

**PSC Insurance Group Limited**

ENVIRONMENTAL AND  
SOCIAL STATEMENT  
CORPORATE GOVERNANCE  
STATEMENT

# ENVIRONMENTAL AND SOCIAL STATEMENT CORPORATE GOVERNANCE STATEMENT

## ENVIRONMENTAL AND SOCIAL STATEMENT

### Overview

PSC Insurance Group Limited (PSC) has reported on its governance and various aspects of its social responsibility in different areas of its annual reporting. This year, we have consolidated our reporting into this Environmental and Social Statement and the Corporate Governance Statement (ESG). PSC's approach to incorporate environmental, social, and governance initiatives into our operating framework reflect our longstanding commitment to our customers, partners, shareholders, and employees and the communities in which we operate. At the core of what we do, we protect our clients assets and livelihoods. PSC prides itself on being there in our client's moment of need at their time of loss.

Our view on ESG is that it is a continuous process of aligning our operations and controls with our culture and values as a company. Our ESG commitments are structured around three key areas relevant to our business:

(i) Our Environment, (ii) Our People and Communities, and (iii) Our Corporate Governance.

Over the coming reporting periods, we will look to build on the quantitative metrics included in this Statement to enhance our oversight and provide further insight into our operations. We look forward to engaging with our stakeholders on these important issues as we continue to develop and enhance our ESG strategy and framework.

### Our Values

In 2018 PSC commenced a project to clearly define our values and standards. This project was driven and championed by our staff and was a culmination of the contribution from all employees across PSC. This project ultimately resulted in what we refer to as our "PSC DNA" which captures the values and core principles of what our business and people stand for. In each of our branches and business units, we have team members who have volunteered to be 'PSC DNA champions' and we recognise team members displaying PSC DNA values via our peer nominations. We are proud that the PSC DNA is driven by our people and this is a testament to their contribution to our culture and their drive to make the workplace and by extension the community a better place.

Our DNA assists us to embed our social, environmental and ethical standards throughout our global business.

## OUR ENVIRONMENT

PSC is a services based organisation operating in local communities with a limited environmental footprint and limited exposure to supply chain risks such as modern slavery. Despite this, we remain conscious of the global climate pressures and are committed to minimising the environmental impacts of our business.

Our Objectives	How We Are Achieving Our Objectives
Monitor and reduce energy consumption	<ul style="list-style-type: none"> <li>Reducing energy consumption.</li> <li>Measuring emissions across PSC; see Emissions section for further detail.</li> <li>Flexible staff working arrangements.</li> <li>Our water usage is limited to that used in our office premises which is minimal, but we focus on reducing this where possible.</li> </ul>
Minimise waste, and encourage the reuse and recycling of waste items	<ul style="list-style-type: none"> <li>Active encouragement of recycling with computer equipment, paper, glass and aluminium in each office.</li> </ul>
Promote sustainable transport to employees, clients and suppliers	<ul style="list-style-type: none"> <li>Where possible, offices are in central locations near public transport hubs.</li> <li>Reduced air travel in FY21 due to COVID, with forward commitments to carbon offset all employee air travel and only undertake it where it is considered to be a net benefit for the business as well as combining with other initiatives where possible.</li> <li>Video and audio communication is encouraged in order to reduce air and road travel.</li> </ul>
Support sustainable procurement and other sustainable work practices	<ul style="list-style-type: none"> <li>Supplier due-diligence via a questionnaire seeking clarification on the supplier's sub-contracting practices, the nature and geographic source of goods and services provided to PSC entities, employment practices and modern slavery risks (if any) identified in their organisation. The questionnaire also required the supplier to attest to be bound by PSC's Modern Slavery Policy.</li> <li>Procurement of environmentally-friendly office supplies is encouraged.</li> <li>Hard copy corporate brochures and business cards have moved to online versions</li> <li>Double-sided printing is encouraged in all offices.</li> </ul>

