



## **Risk Management Policy and Framework**

### **Background**

Imagination Biosystems Limited ("Imagination") has a responsibility to appropriately manage the risks faced in its business. Effective risk management is required in order to achieve its business objectives. This is not only for the sake of its customers, shareholders, and employees, but also to meet its responsibilities as a company listed on the Australian Securities Exchange.

### **Responsibilities of the Board**

This risk management policy and framework has been approved by the Board of Imagination, and applies to all entities within the Imagination Group. The Board of Imagination is responsible for establishing the risk appetite for Imagination, and approving its risk management policy and framework. Given the nature of Imagination's operations the Board has established the Audit and Risk Committee to oversee risk management. Risk management remains a direct responsibility of the full Board.

### **Audit and Risk Committee**

The Audit and Risk Committee reviews and assesses the ongoing activities of Imagination and the effectiveness of its risk management framework, policy and procedures on an ongoing basis, and reports to the Board.

### **Membership**

The Audit and Risk Committee solely consists of at least three non-executive Directors with a majority being independent directors and is chaired by an independent non-executive Director who is not chair of the Board. The Audit and Risk Committee meets as frequently as required but no less than twice a year. The remaining non-executive and executive Directors are invited to attend the meeting of the Committee as observers.

### **Responsibilities of Senior Executives and Management**

Each Senior Executive (in conjunction with the CEO and CFO) is responsible for managing risks within their area of responsibility, including identification of risks, implementation of appropriate management measures including mitigation plans and processes where appropriate, and reporting and escalating any matters to the Audit and Risk Committee or Board via the CEO, CFO or Company Secretary. Senior Management or Senior Executives refers to the key management personnel of Imagination and the direct reports of the CEO and the CFO (if applicable).

### **Risk Management Procedures**

Imagination Biosystems Limited (Company) is committed to establishing a sound system of risk oversight and management and internal control to identify, assess, monitor and manage material risks related to the conduct of the Company's activities.

The aim of Imagion's risk management framework is to:

- continually improve the management of risk;
- better understand the reward-to-risk balance; and
- reduce identified risks to acceptable levels.

Wherever we operate we will develop, implement and maintain appropriate systems for all material risks that enable us to:

- identify, assess and manage risks in an effective and efficient manner;
- make decisions based on a comprehensive view of the reward-to-risk balance;
- provide greater certainty of the delivery of objectives; and
- satisfy our corporate governance requirements.

Imagion will do this by:

- implementing a comprehensive and systematic risk assessment and reporting process across the organisation including:
  - a risk register including the category of risk, risk identification, risk assessment, mitigation plan, and Senior Executive owner of the risk; and
  - ensuring the risk register is current and managed by the Audit and Risk Committee in compliance with its Charter;
- embedding risk management into the business. The level of risk control will be balanced by our continued encouragement of enterprise and innovation, with corporate governance being exercised through the regular measurement and reporting of our risk management processes.

The Company maintains a system of risk oversight, risk management and internal controls over material business risks. This is designed to provide reasonable assurance in all material respects of the management of its material business risks within the Board-approved risk appetite.

## **Review**

The Board will review this Charter at least every two years to determine its adequacy for current circumstances. This Charter was approved by the Board on 17 February 2022.