



RISK MANAGEMENT POLICY

1. DOCUMENT OWNERSHIP

This Risk Management Policy (**Policy**) is owned by the Chief Information Officer. The Chief Information Officer is responsible for:

- Reviewing this Policy on a regular basis; and
- Issuing the Policy, including processes to make staff aware of the Policy.

2. DOCUMENT REVIEW TIMETABLE

This Policy is to be reviewed at least on an annual basis. The Board of Jaxsta Limited ACN 106 513 580 (**Jaxsta** or the **Company**) is responsible for approving the policy and any material changes to it.

3. OTHER RELATED POLICIES AND CHARTERS

This Policy should be read in conjunction with the following policies and charters of the Company:

- Code of Conduct;
- Business Continuity Management Policy; and
- Audit and Risk Committee Charter.

4. INTRODUCTION

Jaxsta and its subsidiaries (the **Group**) are committed to ensuring that:

- its culture, processes and structures facilitate realisation of the Group's business objectives whilst risks are identified, managed, monitored and wherever appropriate and possible, mitigated;
- to the extent practicable, its systems of risk oversight, management and internal control complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

The objective of this Policy is to:

- ensure management recognises opportunities (upside risk) and threats (downside risk) are part of operating a business;
- encourage appropriate tolerance of risks across all businesses;
- establish procedures to analyse risks within agreed parameters across all businesses;
- establish procedures to monitor and manage risk; and
- ensure a risk framework is in place which can react should the risk profile of the business change.



JAXSTA LIMITED
ACN 106 513 580

Risks governed by this Policy include potential risks and this Policy extends to both financial, operating and compliance risks, where the context permits.