## Emissions

PSC is committed to being a responsible and sustainable organisation. PSC emissions data recorded below covers the Group's offices located throughout Australia and New Zealand and spans the 12 month period from April 2020 to March 2021. The Clean Energy Regulator in Australia is a Government body responsible for accelerating carbon abatement for Australia through the administration of the National Greenhouse and Energy Reporting (NGER) scheme. PSC's emissions data follows the NGER scheme which encompasses the following categories of greenhouse gas emissions:

- Scope 1: emissions released to the atmosphere as a direct result of business activities (gas usage and vehicle transport).
- Scope 2: indirect emissions from the burning of coal (office electricity usage).
- Scope 3: emissions not reported under the NGER Scheme which are indirectly caused by our business activities (commercial airline travel).

Being a professional services firm, PSC is a low greenhouse gas emitter. We are committed to considering further emissions offsetting and reduction initiatives for adoption in FY22 and we will incorporate UK and HK emissions data. PSC is evolving its reporting of its carbon footprint which will become more complete over time.

## PSC Australia and New Zealand Greenhouse Gas (GHG) Emissions

PSC Australia and New Zealand businesses comprise 375 staff across 20 office locations. In the 12 months to 31 March 2021 in Australia and New Zealand:

- PSC's combined Scope 1 (Gas, Vehicle Transport) and Scope 2 (Electricity) emissions was 586 tonnes of GHG Emissions (CO<sub>2</sub>-e) or 0.64 tonnes per employee.
- The threshold for any business to report its GHG emissions under the NGER scheme is equal to or greater than 50,000 tonnes of Scope 1 and 2 GHG Emissions (CO<sub>2</sub>-e).
- Whilst Scope 3 emissions are not reported under the NGER scheme, PSC has chosen to track the indirect emissions created by our employee air travel which totalled 37 tonnes of GHG Emissions (CO<sub>2</sub>-e). We acknowledge that our employee air travel was reduced during the reporting period due to the impact of COVID-19.
- Solar energy exported to the grid from PSC funded solar panels installed on various PSC office buildings was 27,131 kWh or 27 tonnes of GHG Emissions (CO<sub>2</sub>-e).

## OUR PEOPLE AND OUR COMMUNITIES

### Dedication To Our Communities

It is our aim to help anyone from within PSC to be able to give back to the community. We are fortunate enough to have passionate and committed individuals making significant contributions to their community in order to benefit others. Over the years, our people in their own capacity and via the PSC Foundation have contributed to significant donations and countless hours of time volunteering for a range of community organisations.

In the 12 months to 31 March 2021, PSC continued its proud tradition of partnering with local sporting clubs and community organisations across Australia, New Zealand and the UK. PSC's support included volunteering at community events, the donation of vital equipment and merchandise, as well as cash grants.

In the same period, PSC contributed to worthy charitable causes across Australia, New Zealand and the UK. Great Ormond Street Children's Hospital, the Australian Red Cross, the Indigenous Marathon Foundation, Royal Far West, Fight MND Foundation and the Starlight Children's Foundation are some of the notable charities PSC proudly supported this year.

The PSC DNA has been demonstrated by many individuals within our organisation who continue to drive the support of familiar causes, as well as the newly vulnerable groups within our community who have suffered due to the COVID pandemic.

### Supporting Our Clients

At PSC our commitment is to always act in the best interests of our clients in everything we do. This aligns our actions and reactions to ensure a consistent focus on our clients.

We focus on our customers above all else and take a personal approach to each client: to evaluate all aspects of their business, their risks and their situation. Our attention to every detail about their business beyond just insurance and risk means PSC Insurance Brokers provide the right advice to suit our client's unique situations.

# ENVIRONMENTAL AND SOCIAL STATEMENT CORPORATE GOVERNANCE STATEMENT (continued)

Our personal approach to our client's business means our approach is to:

- Understand our client's needs, their industry and their risks.
- Negotiate on their behalf to provide the best policies and terms available to them.
- Deliver quality, timely and cost-effective client services that are unique to their business situation.

