RISK APPETITE STATEMENT

CountPlus Limited (ACN 126 990 832)

As adopted by the Board

June 2022

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1. Introduction

CountPlus Limited ("Company") is an aggregation of Partner Firms and their subsidiaries across Australia and is a leading network of professional accounting and advice firms, aligned through shared values, mutual success, and sense of community. The Company was listed in 2010 on the Australian Securities Exchange (ASX: CUP).

2. Overview of Risk Appetite

The Company faces a broad range of risks reflecting its responsibilities as an aggregator of Partner Firms. These risks include those resulting from its responsibilities in the areas of financial stability, regulatory and legal, service delivery as well as its day-to-day operational activities.

Risk to the Company is mitigated by the fact that its Partner Firms operate independently and are geographically diversified. As such, a risk event faced by one Partner Firm is generally not expected to have a significant impact on the Group as a whole.

However, a material risk event may have a significant reputational impact on the Group and therefore each Partner Firm must always manage its risks in a way that minimises the likelihood that it may damage the reputation of the Group as a whole.

3. Risk Management Framework

The Audit and Risk Committee, has oversight of the Risk Management Framework and this Committee meets at least four times a year and provides a report on its activities to the Board.

A separate Group Risk Management Policy was adopted by the Board of Directors in November 2019.

4. Coverage

The Company's attitude to its Key Risks is depicted in the table below, summarising the appetite for each identified risk category.

Risk	Appetite
Operational	Very Low
Information Technology	Very Low
Financial	Very Low
Mergers and Acquisitions	Moderate
Strategic Risk	Moderate
Complaints and Client Risk	Low
Contagion and Reputation	Very Low
Fraud and Corruption	None
Supplier Risk	Low
Regulatory and Compliance	None
Governance	Very Low
People and Culture	Very Low

4.1 Operational Risk

The Company has a very low appetite for Operational Risk.

Operational Risk covers a vast number of business areas and can include issues such as business processes and controls, service delivery, document management, physical security and overall business continuity.

Business continuity can be identified as the ability of an organisation to maintain essential functions during, as well as after a serious incident or disaster has occurred, and the organisation's ability to resume normal operations within a reasonably short period. Recognition of the need to ensure that personnel and assets are protected is an important issue associated with this form of risk.

The Company recognises that it is not possible or necessarily desirable to eliminate all the risks inherent in its activities. Sometimes, acceptance of risk is often necessary to encourage innovation within business practices.

4.2 Information Technology Risk

The Company has a very low appetite for Information Technology Risk and this category is related to information technology and information management that can have adverse impacts on the Company's business processes and can include but not limited to; software and hardware failures, human error, cyber security including spam, viruses and malicious or ransom attacks. Risks can also be related to technology change management, whether utilising pioneering technology or losing potential business through use of outdated and inferior tools.

To address this risk, the Company aims for strong internal control processes and the development of robust technology solutions.

4.3 Financial Risk

This refers to the Company's ability to maintain solvency at all times and to meet the financial requirements of an Australian Financial Services Licence. Expense management is considered a subset of this risk as for example, failure to control expenses such as staff costs would result in earnings for CountPlus not reflecting revenue performance from Partner Firms.

The Company has a very low appetite for Financial Risk.

4.4 Mergers and Acquisitions Risk

The Company has a moderate appetite for Mergers and Acquisitions Risk, which can be defined as a combination of Investment and Transaction risk derived from several sources including market risk (equity market, interest and foreign currency risk), credit risk, counterparty risk and investment concentration risk.

Credit exposures such as guarantees, derivative financial instruments and performance related obligations to single and related counterparties can increase the risk profile of the Company or a Partner Firm and adversely affect its financial viability.

The Transaction Risk portion can be defined as the actual risks involved with the execution of transactions such as acquisitions, mergers, demergers and sell-down by the Company and these risks range from legal and contract matters through to integration risk as a subset of this risk, as there is a risk relating to the successful integration, including operations and systems of newly acquired member firms.

4.5 Strategic Risk

The Company has a moderate appetite for Strategic Risk. If the current and future direction of the Company or any of the Partner Firms are not well planned, there is risk of loss of; competitive advantage, market share, earnings, capital and shareholder value that could arise from poor business decisions and inadequate strategic implementations.

Conceptual ideas in strategy can initially have varying levels of risk, for example, if a growth strategy via acquisitions is tabled. Overall, the Company seeks a Moderate level of risk for strategic purposes, however as defined with Mergers and Acquisitions Risk, the appetite for risk may be reduced further during the execution side of the approved transaction.

4.6 Complaints and Client Risk

The Company has a low appetite for Complaints and Client Risk. Matters such as litigation involving the Company and a client can affect the ability to attain adequate insurance coverage and increase insurance policy premiums. Inadequate handling of client complaints can significantly impact business reputation and client referral business that is detailed in the separate risk of Contagion and Reputation.

