

Risk Management Policy

Mach7 Technologies Limited

ACN 007 817 192

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1. Introduction

- 1.1. Mach7 Technologies Limited (referred to as “Mach7”, the “Company”, “we”, “our”, and “us”) considers risk management fundamental to maintaining efficient and effective operations and generating and protecting shareholder value.
- 1.2. Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies.
- 1.3. The Company recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. Risk is defined as any event, action/ inaction, or cause leading to uncertainty and impacting the Company's ability to achieve our business objectives

2. Purpose

- 2.1. The purpose of the Policy is to:
 - (a) provide an overview of Mach7's consistent approach to risk management which includes setting our risk appetite, and establishing the framework for risk identification, assessment, mitigation, control, monitoring, and reporting of all our risks.
 - (b) effective systems are in place to identify to the extent reasonably practicable all material risks that may impact the Company's business;
 - (c) the financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks;
 - (d) appropriate responsibilities are delegated to control the identified risks effectively; and
 - (e) any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.
- 2.3. The benefits of effective risk management include fewer surprises, enhanced planning, improved management information for decision-making, and improved risk management. It also helps us promote a risk-aware culture across the Company.

3. Risk Governance

- 3.1. The ultimate responsibility for risk management and oversight of regulatory compliance rests with our Board.
- 3.2. The responsibility for day-to-day risk management has been delegated by our Board to our Chief Executive Officer and the Senior Management Team.
- 3.3. The roles and responsibilities for our risk management are described in the sections below;

Role	Responsibilities
Board	<ul style="list-style-type: none"> • Approving the risk management framework, including this Policy, our Risk Register. • Monitoring adherence to our risk appetite and ensuring the mechanism for timely detection and remediation of breaches is in place. • Ensuring clear lines of management responsibility and accountability for implementing a strong control environment, including independence and segregation of duties from business and support functions. • Promoting an internal risk awareness culture by way of ongoing communication and training. • Ensuring that our risk management framework is subject to effective independent review.
Audit and Risk Committee	<ul style="list-style-type: none"> • Advising/ recommending approach to the Board on our overall current and future risk tolerance/appetite and strategy. • Overseeing Senior Management Team's implementation of the strategy, including strategies for capital and liquidity management, as well as for our operational, compliance, reputational, and other risks. • Enhance the effectiveness of the Audit and Risk Committee, receive formal and informal communication from the Executive Management, and, where appropriate, have access to external expert advice.
Senior Management Team	<ul style="list-style-type: none"> • Translating the risk management framework established/ approved by our Board into specific internal policies and procedures that can be implemented and verified within the different business units/functions. • Periodically advising our Board of the risks to which we might be exposed and recommending mitigation strategies and controls. • Periodically reviewing and providing recommendations to the Board on our risk management framework, considering all relevant risks to which we are exposed, our level of risk appetite, our current financial condition, and our strategic direction • Assigning authority, responsibility, and reporting relationships to encourage and maintain accountability, and to ensure that the necessary resources are available to manage risk in line with our risk appetite. • Coordinating risk reporting from risk owners • Informing and providing training to employees to ensure risk culture is practiced within Mach7.
Risk Owners	<ul style="list-style-type: none"> • Ensure risk is managed effectively within the agreed strategy and controls and report to the Executive Management Team periodically. • Identify individual risks affecting their business function/ activities, ensure these are recorded in the Risk Register, and that appropriate controls are in place to manage those risks. • Continually monitor the adequacy and effectiveness of all control measures and report to the Senior Management Team periodically.

4. Three Lines of Defence

- 4.1. To ensure the effectiveness of our risk management framework, our Board relies on adequate line functions – including our risk monitoring and independent assurance functions. We therefore consider the ‘**Three Lines of Defence**’ as an approach to effective risk management:
- 4.2. Our **1st line of defense** are the risk owners (business units) that own and manage specific risks. Risk owners are the managers/ employees involved in our day-to-day business activities and management. Risk owners are responsible for managing the risks inherent in the business units for which they are responsible.
- 4.3. Our **2nd line of defense** is the Audit and Risk Committee whose purpose is to oversee risk management function and specializes in compliance and management of risk.
- 4.4. Our **3rd line of defense** is the independent review / financial audit function that provides independent assurance and reviews our risk management processes and controls.

