

# Risk Management Policy

---

## Purpose

Zip Co Limited (Company) considers risk management fundamental to maintaining efficient and effective operations and generating and protecting Shareholder value. A sound framework of risk oversight, risk management, and internal control is fundamental to supporting a high standard of governance. It underpins reliable financial reporting, compliance with relevant laws and regulations, and effective and efficient operations.

Managing material business risks is the responsibility of all Zipsters, however specific accountability is reflected in the Company's structure and organizational chart and these accountabilities are clearly defined in this document.

## Policy Objectives and Outcomes

The Board of Directors (Board) determines the Company's tolerance for risk and is committed to a risk management system that facilitates a culture of innovation. The Company's risk management system is designed to assist the Company in achieving its strategic and operational objectives. Understanding and managing risk provides greater certainty and confidence for shareholders, employees, customers, and suppliers, and for the community in which we operate.

Risk management assists in maximizing the value of our business and to assist in encouraging enterprise and innovation.

Risk management is a critical business activity. Risk understanding and our tolerance for risk are key considerations in the decision-making process.

The risk management function is supported by the Board and the Board delegated Audit and Risk Committee.

## Risk Management Framework

The Risk Management Framework (RMF) articulates a minimum set of requirements relating to ownership, management, and governance of material risks. This enables Zip to manage risk effectively so it can meet its objectives. The RMF provides clarity on relevant roles and responsibilities regarding risk management, risk principles, and desired risk culture.

The RMF provides a structure that allows for consistency in managing risk across all regions in which Zip Co Ltd operates.

### Risk Accountability

Given its responsibility for representing the interests of shareholders, the Board is responsible for approving and reviewing the Company's RMP, Risk Management Policy and determining the Company's tolerance for risk through a developed Risk Appetite Statement (RAS).

Zip has a 'Two lines of defence' approach to managing risk and relies on external auditors and specialists, when appropriate to provide independent assurance of specific processes.

The first line is accountable for Risk and Control ownership. The Chief Executive Officer (CEO) and Global Executive Team are responsible for the first line, in particular ensuring appropriate identification and ownership of risks and controls, and effective implementation of the Risk Management Framework. They are supported by the jurisdictional Executive Teams.

Management is responsible for ensuring that systems, processes, and controls are in place to minimize identified risks to an acceptable level.

Zip has a designated independent Risk and Compliance function that provides oversight, challenges risk decisions and provides monitoring and assurance on the control environment and level of compliance.

The risk governance structure at Zip aims to provide effective oversight of risks through consistent application, management, and reporting through structures listed below:

**Audit and Risk Committee** - The board has a delegated Audit and Risk Committee (ARC) to provide support in discharging its responsibilities in reviewing the RMF and overseeing the Risk Appetite and Risk Profiles. They also review and monitor risk culture, and the control environment and escalate to the Board where required.

**Operational Risk Committees (ORC)** - Operate across certain jurisdictions Zip is located in. The ORCs monitor business risk registers, review regional profiles for escalation to the ARC, monitor the performance of Risk Appetite through Key Risk Indicators (KRI's), and ensure operational risk and compliance is actively managed.

Executive Committees - Each jurisdictional ExCo ensures alignment across teams and accountability for delivering on strategic commitments.

Other Committees - Other relevant committees assist with the governance of specific risk areas such as Credit Risk and Technology.

### Risk Management

Risk management should be a part of, and not separate from, Zip's purpose, governance, leadership and commitment, strategy, objectives, and operations. Zip has adopted a standard approach to identify, assess, and manage potential risks. The approach includes:

- **Understanding the context** of the risk in relation to Zip to ensure there is an understanding of possible impacts on Zip's operations;
- **Identifying risks** through understanding the strategic and operational objectives of Zip;
- **Analyze the risk** to ensure it is understood and evaluate what should be done;
- **Manage the risk** through controls and treatment plans.
- **Providing control assurance** by testing design and operating effectiveness to ensure they are addressing the risk and are consistently applied.

At Zip, risks are identified, assessed, and managed by all areas of the organization. However, Risk and Compliance supports the maintenance of the risk registers and coordinates reporting and analysis. The ARC obtains oversight through the visibility of both the Regional and Global Risk Profiles.

### Further Information

Please contact Zip's ANZ Risk and Compliance team at [complianceteam@zip.co](mailto:complianceteam@zip.co).

## Version Control

### Variations

This version of the Policy supersedes all previous versions.

Document Title	Risk Management Policy
Use	Internal use only
Policy and Procedure Owner	This Policy is owned by the ANZ Risk and Compliance team who has final authority to change or make amendments to this document
Senior Manager Function (SMF) Accountability	Claire Nelson, Director Compliance
Policy and Procedure Contacts	Nathan Woll, Senior Manager, Risk
Document Author	Claire Nelson, Director Compliance
Version	2.0
Original Issue Date	July 2020
Last Review Date	29 November 2023
Next Review Date	November 2025