At PSC, we are committed to supporting our clients through times of crisis, and acknowledge the role we play in protecting the livelihoods of thousands of individuals and businesses located across the globe. 2020 was a time of uncertainty and change and we supported our clients through these challenges by:

- Adapting quickly to the COVID lockdown environment by shifting to working remotely and utilising technology to maintain service levels and client delivery across all divisions.
- Our claims handling teams maintaining service levels during the peak periods following natural disaster events by lodging claims as quickly as possible, remaining contactable to clients and working with insurers to fast track claims for clients experiencing hardship or vulnerability wherever possible.

Additionally we have a continued focus on building the capability of our people to support vulnerable clients by implementing internal policies and awareness training to better identify and understand vulnerability, and how to best respond with sensitivity, dignity, respect and compassion. Completed actions include;

- Launching a Family Violence & Financial Hardship Policy in 2020 to provide customers with information on how they will be offered counselling support and access to other external services if affected by family violence and provided with relief options or payment plans when experiencing financial hardship.
- Training our staff to offer a number of support services to prevent communication barriers when dealing clients who could be impacted by language barriers, a disability or limited literacy skills.
- Training our staff to exercise flexibility to our internal policies for customers who may require additional support to meet identification requirements such as customers who are from an Aboriginal or Torres Strait Islander community or a non-English speaking background.

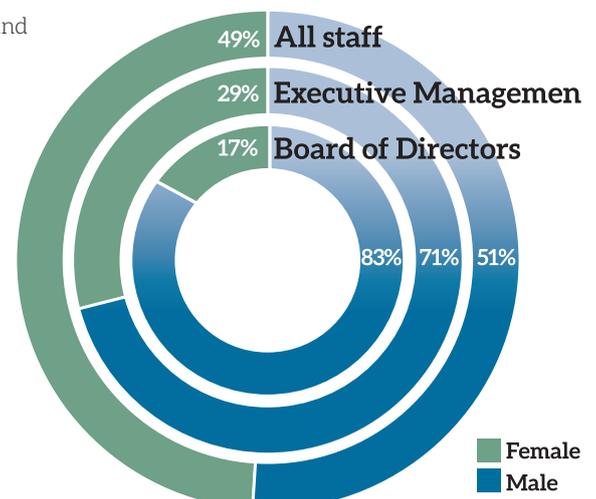
## Workplace Diversity and Inclusion

PSC maintains a strong commitment to promoting an organisational culture which highly values equality and inclusiveness and believes strongly in creating working environments free from discrimination and harassment. The Company recognises the value of attracting and retaining personnel of different backgrounds, knowledge, experiences and abilities. We are committed to supporting a diverse and inclusive workforce by recognising and responding to people's needs at different stages of their lives.

At PSC, equality and diversity means:

- an inclusive workplace that embraces individual differences;
- a workplace that is free from discriminatory behaviours and business practices including discrimination, harassment, bullying, victimisation and vilification;
- equitable frameworks and policies, processes and practices that assist with equal advancement opportunities;
- equal employment opportunities based on capability and performance;
- awareness of the different needs of employees;
- the provision of flexible work practices and policies to support employees; and
- attraction and retention of a diverse range of talented people.

The graphs provide an insight into the gender diversity across our business.



PSC strives to create an inclusive workplace where individuals can reach their full potential and its strategy supports the recruitment, retention and development of diverse talent.

PSC recognises that equality and diversity amongst its Personnel:

- broadens the pool of high-quality directors and employees;
- enhances the ability of the Company to attract talent and retain employees; and
- encourages greater innovation by drawing on different perspectives.

A review of the PSC Diversity and Inclusion Policy was undertaken during the current financial year with updates to our recruitment, selection and succession processes. PSC is committed to maintaining pay equality for all staff working in like roles.