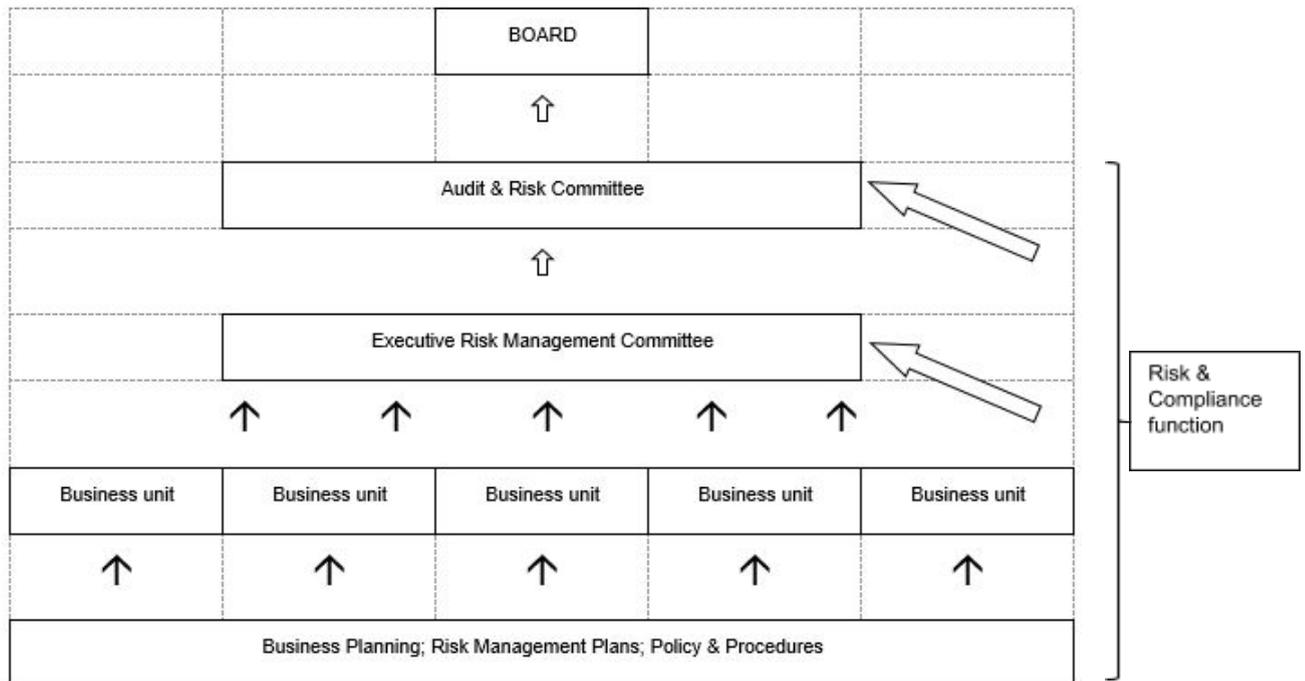
5. GOVERNANCE

The Board is responsible for, amongst other things, ensuring that effective risk management programs are in place to protect Jaxsta's assets and shareholder value. The Board is responsible for setting the risk philosophy and risk appetite for Jaxsta and approving the overall risk management policy.

The Board has delegated certain functions to its Audit and Risk Committee and management. The overall governance framework for managing risk is as follows:

- The Audit and Risk Committee assists the Board with a range of governance oversights, having responsibility for among other things, overall risk management. It is responsible for monitoring the management of key risks through reports from the Audit and Risk Committee, auditors and Chief Information Officer.
- Jaxsta's Executive team comprising the Chief Executive Officer, Chief Financial Operations Officer, Chief Information Officer (**Executive Risk Management Committee**) are responsible for monitoring the management of all risks and reporting key risks and the management of these risks to the Audit and Risk Committee. This Committee also reviews policies for approval by the Board or the Audit and Risk Committee.
- Jaxsta's Executive team and line managers are responsible for implementing Jaxsta's policies, identifying and managing risks in accordance with the Company's policies and ensuring their staff are informed and trained as required. This includes implementing business-specific controls, procedures, monitoring and reporting processes.
- Individuals manage risks within their sphere of control in accordance with the Company policies and business-specific processes.
- The risk & compliance functions exist with the finance and information technology departments develop policies and procedures and provides advice to the business units and conducts compliance monitoring as required.

This governance framework is shown in the chart below.



6. RISK MANAGEMENT FRAMEWORK

Jaxsta believes that risk should be managed and monitored on a continuous basis. Jaxsta has designed a framework to allow the Company to achieve its business objectives whilst assisting management and ideally, providing early warnings of risks.

Key components of the Policy which bring together a number of procedures and controls within Jaxsta as follows:

- Identifying and assessing all risks, including examining the current environment.
- Managing, monitoring and wherever possible, mitigating, identified risks. This includes reducing the likelihood risks will occur and transferring risks through insurance where possible and appropriate
- Reporting periodically, including reporting on key risk indicators.
- Assessing the effectiveness of the risk management framework.

Each component is considered in turn below.

6.1 Identification and assessment of all risks

Each Executive is responsible for the continual identification and subsequent reporting of risks within their specific Business unit taking into account the current and expected future environment. The Board will set the organisation's risk appetite, enabling the business units to assess the level of risk that is acceptable and ensure decisions are within the organisation's risk appetite.

Business units will identify their risks, analyse the possibility of the risk occurring and evaluate the expected impact the risk would have on the business should it occur. The Business units will then include these risks on the Risk Register. The Risk Register will record:

- a description of the risk;



JAXSTA LIMITED
ACN 106 513 580

- the Business(es) unit owning the risk;
- the 'rating' attaching to the risk;
- control mechanisms to manage the risk;
- consequences and likelihood;
- where the risk has increased or is rated as [high], actions underway to mitigate or lessen the exposure of Jaxsta;
- key risk indicators - both lag and predictive to indicate to management and the Board if the risk appears to be declining or increasing; and
- details as to when the risk was identified and when it was last reviewed.

The risk register is then summarised on a risk matrix.

