Risk management policy

Kyron Capital Group

1 Context

Kyron Capital Group, comprising Kyron Group RE Limited (Responsible Entity or Manager), as responsible entity of the Kyron Investment Fund, and Kyron Capital Limited (Company) is a listed funds manager (ASX: KYN) and investor.

Kyron Capital Group (Group) comprises the Company and is controlled entities, including Kyron Investment Fund (Trust) and its controlled entities. The units of the Trust and the shares of the Company are combined and issued as stapled securities in the Group.

Our growth and success depends on our ability to understand and manage risk. Good risk management practices can not only help to protect established value, they assist in identifying and capitalising on opportunities to create value. By understanding and managing risk, we provide greater certainty and confidence for all of our securityholders.

2 Scope

This Policy applies to all operations and activities of the Group, including the Responsible Entity as the holder of the Group's Australian Financial Services Licence (AFSL 398 196).

3 Purpose

This Policy is a statement of the overall approach to risk management for the Group. Its purpose is to ensure that a formal risk management framework, which is both comprehensive and systematic and which responds to the strategic goals and objectives of the business, is in place. Its purpose is also to ensure that the Group meets its requirements under s912A(1)(h) of the Corporations Act 2001 and ASIC Regulatory Guide 259, to maintain adequate risk management systems.

4 Principles

The effective management of risk is vital to the continued growth and success of the Group. For risk management to be effective, all operations must apply the following principles to the context of their particular business and its objectives:

- Risk management must create and protect value.
- Risk management is integrated into organisational processes and embedded in Kyron Capital Group's culture.
- Explicit risk management helps decision-makers make informed choices.
- Risk management is focused on the sources of uncertainty around the achievement of objectives.
- Risk management must be tailored to the context and be fit for purpose.
- Risk management is dynamic, iterative and responsive to change.

5 Process

Kyron Capital Group's risk appetite will be documented in the Risk Appetite Statement (RAS) which will be reviewed at least on an annual basis by Management and the Board. The RAS may also be reviewed outside of the annual cycle to take account of significant changes to the Group's Business.

The Managing Director and Chief Executive Officer will ensure that a risk management framework is in place that meets the objectives of this Policy. Specifically, the risk management framework should be able to:

- Identify the risks to which the Group is exposed (including liquidity, capital management, strategic, transactional, financial, operational, external and compliance risks).
- Assess the risks to decide if they are acceptable with existing controls or need additional treatment.
- Identify treatment options for unacceptable risks and develop a risk treatment plan for unacceptable risks.
- Implement risk controls that are assessed as necessary and monitor the controls to ensure they are implemented as intended.
- Regularly review the effectiveness of the implementation of treatment controls.
- Periodically review the context of the Group and the risks to which it is exposed to ensure that all risks (including new risks) have been identified.
- Report to Management, the Audit and Risk Committee and the Board on risk management.

6 Responsibility

Responsibility for risk management is shared across the Group. Key responsibilities include:

- The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework. Detailed work on this task is delegated to the Audit and Risk Committee and reviewed by the full Board.
- The Audit and Risk Committee assists the Board in overseeing the Group's risk profile and is responsible for overseeing management's actions in the identification, management and reporting of material business risks.
- The Chief Executive Officer is responsible for periodically reviewing the Group's risk profile and fostering a risk-aware culture across the Group.
- The Chief Operating Officer of the Group is nominated as Kyron's Chief Risk Officer, and is responsible for reporting to the Audit and Risk Committee on the effectiveness of the risk management framework and of the Group's management of its material business risks.

7 Review

This Policy will be reviewed every year or earlier if required by a change in circumstances.