### Staff Health and Wellbeing

Employee safety is PSC's highest priority and the Group sees the benefits of a continuous focus on providing safe workplaces for all employees across PSC's worldwide operating locations. PSC recognises our responsibility to ensure that staff enjoy a work-life balance, are provided with opportunities to develop professionally and are assured of PSC's commitment to promoting staff health and safety. A review of the PSC WH&S policies was completed in 2020 to ensure the physical and psychological safety of our people, with emphasis placed on the impacts felt by employees during COVID lockdown periods where remote working arrangements were necessary. We also acknowledge that people have had to take on additional responsibilities and stresses during the pandemic and in many cases transformed their homes into offices for varying periods depending on location. PSC management considers the needs of the business and the preferences of our employees when considering flexible working arrangements. A number of our people have thrived from the opportunity to vary their working location and shift times to improve their work life balance and wellbeing.

### Parental Leave

A number of PSC staff took parental leave in the past 12 months and subsequently returned to work. PSC recognises the importance of family and that, following parental leave, staff may need to adjust their work patterns to assist them in handling their family responsibilities. To this end, PSC promotes flexibility in both job functionality and hours of work, where possible, to assist staff returning from parental leave.

### Integrating Staff From New Acquisitions

PSC has a long and successful history of growth through the acquisition of existing broker and underwriting businesses which align to the ethos and culture of PSC. PSC welcomed new businesses and their staff into the PSC family in Australia, Hong Kong and the United Kingdom during 2020/21.

PSC acknowledges the biggest asset of any business we acquire is the people within that business who are crucial to the businesses continued client retention, growth and success, as part of the PSC Group. For this reason, PSC has focused on retaining and integrating the staff of all acquired businesses by supporting their continued professional development and personal growth and wellbeing.

### Human Rights and Eradicating Modern Slavery

Business plays an important role in respecting and promoting human rights and eradicating modern slavery. We, at PSC, recognise that modern slavery is a complex problem, best tackled by collective commitment and responsibility to end it and we are committed to working with all our stakeholders to fulfil this common goal.

The *Australian Modern Slavery Act 2018* took effect on 1 January 2019, and applies to commercial and not for profit entities with annual consolidated revenue of at least AUD\$100 million. In 2020, PSC established our Modern Slavery Policy which outlines the minimum standards expected of suppliers including:

- Legal wages
  - No forced labour
  - Adequate safety & hygiene
  - No bribery
  - No discrimination
  - No child labour.
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## CORPORATE GOVERNANCE STATEMENT (continued)

This was followed by an extensive supply chain due diligence exercise in preparation for PSC's first Modern Slavery Statement. We focused on mapping the supply chain of suppliers engaged directly to provide products and services to PSC and its subsidiaries (Tier 1 suppliers). PSC has grown to manage a global supply chain made up of more than 1000 Tier 1 suppliers, with 94% based in Australia and the UK. Despite both jurisdictions being rated low risk of Modern Slavery contraventions according to the internationally recognised Walk Free 2018 Global Slavery Index, PSC organised for a Modern Slavery questionnaire to be completed by the top 40 Tier 1 suppliers who had not previously published a Modern Slavery Policy or Statement.

The questionnaire achieved a 70% completion rate, with no risks identified in the provision of services to PSC, and no suppliers flagging investigations or charges incurred relating to breaches of modern slavery or human rights laws.

PSC also completed an internal assessment and identified the risk of modern slavery in PSC human resource operations as low. All businesses in PSC monitor and address human rights issues in our operations under the PSC Code of Conduct as well as the PSC Diversity Policy. Remuneration for all employees is reviewed on an annual basis in accordance with PSC's Remuneration Policy and starting salaries are determined by market benchmarking. Such remuneration reviews ensure fair pay and adherence to workplace laws which reduces the risk of modern slavery practices.

