

# RISK MANAGEMENT POLICY

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## 1. Purpose

The purpose of this Risk Management Policy (**Policy**) is to outline the program implemented by the board of directors of Nyrada Inc. ARBN 625 401 818 (**Company**) to ensure appropriate risk management within the systems and culture of the Company and its subsidiaries (**Nyrada Group**). The board of the Company (**Board**) is committed to the identification, assessment and management of risk throughout the Company's business activities and had delegated the oversight responsibility for risk management to the Audit & Risk Committee (**Committee**).

This Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving the Company's strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact shareholder value.

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## 2. Principles

The effective management of risk is vital to the continued growth and success of the Company. For risk management to be effective, the Company must apply the following principles:

- (a) risk management must create and protect value;
  - (b) risk management is integrated into organisational processes;
  - (c) explicit risk management helps decision-makers make informed choices;
  - (d) risk management is focused on the sources of uncertainty around the achievement of objectives;
  - (e) risk management must be tailored to the context and fit for purpose; and
  - (f) risk management is dynamic, iterative and responsive to change.
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## 3. Risk profile

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework, which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

In addition to the usual business risks, the particular risks associated with the Company's activities are:

- (a) long lead times and high costs associated with biotech research, development and commercialisation;
- (b) the low success rate of biotech research in Australia;
- (c) stringent health regulations which are subject to regular change;
- (d) the high level of funding required over a long period of time; and
- (e) securing and protecting the Company's intellectual property.

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#### **4. Identification of risks**

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plan and strategies. This involves applying a disciplined process to risk identification, risk assessment and analysis, risk treatment and monitoring and reporting.

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#### **5. Responsibility of the Board**

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors or irregularities.

The Board has delegated the oversight responsibility for risk management to the Committee. However, the Committee and management may also refer particular risk management issues to the Board for final consideration and direction.

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#### **6. Responsibilities of the Committee**

The day-to-day oversight and management of the Company's risk management program has been conferred upon the Committee in accordance with its Charter.

The role of the Committee is to provide an objective, non-executive review of the effectiveness of the Company's financial reporting and risk management framework, and to assist the Board in carrying out its accounting, audit, risk management, regulatory compliance and financial reporting responsibilities, including oversight and review in respect of:

- (a) the integrity of the Company's external financial reporting and financial statements;
- (b) the appointment, remuneration, independence and competence of the Company's external auditors;
- (c) the overall policy direction of the audit, compliance and risk management functions;
- (d) systems to ensure effective management of financial and non-financial risks;
- (e) the Company's systems and procedures for compliance with relevant laws, regulations and codes;
- (f) the internal and external audit processes including review of the annual internal audit plan and monitoring of progress and internal audit reports; and
- (g) the Company's internal control framework.

The Committee will review management's system of risk management and internal control at least annually to ascertain whether it continues to be sound.

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#### **7. Responsibilities of management**

The Company's management will be responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Management must implement the action plans developed to address material business risks across the Company.

Management should regularly monitor and evaluate the effectiveness of the action plans. In addition, management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes. Management should regularly report to the Committee regarding the status and effectiveness of the risk management program.

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## **8. Review of this Policy**

The Policy is approved by the Board and will be reviewed by the Committee periodically. This Policy may be amended by resolution of the Board.

Date of last review: 20 November 2019