5. Risk Appetite

- 5.1. A critical element of our risk management framework is our risk appetite, which is the extent of willingness we take risks in pursuit of our business objectives.
- 5.2. Risk tolerance levels are defined for different areas of operations and quantified by the Board in the Risk Appetite Statement, as advised by the Audit and Risk Committee and in consultation with the Senior Management Team.
- 5.3. In many instances some level of risk is unavoidable or encouraged, however, the impacts of proposed actions and decisions should be properly identified, evaluated, communicated, and managed to ensure that exposures are acceptable.
- 5.4. Our risk appetite statement is reviewed and approved by our Board on an annual basis, and it highlights our position for each risk categories.
- 5.5. Our risk appetite ratings are defined as follows:

Appetite	Definition
Zero Tolerance	No appetite or tolerance for this category of risk, particularly where it could compromise patient safety, clinical outcomes, data privacy, or regulatory compliance (e.g., TGA, HIPAA, GDPR). Mach7 will take all reasonable and proactive measures to eliminate the possibility of a negative outcome in these areas.
Low	Mach7 is prepared to invest time and cost in establishing the appropriate controls to minimise exposure to this risk. Immediate corrective action is required if the risk should materialise.
Medium	Mach7 is prepared to accept exposure to the risk within pre-defined limits or parameters. Mach7 is confident that appropriate controls are in place to manage the risk within defined tolerances to achieve our strategy, with the capacity to deliver within budget.

Appetite	Definition
High	Mach7 may accept a higher level of risk, particularly in areas that support research, innovation, and new product development. This includes adopting emerging technologies, entering new markets, or partnering in early-stage development, where the potential for strategic gain outweighs the higher level of residual risk. These risks are carefully governed and aligned to our broader innovation and commercial strategies.

6. Risk Management Process

Our risk management process includes the following elements

6.1. Risk Identification

- 6.1.1. Identification of risks can be undertaken by anyone; however, it is the ultimate responsibility of our Senior Management Team to identify and bring the identified risks to the attention of the Board and Audit and Risk Committee.
- 6.1.2. A comprehensive list of short and long term risks (and often opportunities as well), are identified and organised by category (i.e. Strategic; Financial; Operational; Regulatory; People; Technology & Data) in the Risk Register.
- 6.1.3. While each risk identified may be important to us, we prioritize our key risks which allows the Senior Management Team and Board to focus on these key risks

6.2. Risk Assessment

- 6.2.1. Assessment of risks is undertaken by our Senior Management Team along with the Risk Owners. We accomplish this by maintaining a Risk Register to record our identified risks. Any risk that may or can occur, although unlikely, is recorded in the Risk Register.
- 6.2.2. At this point the residual risk exposure is measured according to the strength of the mitigating controls against the inherent risk exposure.
- 6.2.3. We can allocate and prioritize our resources by knowing the frequency and severity of our risks. Our risk assessment scale is shown below.

			IMPACT/ SEVERITY				
			1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	5	Almost Certain	Medium	High	Critical	Critical	Critical
	4	Likely	Medium	Medium	High	Critical	Critical
	3	Possible	Low	Medium	Medium	High	Critical
	2	Unlikely	Low	Low	Medium	Medium	High

	1	Rare	Low	Low	Low	Medium	Medium
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6.3. Risk Treatment

- 6.3.1. Controls to mitigate or eliminate the risk are established by the Senior Management Team and are approved by the Board.
- 6.3.2. A risk treatment plan can consist of one or more treatment methods. We will consider selecting the most appropriate risk treatment mix that strikes the best balance between being affordable and effective.
- 6.3.3. We consider the following methods to treat our risks:

Tolerate	Retaining the existing risk by informed decision
Treat	Take cost-effective actions to reduce the risk
Transfer	Sharing the risk with another party/s (i.e., insurance or outsourcing)
Terminate	Avoid the risk by deciding not to proceed with the activity that gives rise to the risk

6.4. Monitor and Review Strategy

- 6.4.1. We evaluate the progress and impact of the risk management options and determine whether adaptive action is required, with responsibility for the management of those actions being assigned.
- 6.4.2. This is to ensure that the risk mitigation strategy and the risk treatment action plan are implemented and progressed effectively.

6.5. Communication and Reporting

- 6.5.1. The effectiveness of the risk controls detailed in our Risk Register relies on the Board, Audit and Risk Committee, and Senior Management Team being provided with timely and accurate information on the performance of these controls and as a part of risk monitoring.
- 6.5.2. Risk Owners should assess whether the risk is mitigated to a level that is within Mach7's risk tolerance, considering the cost and effectiveness of controls and the residual risk consequences.
- 6.5.3. Monitoring should identify when risk levels increase due to changes in the environment or when controls are ineffective. If risk ratings increase, then those risks should be escalated. Risk Owners should undertake a review of the residual risk when treatment actions are implemented to assess whether the action was effective
- 6.5.4. Here are some key activities that are shared with the Board, ARC, and Senior Management Team;
- Annual Strategic and Business Plan (including our financial projection/ budget)
 - Findings issued by auditors.
 - Statuses of the top risks in the Risk Register, the mitigation strategies and controls, and consideration of new or changing risks (if any).

- Reporting and review of learning from key incidents and “near misses”
- Any material breach, customer complaint, and incident reports.

7. Policy Review and Amendments

- 7.1. The Board and the Audit & Risk Committee must review and reassess this Policy **every 2 years basis** to ensure it remains effective and meets the best practice, listing rules and the Company’s needs.
- 7.2. The Policy will be available on the Company's website within a reasonable time after any such updates or amendments have been approved.