PSC is committed to further strengthening our modern slavery risk management in 2021 as we seek to proactively identify, mitigate and remedy modern slavery risks in our own operations and supply chains. Some of the forward commitments agreed by the Board include:

- Implementing new contractual provisions to include in all future Tier 1 supplier agreements to obligate adherence to the PSC Modern Slavery Policy.
- Broadening our use of international sanction screening services beyond client engagement to identify potential suppliers subject to enforced domestic or international sanctions.
- Distribution of an annual Modern Slavery Tier 1 supplier questionnaire.

A full list of the planned focus areas for the next 12 months can be reviewed within the 2020 Modern Slavery Statement published on the PSC Group website.

### **Open and Transparent Workplace**

PSC believes in the strong ethical values of integrity and business honesty and is committed to a culture of high corporate compliance, high ethical behaviour and acting lawfully. PSC is committed to creating and maintaining an open and transparent working environment in which employees, directors and contractors are able to raise concerns regarding actual or suspected unethical, unlawful or undesirable conduct.

Our policy provides strong protections for individuals who disclose wrongdoing, help uncover misconduct that may not otherwise be detected, hold PSC accountable to its ethical and professional standards, and promote compliance with applicable laws and the importance of a 'speak up' culture.

## OUR CORPORATE GOVERNANCE

The Board is responsible for the corporate governance of the Group. Outlined are policies and practices adopted by the Group. We are committed to high standards in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations unless stated otherwise. The Board is comprised of highly experienced and qualified members with the necessary skills and experience within the financial services industry. Refer to the Board member profiles published on pages 17 and 18.

### Principle 1 – Lay solid foundations for management and oversight

The Board's role includes guiding the Group's strategic direction, driving its performance and overseeing the activities of management and the operation of the Group. The respective roles and responsibilities of the Board and Executives are defined in the Board Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). There is a clear delineation between the Board's responsibility for the Group's strategy and activities, and the day-to-day management of operations conferred upon the Group's officers.

More specifically, the Board is responsible for:

#### Strategy and financial performance

These include:

- develop, approve and monitor the Group's corporate strategy, investment and financial performance objectives;
- determine the Group's dividend policy;
- evaluate, approve and monitor all aspects of capital management, including material acquisitions, divestitures and other corporate transactions, including the issue of securities of the Group and undertaking of new debt facilities or issue of debt securities;
- approve all financial reports and material reporting and external communications by the Group; and
- appoint the Chair of the Board and, where appropriate, any Deputy Chair or Independent Director.

#### Executive and Board management

These include:

- appoint, monitor and manage the performance of the Group's Directors;
- manage succession planning for the Group's Executive Directors and any other key management positions as identified from time to time;
- ratify the appointment and, where appropriate, the removal of senior management of the Group and any subsidiaries; and
- review and approve the remuneration of individual Board members and Senior Executives, having regard to their performance.

#### Audit and risk management

These include:

- appoint the external auditor and determine its remuneration and terms of appointment;
- ensure effective audit, risk management and regulatory compliance programs are in place;
- approve and monitor the Group's risk and audit framework and its Risk Management Policy;
- monitor the Group's operations in relation to, and in compliance with, relevant regulatory and legal requirements; and
- approve and oversee the integrity of the accounting, financial and other corporate reporting systems and monitor the operation of these systems.

#### Corporate governance and disclosure

These include:

- evaluate the overall effectiveness of the Board, its committees and its corporate governance practices and policies;
- supervise the public disclosure of all matters that the law and the ASX Listing Rules require to be publicly disclosed in a manner consistent with the Continuous Disclosure Policy; and
- approve the appointment of Directors to committees established by the Board and oversee the conduct of each committee.

The Company Secretary, Stephen Abbott, reports directly to the Chairman of the Board. The role of the Company Secretary is outlined in the Board Charter.

