

# **RISK MANAGEMENT POLICY**

**Allegra Orthopaedics Limited**

**ABN 71 066 281 132**

**Adopted on 07 September 2021**



## **1 INTRODUCTION AND PURPOSE**

Allegra Orthopaedics Limited (**Company**) and its related companies (**Group**) considers risk management fundamental to maintaining efficient and effective operations and generating and protecting Shareholder value. For the Company, the management and oversight of risk is an ongoing process integral to the management and corporate governance of the business.

## **2 POLICY OBJECTIVES AND OUTCOMES**

2.1 The Board of Directors of the Company (**Board**) determines the Company's tolerance for risk and is committed to a risk management system that fosters a culture of innovation. The Company's risk management system is designed to assist the Company in achieving its strategic and operational objectives. The risk management system aligns with the vision, strategy, processes, technology and governance of the Company and provides for:

- (a) appropriate levels of risk taking;
- (b) an effective system for the management of risk across the Company;
- (c) protection against incidents causing personal injury and property damage;
- (d) development of risk management and control plans to reduce or minimise unforeseen or unexpected costs;
- (e) an ability to identify, prioritise and respond to risk in a manner that maximises opportunities;
- (f) reliable financial reporting and compliance with laws, regulations and standards;
- (g) sound insurance management practice; and
- (h) protection of assets from planned and unplanned events.

2.2 The risk management function is supported by the audit and risk committee of the Board (**Audit and Risk Committee**).

## **3 KEY RISK AREAS**

3.1 The areas of potential risk to the Company include:

- (a) operations;
- (b) human resources;
- (c) competition;
- (d) regulatory (both domestic and international);
- (e) equity prices;
- (f) intellectual property;
- (g) technology;

- (h) liquidity and concentration of ownership;
- (i) financial;
- (j) strategic;
- (k) reputational;
- (l) legal;
- (m) market share and/or size;
- (n) social and environmental; and
- (o) other company risks.

#### **4 RISK TOLERANCE LEVEL**

The Company is aware that an overly cautious approach to risk management may have a harmful impact on the achievement of strategic and operational objectives. The Company will adopt a risk management strategy that aims to identify and minimise the potential for loss, while also maximising strategic opportunities for growth.

#### **5 RISK MANAGEMENT PROCEDURE**

The Company has adopted a risk management procedure that takes a proactive approach to the management of risks. The procedure involves:

- (a) identifying risks including any emerging risks;
- (b) regularly reviewing the areas of risks for the Company and updating the Company's risk registers;
- (c) determining the materiality of risks and the development of a plan to minimise the impact of the risks on the Company;
- (d) monitoring the extent to which the organisation's risk management processes and procedures have been implemented and operating effectively; and
- (e) monitoring and evaluating personnel within the organisation responsible for risk management.

#### **6 ROLES AND RESPONSIBILITIES**

##### **6.1 Board responsibility**

The Board is responsible for the oversight of the risk management framework. This includes: policies and procedures related to risk management, risk profile, risk management and assessing the effectiveness of risk oversight and management.

## 6.2 **Audit and Risk Committee**

- (a) The Audit and Risk Committee is responsible for advising the Board on risk management and compliance management and to assist the Board in fulfilling its risk management and oversight responsibilities relating to (among other matters):
  - (i) the Company's risk profile and risk policy; and
  - (ii) the effectiveness of the Company's risk management framework and supporting risk management systems.

Refer to the Audit and Risk Committee Charter for a detailed outlined of the purpose and duties of the Audit and Risk Committee.

## 6.3 **Senior Management**

Members of the executive management of the Company (Senior Management) are responsible for ensuring that systems, processes and controls are in place to minimise identified risk to an acceptable level.

## 6.4 **Employee responsibility**

All employees must report new risks or changes to existing risks to their managers or supervisors as soon as they become aware of the risk.

## 6.5 **External auditor**

The external auditor is responsible for providing an independent opinion of the financial results of the Company. In undertaking this role, the external auditor also provides comments on the management of risk and assets of the Company in the identification of risk.

## **7 REPORTING**

- 7.1 Senior Management must report new risks or changes to existing risks to the Chief Financial Officer as soon as practicable after becoming aware of the risk.
- 7.2 The intended outcomes of the risk management program include:
  - (a) the establishment of a robust risk management framework and internal control system that enhances the Company's ability to meet its strategic objectives;
  - (b) improved operating performance and reliable internal and external reporting;
  - (c) increased awareness and management of risk; and
  - (d) compliance with policies and procedures and applicable laws and regulations.

## **8 REVIEW OF POLICY**

### 8.1 **Periodic Review**

- 8.2 This Policy will be reviewed periodically and updated as required to ensure it continues to operate effectively. The Audit and Risk Committee will review the Company's general risk management framework

at least annually to satisfy itself that it continues to be sound and that the Company's operations are consistent with the risk appetite set by the Board.

### 8.3 Amendment

This Policy may be amended or replaced from time to time. The latest version of this Policy can be found on the Company's website or obtained from the **Company Secretary**.

## 9 MATERIAL REVISIONS

VERSION	APPROVAL DATE	EFFECTIVE DATE	DETAILS
1.0	07.09.2021	07.09.2021	Policy approved by the Board.