4.7 Contagion and Reputation Risk

The Company has a very low appetite for Contagion and Reputation Risk given the business of service delivery that the Company and Partner Firm's need to protect, including brand and reputation. If there is any association, action or inaction which could be perceived to be inappropriate, unethical or inconsistent with the Group's values and beliefs, there is high probability of 'flow on' risks to earnings, capital and liquidity as a result. The advent of social media and fast paced information flow accelerates this risk.

4.8 Fraud and Corruption Risk

The Company has no appetite for any dishonest or fraudulent behaviour and takes a very serious approach to cases, or suspected cases, of fraud or corruption perpetrated by its staff and Partner Firms. The Company responds fully and fairly in accordance with provisions of the internal policies established including the Anti Bribery and Corruption Policy, Whistleblower Policy and Code of Conduct.

4.9 Supplier Risk

The Company has a low appetite for Supplier Risk and classifies these risks associated with reliance on third party suppliers for the delivery of outsourced goods and services.

The Company does not enter green fields outsourcing arrangements for its core business and prefers experienced parties that preferably operate within the broader industry with like clients and using experienced suppliers assists to mitigate risks further.

In addition to the supplier risk, the Company is aware of the Modern Slavery Act and its regulations and conducts due diligence on selection of suppliers accordingly.

4.10 Regulatory and Compliance Risk

The Company has no appetite for Regulatory and Compliance Risk.

A strong governance framework exists, combined with policies, procedures, systems and effective audit to mitigate risk in relation to the oversight and management of regulations, laws and compliance affecting the Company. There are legal and regulatory obligations regarding risk management including:

(a) Corporations Act 2001 which requires all holders of an Australian Financial Services Licence (AFSL) to have adequate risk management systems in place;

(b) ASIC Regulatory Guides which provide guidance on how AFSL licensees should meet their general obligations;

(c) ASX Corporate Governance Principles and Recommendations require listed entities to establish a sound risk management framework; and

(d) Accounting, Professional and Ethical Standards where Risk Management for Firms which requires members who are principals in organisations to implement, document and monitor a Risk Management Framework.

The Company recognises that any failure to maintain a no appetite position for Regulatory and Compliance Risk may result in potential systemic risk and catastrophic outcomes.

4.11 Governance Risk

The Company has a very low appetite for Governance Risk and ensures substantial structures and guidance is in place. An appropriately qualified Board with key Committees exist and supports the Board's oversight. In addition to authority checks for Board members and conflicts of interest registers, there are disclosure processes and Charters for Board and Committees.

Governance is the system by which the organisation is controlled and operates, and the mechanism by which it and its people are held to account. Any failure to maintain the level of appetite for this form of risk may result in behaviours that could put the Group's reputation and overall stability at threat.

4.12 People and Culture Risk

The key risks of the Company's People and Culture include:

Work Health & Safety (WHS) – the Company is committed to creating a safe working environment for all its staff, where people are protected from physical or psychological harm. It has a very low appetite for practices or behaviours that could be expected to lead to staff being harmed while at work.

Conduct - it is expected that staff are to conduct themselves with a high degree of integrity, striving for excellence in the work they perform and to promote the public interest. The appetite for behaviours which do not meet these standards is very low and the Company has an established Code of Conduct in place.

Calibre - the Company relies on motivated, diverse, and high-quality staff to perform its functions and create an environment where staff are empowered to the full extent of their abilities.

Other Personnel Risk - refers to the issues impacting staff retention, training, development and onboarding.

Overall, the Company has a very low appetite for People and Culture Risk.

5. Implementing the Risk Appetite Statement

All employees are responsible for the implementation of, and compliance with this Risk Appetite Statement. Senior Managers are delegated responsibility to manage their specific operational risks in a manner that will be consistent with this Risk Appetite Statement and escalate any risks outside the agreed appetite levels.

A Risk Register of the risks the Company faces in day-to-day operations is in place to mitigate risk and can be updated when there are key changes in policies, structures or functionality.

All risk performance is monitored by the Chief Financial Officer/Chief Risk Officer, and where performance varies to the tolerance settings, these matters are reported to the Audit and Risk Committee so that action plans to mitigate these risks back to acceptable levels can be implemented.

Feedback on the implementation of the Company's Risk Appetite Statement is provided through the Audit and Risk Committee.

The Company's Risk Appetite Statement is published on the Company's intranet and official website.

6. Review of the Risk Appetite Statement

The Risk Appetite Statement is reviewed on annual basis or whenever there is a significant change to the Company's operating environment. The review of the RAS is endorsed by the Audit and Risk Committee and then approved by the Board.

Source: Group Risk Management Policy – Clause(s) 7, 8, 9.1 and 11.2

Version No.	1
Date of Board Approval	June 2022
Date of Last Review	June 2022