The responsibility for the operation of the Group is delegated by the Board to the Managing Director. The Board and senior management monitor the performance of the Group through monthly reporting of the operating performance of each business, with reference to Board approved budgets and prior corresponding periods. The Remuneration and Nominations Committee monitors the performance of Key Management Personnel. All Directors have a written agreement setting out the terms of their appointment.

# ENVIRONMENTAL AND SOCIAL STATEMENT

## CORPORATE GOVERNANCE STATEMENT (continued)

### Principle 2 – Structure the Board to be effective and add value

The Board currently comprises four Non-Executive Directors and four Executive Directors. Of these eight Directors, four are independent Non-Executive Directors; Mr Brian Austin, Mr Paul Dwyer, Mr Melvyn Sims and Ms Jo Dawson. The Board are highly invested in the Group and believe this is in the best interests of all shareholders to drive the performance and add value.

Mr Brian Austin, Mr Paul Dwyer and Mr John Dwyer are all substantial shareholders in the Group. While Mr Austin's and Mr Dwyer's direct and indirect shareholding in the Group may be an indicator that they may not be an independent Director under ASX guidelines, the Board believes they continue to act independently of management and in the best interests of all shareholders and consequently the Board has deemed that they are independent. The experience and expertise relevant to the position of Director held by each Director at the date of this report is included in the Directors' Report.

The term in office held by each Director at the date of this report is as follows:

Name	Term in office
Brian Austin – Chairman, Independent Non-Executive Director	11 years
Paul Dwyer – Deputy Chairman, Independent Non-Executive Director	11 years
John Dwyer – Executive Director	11 years
Antony Robinson – Managing Director	6 years
Melvyn Sims – Independent Non-Executive Director	5 years
Tara Falk – Executive Director	2 years
James Kalbassi – Executive Director	1 month
Jo Dawson – Independent Non-Executive Director	1 month

Principal 2.4 and 2.5 of the ASX Corporate Governance Principals and Recommendations recommends that the Board comprise a majority of Directors who are independent. The Board is currently composed of 50% of Directors who are independent. The Board considers this to be appropriate given the shareholder structure.

The Board has established two committees to assist it in its endeavours:

- Audit & Risk Committee.
- Remuneration & Nominations Committee.

The charter of each of these committees can be reviewed at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

In considering the skills required by members of the Board, consideration is given to the following:

- Insurance industry experience.
- Executive management experience.
- Financial acumen.
- Legal knowledge.
- UK business experience.
- Operational and acquisition experience.

The Board has considered these requirements and is satisfied with the current composition.

To enable performance of their duties, all Directors:

- Are provided with appropriate information in a timely manner and can request additional information at any time,
- Have access to the Company Secretary;
- Are able to seek independent professional advice at the company's expense;
- Are able to undertake professional development opportunities to further develop their knowledge and skill needed to perform their role as Director; and

- Have undergone an induction process to enable them to be effective Directors and gain substantial knowledge of the company.

### Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Group is committed to operating honestly and ethically in all its business dealings and to embody this commitment has adopted a Code of Conduct which applies to all Directors, officers, employees, contractors or consultants of the Group as well as a Securities Trading Policy. Each of these has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Group has adopted a Diversity Policy, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). Where candidates for Board and Executive positions have commensurate experience and expertise, the Group will have a preference for appointments that enhance our diversity. Presently, the proportion of female employees across the Group is 49%.

### Principle 4 – Safeguard the integrity of corporate reports

The Group has established an Audit & Risk Management Committee to oversee the management of financial and internal risks. The Committee is chaired by Independent Non-Executive Director, Ms Jo Dawson, and is also comprised of Mr Paul Dwyer and Mr Antony Robinson as the other members of this committee. Principal 4.1 of the ASX Corporate Governance Principles and Recommendations recommends that the audit committee have at least three members all of whom are Non-Executive Directors. Two members of the Committee are Non-Executive Directors. Mr Robinson is considered the most appropriate third member given his expertise and experience in these matters.

