and updated at least bi-annually.

3.4 Company Secretary

The Company Secretary is accountable and responsible for creating all procedures and supporting guidance to support the implementation and operation of risk management within the Company.

3.5 *Employees*

All employees are responsible for identifying and raising risks. Where an employee identifies a risk to the business or operations this risk should be communicated to a member of senior management.

4 Risk Appetite

4.1 A critical element of the Company's risk management framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

4.2 The key determinants of risk appetite are as follows:

(i) shareholder and investor preferences;

(ii) expected business performance;

(iii) the capital needed to support risk taking;

(iv) the culture of the organisation;

(v) management experience along with risk and control management skills; and,

(vi) longer term strategic priorities.

5 Risk Management Framework

5.1 The Company believe that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a risk management framework to allow the Company to manage its risk effectively and efficiently, enabling both short term and longer term strategic and business objectives to be met.

5.2 The Company's approach to risk management is summarised below:

5.2.1 Identification of Risks

To ensure key risks are identified, the Company:

- defines risks in the context of the Company's strategy;
- documents risk profiles, including a description of the material risks; and,
- regularly reviews and updates the risk profiles.

The Company's risk profile is summarised below.

5.2.2 Assessment of Risks

The likelihood and impact of identified risks are assessed using a common methodology.

5.2.3 Measurement and Control

Identified risks are analysed and the way the risk is to be managed and controlled is then determined and agreed. The generally accepted options are:

- accept the risk (where it is assessed the risk is acceptable or if avoiding the risk presents a greater risk through lost opportunity);
- manage the risk (through controls and procedures);
- avoid the risk (stop the activity);
- transfer the risk (outsourcing arrangements); and,
- finance the risk (through insurance).

5.2.4 Continuous Assessment

The Company's risk management framework requires a continuing cycle of implementing, monitoring, reviewing and managing risk management processes

6 Risk Profile

6.1 The identification and effective management of risks is critical to the achievement of the Company's strategic and business objectives. The Company's activities give rise to a broad range of risks, considered but not limited to the following categories:

6.1.1 Strategic Risks

- lack of responsiveness to changing economic or market conditions that impact the Company's competitive position;
- ineffective or poor strategy developed; and,
- ineffective execution of strategy.

6.1.2 Financial Risks

- financial performance does not meet expectations;
- capital is not effectively utilised or managed;
- cash flow is inadequate to meet financial obligations;
- financial results are incorrectly accounted for or disclosed; and,
- credit, market and/or tax risk is not understood or managed effectively.

6.1.3 Product and Service Delivery Risks

- possibility that a service might fail to satisfy or fulfill some reasonable expectation of the customer, user, or stakeholder.

6.1.4 Operations Risks

- inadequate or failed internal processes, people and systems, including from external events.

6.1.5 Human Resource Risks

- inability to attract and retain quality and appropriate people;
- inadequate succession planning; and,
- an appropriate culture.

6.1.6 Compliance Risks

- non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

7 Risk Oversight

7.1 Governance Structure

The Company's risk management framework is supported by the Board, Audit Committee and Senior Management of the Company.

7.2 Assurance

7.2.1 There are different levels of assurance in relation to the effectiveness and efficiency of the Company's risk management framework and associated processes and controls.

7.2.2 Assurance is provided from Management through reports and process.

7.2.3 Assurance also comes from the monitoring, oversight and reporting undertaken by the Audit Committee, as well as from independent testing, review and reporting undertaken by external audit. Independent external auditors are engaged by the Company to provide an audit opinion as required by law.

7.2.4 Process, surveillance, controls or other reviews are performed as required.

7.2.5 Reviews are also performed by regulators.

7.3 People and Culture

Having the right people and promoting an appropriate risk culture are critical to the future success of the Company. As a result, the Company is committed to forming a culture of risk awareness, transparency and responsiveness.

8 Policy Review

The Policy will be reviewed every three years, as required by the Board or the Committee, or after a significant change in general approach, legislation or regulation to ensure its currency, relevance and accuracy.

9 Further Assistance

Any questions regarding this Policy should be referred to the Company Secretary in the first instance.

10 Approved and adopted

This Policy was approved and adopted by the Board on 25 June 2021.