6.2 Monitoring and mitigation of identified risks, including monitoring of incidents

Risks which have been recorded on the Risk Register should be continually, but as a minimum periodically, reviewed by the Executive Risk Management Committee, with the assistance of the relevant Business Executive. Wherever necessary, following a review, the Risk Register should be updated.

The register should also include controls/actions taken to treat or mitigate the risk.

Mitigated risks should also be recorded on the Risk Register with appropriate pre-cautions from reoccurrence communicated across the appropriate Businesses.

Executive and managers are responsible for monitoring risk treatment plans, reporting and rectifying any incidents and developing and monitoring key risk indicators. Each Executive is responsible for employees identifying and reporting any incidents which occur, within 48 hours of becoming aware.

In addition, on a periodic basis, business executives are responsible for performing a control self-assessment process to review whether controls put in place for each risk are working effectively.

6.3 Periodic reporting

The Audit and Risk Committee assists the Board with a range of governance oversights, having responsibility for among other things, overall risk management.

At each Audit and Risk Committee Meeting, the Committee will review the Risk Register (or an extract thereof focussing on risks rated amber and red), as reported by the Executive Risk Management Committee. All newly identified 'material' business risks are to be considered in turn by the Audit and Risk Committee. In addition, the Committee will periodically discuss emerging – or future – risks.

In accordance with its Committee Charter, the Audit and Risk Committee will regularly report on its activities, issues and related recommendations to the Board.

6.4 Assessment of effectiveness of risk management framework

In accordance with its Charter, Jaxsta's Board of Directors are responsible for, among other things, ensuring that effective risk management programs are in place to protect Jaxsta's assets and shareholder value. The Board will also set Jaxsta's risk appetite.

Jaxsta's risk framework promotes a robust structure so that all risks are appropriately identified, assessed, monitored and mitigated wherever possible, across all of Jaxsta's Businesses. Assessment of all aspects of Jaxsta's risk framework (including the comprehension of all 'material' business risks and a performance review of the Audit and Risk Committee by the Board should take place on an annual basis (at a minimum).

In addition, all Directors, Executives and Management, should promote a culture of voluntary and transparent risk reporting and ongoing, regular risk assessment throughout all levels within Jaxsta. To ensure this process is undertaken effectively, management will attest to appropriate risk management on a twice yearly basis.



7. SPECIFIC RISK FRAMEWORK TOOLS

As part of the risk framework, the following guidance is given with respect to certain commonly identified risks.

7.1 Financial risks

Financial risks are risks that impact directly on the balance sheet. The key components of the Jaxst's financial risks are managed through:

- Financial delegations;
- Insurance procedures;
- Tax compliance program;
- Treasury policies and procedures
- Market risk policies and procedures; and
- Credit risk policies and procedures.

7.2 Operational risks

Operational risk is the risk that arises from inadequate or failed internal processes, people and systems or from external events. Operational risk has the potential to negatively impact the business by affecting financial performance, reputation or other damage to the business by the way we operate. Each line of business is responsible for identifying and managing their operational risks. They are responsible for putting in place controls, staff training, clear delegations of authority, business continuity plans, procurement policies and ensuring appropriate supervision of staff. The following framework is in place for common operational risks:

- Occupational health and safety policy;
- Employee policies;
- Remuneration philosophy and framework to retain key personnel;
- Procedures to refer legal matters to the Chief Financial Operations Officer and reporting on key legal matters to the Audit Committee; and
- Procedures to monitor changes in the environment that could impact Jaxsta's strategy.

7.3 Compliance Risk

Compliance risk is the risk of not complying with relevant regulatory requirements and our own ethical standards. The following framework is in place to manage compliance risk:

- regularly reviewing changes in regulations;
- ensuring staff are trained in new or changed regulations;
- ensuring new staff are trained on current expectations; and
- Jaxsta's Code of Conduct, Securities Trading Policy and Continuous Disclosure Policy is issued to all employees.

Management is required to have effective processes in place to ensure compliance and each staff member is responsible for complying in their own area.