

DESCRIPTION OF RISK MANAGEMENT POLICY AND FRAMEWORK.

Bell Financial Group Ltd (ACN 083 194 763) (the “Company”)

1. Introduction

The Board of Directors of Bell Financial Group Ltd (“the Board”) understands that the management of risk is a continuous process and an integral part of good business management and corporate governance.

Bell Financial Group Ltd (“the Company”) operates within the financial services sector, and therefore is exposed to a range of risks, which include (but are not limited to) market, credit, operational, liquidity, regulatory and reputational risks.

2. Responsibilities

The Board is responsible for ensuring that effective systems are in place to identify, assess, monitor and manage risks the Company is exposed to.

In addition, the Board has responsibility to ensure that internal controls and procedures are adequate for monitoring compliance with laws and regulations. To enable it to effectively carry out its responsibilities, the Board has established a Group Risk and Audit Committee.

3. Group Risk and Audit Committee

The Group Risk and Audit Committee (“the Committee”) plays a key role in assisting the Board with its responsibilities relating to accounting, internal control systems, reporting practices, risk management and ensuring the independence of the company’s external auditor.

In addition, the Committee oversees and appraises the quality of audits conducted by the internal and external auditors and emphasises areas where it believes that special attention is required.

The Committee operates in accordance with a Charter, which outlines the structure and responsibilities of the Committee. The Charter is available on the Company’s website.

4. Risk Management Policy and Framework

The Company is required to analyse its business risk in the context of the Board’s expectations, specific business objectives and the organisation’s risk appetite.

The Company has implemented a Risk Management Policy and Framework based on Australian/New Zealand standard AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines.

The Policy and Framework addresses:

- ASX “Risk Management Framework” Guidance Note GN 30;
- ASX Corporate Governance Council’s Principle 7 “Recognise and Manage Risk”;
- ASIC Policy Statement 164 (Licensing: Organisational Capacities) Section F – guidance on a licensee’s systems for managing risk; and
- Corporations Act s912A(1)(h) requirements for licensees to have adequate risk management systems.

The Policy:

- Defines and identifies the risks faced by the businesses operated by the Company;
- Allocates roles and responsibilities for risk management throughout the Company; and
- Details the Risk Management Methodology to be applied.

The Framework incorporates:

- Processes and templates to identify, assess, mitigate and monitor risks;
- Communication and consultative processes to ensure management and staff are involved with the development and maintenance of risk management statements;
- The establishment of a cyclical plan to review the risks within each business area;
- Integrated risk management and internal audit processes; and
- Ongoing reporting to the Committee and to the Board.

The Internal Audit and Risk Manager is responsible for the co-ordination and continued improvement of the Risk Management Framework. The framework is formally reviewed annually, with results reported to the Committee.