Emyria Limited

(ACN 625 085 734)

RISK MANAGEMENT FRAMEWORK AND POLICY

Version 2.0 Approved 29 March 2023

1. Purpose and Scope

This document provides an overarching Risk Management framework and policy and applies to Emyria Limited ("Company") Board of Directors and all employees including, but not limited to, visiting health professionals, contractors, consultants and volunteers who are involved with operations at Emyria.

2. Framework and Policy

Risk management is a complex and critical component of the Company's governance, the Board will oversee and guide the detail of risk management. The Managing Director is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated. Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company are to ensure:

(a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;

(b) business decisions throughout the Company appropriately balance the risk and reward trade off;

(c) regulatory compliance and integrity in reporting are achieved; and

(d) senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives, the risk management system covers:

(a) operations and cyber risk;

(b) clinical and safety risk;

(c) financial reporting

(d) reputational risk; and

(e) compliance.

The Board reviews all major strategies and purchases for their impact on the risk facing the Company and makes appropriate recommendations. The Company also undertakes an ongoing review of operations to update its risk profile. The Company discloses in each reporting period that such a review has taken place. The Board undertakes a review of those areas of risk identified.

As specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition), the Managing Director and CFO provide a written declaration of assurance that their opinion, that the financial records of the Company for any half-year or full-year period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board of the Company has identified a range of specific risks that have the potential to have an adverse impact on its business.

These include:

(a) operational risks;

(b) clinical risks;

(c) occupational, health and safety risks;

(d) insurance risks;

(e) litigation risks;

(f) reputational risks;

(g) financial risks;

(h) privacy, cyber-security and data breach risks;

(i) conduct risks;

(j) digital disruption risks;

(k) sustainability, environmental and climate change risks; and

(l) compliance risk.

The board determines the Company's "risk profile" and is responsible for overseeing the approval risk management strategy and policies, internal compliance and internal controls.

The board will review assessments of the effectiveness of risk management and internal compliance and controls.

The primary purpose of the Risk Committee is to:

(a) oversee the Company's risk management framework, systems, Oversee the Company's Risk Management Framework, policies, systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines.

Role of the Management is responsible for ensuring effective risk management is being undertaken within the Company and on any projects including:

(a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;

(b) Using the rating matrix tables set out in Appendix D to evaluate the Company's risk appetite.

(c) Using the rating matrix tables set out in Appendix A, analyse identified risks based on the following:

(d) Likelihood of the risk occurring;

(e) impact of the risk if it did occur;

(f) Using the rating matrix tables set out in Appendix E to ascertain what level of controls and maintenance are currently being employed;

(g) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and

(h) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

(i) To this end, Management should ensure comprehensive practises are in place that are directed towards achieving the following objectives:

(j) compliance with applicable laws and regulations:

(k) preparation of reliable published financial information; and

(l) implementation of risk transfer strategies where appropriate e.g. insurance

The Company will disclose if it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how it manages, or intends to manage, those risks.

The Company must disclose at least annually whether the Board (or a committee of the Board) has completed a review of the Company's Risk Management Framework and Policy to satisfy itself that it continues to be sound and applicable to the Company's activities.

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3. Appendix A: Risk Rating Matrix

RISK RATING MATRIX						
LIKELIHOOD CRITERIA	ALMOST CERTAIN 5	MEDIUM	MEDIUM	HIGH	EXTREME	EXTREME
	LIKELY 4	LOW	MEDIUM	HIGH	HIGH	EXTREME
	POSSIBLE 3	LOW	MEDIUM	MEDIUM	HIGH	HIGH
	UNLIKELY 2	LOW	LOW	MEDIUM	MEDIUM	HIGH
	RARE 1	LOW	LOW	LOW	MEDIUM	MEDIUM
		INSIG NIFICANT 1	MINOR 2	MODERATE 3	MAJOR 4	CRITICAL 5

4. Appendix B: Risk Likelihood and Impact Criteria

Risk Likelihood Criteria

LIKELIHOOD LEVEL	DESCRIPTION	ESTIMATED ANNUAL PROBABILITY
Almost Certain (5)	Is expected to occur in most circumstances - frequently during the year	> 95%
Likely (4)	Will probably occur - e.g. once during the year	70-95%
Possible (3)	Might occur at some time - e.g. once every 1 to 3 years	30-70%
Unlikely (2)	Could occur at some time - e.g. once every 3 to 5 years	5-30%
Rare (1)	May occur only in exceptional circumstances - e.g. once every >5 years	< 5%

Risk impact criteria

LIKELIHOOD LEVEL	DESCRIPTION
Critical (5)	Permanent impact on business
Major (4)	Major, sustained impact on business
Moderate (3)	Temporary impact on business
Minor (2)	Minimal impact on business
Insignificant (1)	No impact on business

5. Appendix C: Escalation and Retention Guidelines

RISK RATING MATRIX	RISK TREATMENT GUIDELINES	ESCALATION AND RETENTION GUIDELINES
EXTREME	Immediate action required to actively manage the risk and limit exposure	Escalate immediately to the Managing Director and Board. Risks not accepted or retained
HIGH	Cost/benefit analysis required to assess extent to which risk should be treated - monitor to ensure risk does not adversely change over time	Escalate to the Managing Director, notify the Board within a reasonable timeframe. Risks generally not accepted or retained
MEDIUM	Constant/regular monitoring required to ensure risk exposure is managed effectively, disruptions minimised, and outcomes monitored	Escalate to relevant Senior Manager (and Senior Management Team where appropriate). Risks may generally be retained and managed at operational level
LOW	Effectively manage through routine procedures and appropriate internal controls	Monitor and manage at the relevant Manager or operational level. Risks generally retained

6. Appendix D: Risk Appetite

RISK APPETITE	AVERSE (AVOIDING)	CONSERVATIVE (CAUTIOUS)	FLEXIBLE (NEUTRAL)	OPEN (RECEPTIVE)
APPROACH TO RISK	Accept as little risk as possible	A balanced approach as company has capability to manage this category of risk	Company has both capability and capacity to take an active approach to managing this category of risk	We have a demonstrated capability, capacity and a strategic imperative to accept a higher level of risk for this risk category
PHILOSOPHY	Risk avoidance or aversion is a core objective	Risk managed with caution	Risk managed with preference for safe delivery	Risk is accepted and managed as necessary to achieve objectives
RISK RESPONSE	Select the lowest possible risk option at all times	Accept the risk only if essential and limited possibility of impact or failure	Accept if benefits significantly outweigh risks	Select option with the highest return based on a risk exposure that can be adequately managed with available resources
GENERAL RISK MANAGEMENT PROCESS	Strict policies SOPs Extensive planning and training Delegated authorities	Monitoring via reporting and analytics	Use scenario mapping / modelling	Perform horizon scanning Develop business cases that justify action against current strategic objectives

7. Appendix E: Assessment of Controls

ASSESSMENT OF CONTROLS	DESCRIPTION	ASSESSMENT OF CONTROLS
HIGHLY EFFECTIVE	The controls effectively and efficiently provide assurance the risk is not likely to occur	**Highly Effective**
MODERATELY EFFECTIVE	The controls provide moderate assurance the risk is not likely to occur with room for small improvement in control	**Moderately Effective**
SLIGHTLY EFFECTIVE	The controls provide a small degree of assurance the risk is not likely to occur with room for large improvement in control adequacy	**Slightly Effective**
NOT EFFECTIVE	The control environment provides little to no assurance the risk is not likely to occur. Many weaknesses / inefficiencies exist OR minimal scope to control risk	**Not Effective**