



PENTANET

# Risk Management Policy

*Version 1.0*

*Approved by the Board and effective on the date of listing on  
the ASX*



Risk management is a complex and critical component of Pentanet Limited's (ACN 617 506 279) (**Company**) governance.

The Board will oversee and guide the development and monitoring of risk and risk management procedures. The Managing Director is charged with implementing appropriate risk systems within the Company, including the development of an Enterprise Risk Management Framework (**ERMF**) and a Company register of material risks. Aspects of the risk management process may be delegated but remains the responsibility of the Managing Director.

Risk management is 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 of the Company is to ensure:

- (a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and mitigated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved;
- (d) senior management, the Board and investors understand the risk profile of the Company; and
- (e) risk is identified, documented and risk management is imbedded into the Company through the EMRF, the Company risk register and where applicable in all other Company policy and procedure documents.

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

- (f) operations risk (inclusive of health and safety management);
- (g) financial reporting (inclusive of treasury and financial viability); and
- (h) compliance (inclusive of commercial and regulatory matters).

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 annual review of operations to update its risk profile, the EMRF and the Company risk register. This normally occurs in conjunction with the strategic planning process, with status updates and review within the year at each meeting of the Audit and Risk Committee. The Company discloses in each reporting period that such a review has taken place. The Board also collectively undertakes a bi-annual review of those areas of risk identified.

In addition, as specified by Recommendation 4.2 of the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Chief Executive Officer and Chief Financial Officer provide a written declaration of assurance that in their opinion, the financial records of the Company for any financial 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 and has documented it in the ERMF and Company risk register.

These risks include/relate to:

- (i) Operations (including mitigation strategies like best practice operational procedures and controls);
- (j) Health and Safety of staff and customers in compliance with relevant regulations such as Occupational Safety and Health Act (1984);
- (k) Regulatory risks including compliance with all laws, licences and regulations that impact the conduct of the Company's business;
- (l) Commercial risks (including litigation risk) arising from key contracts that the Company has entered into and which provide the contractual framework for key activities of the Company;
- (m) Treasury and finance and the management of short and medium term cashflow and funding requirements;
- (n) Business continuity and disaster recovery;
- (o) Key management and retention of key staff;
- (p) Customer retention;
- (q) Intellectual property, including the protection of the Company's intellectual property and avoiding infringement on the intellectual property rights of others;
- (r) Privacy and data breaches and cyber-security; and
- (s) The Maintenance of adequate insurances relative to the activities of the Company.