The Audit & Risk Management Committee is governed by an Audit & Risk Management Committee Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). Key roles of the Committee include:

- Review of the half year and full year statutory financial statements;
- Consideration of the performance of the external audit and the periodic rotation of that role;
- Review of risk management assessment and the Group's Risk Management Policy and internal financial controls; and
- The Audit & Risk Committee met five times during the year and each member as then appointed attended all meetings.

Prior to the approval of the financial statements, the Board received a declaration from the Managing Director, Group Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records have been properly maintained, are in accordance with Australian Accounting Standards and give a true and fair view of the financial performance and financial position of the Group. The Group's auditor, Ernst & Young, has indicated they will be attending the Annual General Meeting.

### Principle 5 – Make timely and balanced disclosure

The Group is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Continuous Disclosure Policy is designed to ensure compliance with ASX Listing Rules and the *Corporations Act 2001*. All disclosures are subject to Board ratification.

### Principle 6 – Respect the rights of Security holders

The Group has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Group seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is timely, frequent, clear and accessible. The Group provides investors with comprehensive and timely access to information about itself and its governance on its website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). All Shareholders are invited to attend the Group's general meetings, either in person or by representative, at a physical location or online. The Board regards the general meetings as an excellent forum in which to discuss issues relevant to the Group and accordingly encourages full participation by Shareholders. General meetings are structured to enable full participation by shareholders including the opportunity to ask questions of the Board and at annual general meetings, the Group's auditor.

### Principle 7 – Recognise and manage risk

In conjunction with the Group's other corporate governance policies, the Group has adopted a Risk Management Policy, which is

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## CORPORATE GOVERNANCE STATEMENT (continued)

designed to assist the Group to identify, evaluate and mitigate risks affecting the Group. The Audit & Risk Management Committee is responsible for reviewing whether the Group has any material exposure to any economic and commercial risks, and if so, to develop strategies to manage such risks, and present such strategies to the Board. The Audit & Risk Management Committee is supported by the Group Manager Governance and Compliance who has a direct line of report into this committee.

The Group has identified certain key risks that could materially impact its performance, and implemented measures to manage these risks. These include, however are not limited to:

- Regulatory risk – as a Group of regulated financial services businesses, changes in regulation or actions by regulators could impact the Group;
- Personnel risk – competent employees and management are very important to the ongoing success of the Group;
- Financial risk – sound risk management of the financial controls around client monies and financial reporting are very important; and
- Underwriter risk – the Group's underwriting agency businesses require the ongoing support of their underwriters. If this support is withdrawn it could impact the Group.

Risk management within the Group is further enhanced by a separate Compliance and Risk Management committee that meets quarterly to assess operational compliance risks across the Group and is comprised of the Group's compliance managers, Company Secretary and chaired by the Group Manager Governance and Compliance. This committee provides a written report to each full Board Meeting via the Group Manager Governance and Compliance. The Group Manager Governance and Compliance attends each full Board Meeting. Compliance managers are responsible for monitoring and auditing insurance related operational functions to ensure continuing compliance with respective jurisdictional licensing requirements.

Regular internal communication between the Group's management and Board supplements the Group's Risk Management Policy. The Group at least annually evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. Under the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee is responsible for providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Group's risk management and internal control process. A review of the entity's risk management framework is completed at least annually to ensure that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board.

A copy of the Group's Risk Management policy is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

### **Principle 8 – Remunerate fairly and responsibly**

The Group has a Remuneration & Nominations Committee to oversee the level and composition of remuneration of the Group's Directors and Executives. The Group's Remuneration & Nomination Committee is governed by a Remuneration & Nomination Committee Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

The committee comprises two Directors:

- Brian Austin (Chairman)
- Paul Dwyer

Principal 8.1 of the ASX Corporate Governance Principals and Recommendations recommends that the Remuneration and Nominations Committee have at least three members all of whom are Non-Executive Directors. The Committee is comprised of two independent non-executive directors. The Board considers this appropriate for the size and nature of the business.