

# Risk Management Policy

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The owner of this document is the Risk and Compliance Team who must review and update the document at least once per year.

## 1. Policy Statement

Spacetalk Ltd group of companies ('Spacetalk') is committed to ensuring that risk management practices are at the core of all our business processes and operations. Embedding risk management practices into all that we do, ensures we manage risk in an effective, consistent and accountable way.

A robust risk management system is critical to enabling Spacetalk to achieve its strategic objectives.

## 2. Purpose

This Risk Management Policy exists to set out Spacetalk's objectives for risk management and clearly articulate the responsibilities of all Spacetalk employees in meeting those objectives.

The Policy is an important tool for helping to identify risks that may not be uncovered unless there is ongoing and systematic evaluation of our operations, strategy and projects.

It also exists to act as a source of information and guidance for those working for Spacetalk in dealing appropriately with risks in a manner that ensures compliance with our Risk Appetite Statement.

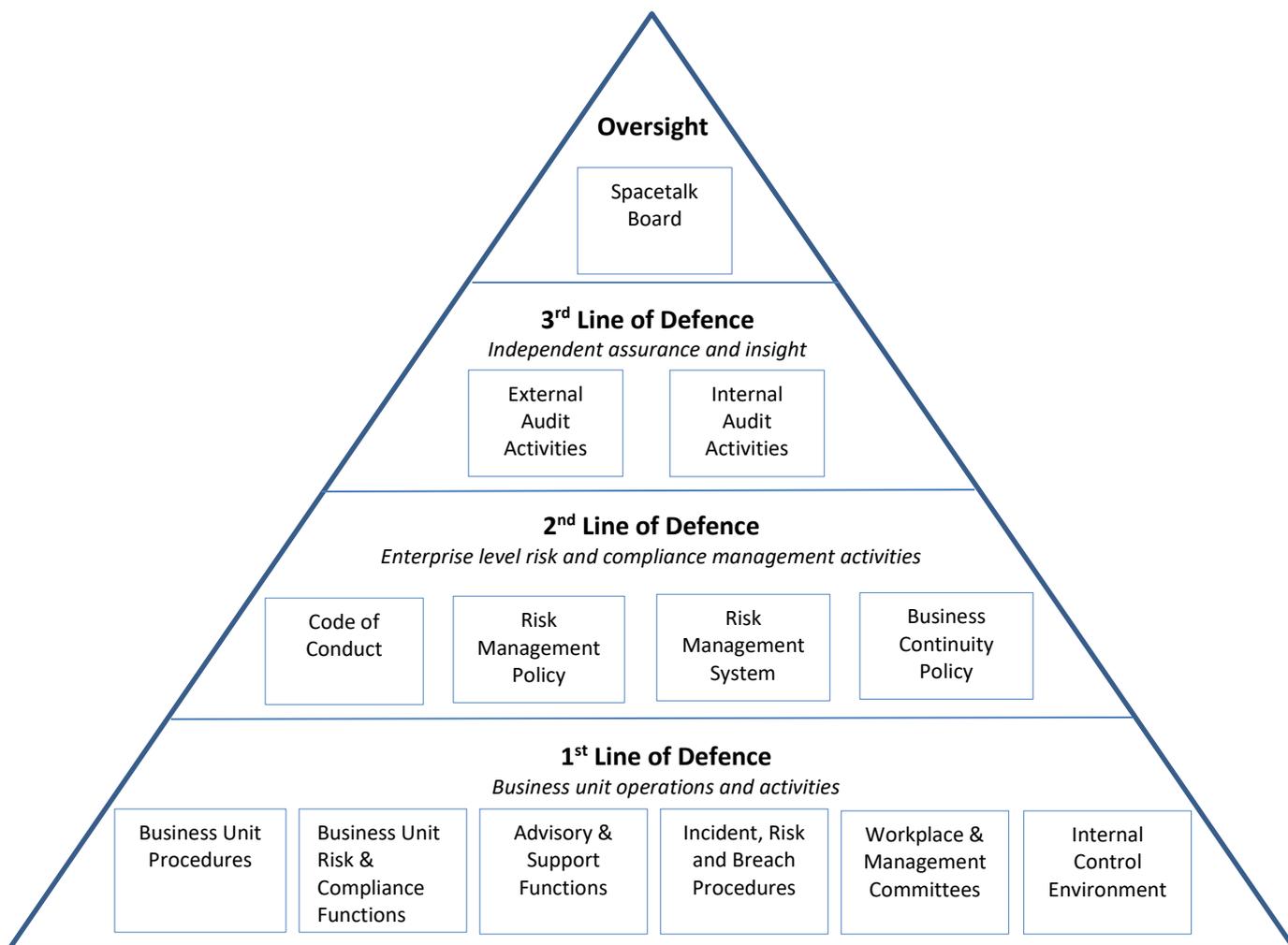
Consistent, compliant adherence to this Policy will also support the company in meeting its legal and regulatory obligations and Corporate Governance Principles as well as assist in the Company's long-term sustainability and reputation.

## 3. Policy Application

This policy applies to all employees (whether temporary, fixed-term, or permanent), consultants, contractors, trainees, seconded staff, home workers, casual workers, agency staff, volunteers, interns, agents or sponsors, collectively referred to as 'employees'. The policy also applies to Officers, Board and/or Committee members at any level.

## 4. Risk Management Model

Spacetalk's Risk Management model is based on the 'three lines of defence' system and is summarised in the Table 1 below.



**Table 1: Risk Management Model**

In addition to this model, the formal enterprise level risk and compliance management functions are to be undertaken in accordance with the following procedure, taking into account relevant policies, procedures and business practices and ensuring consultation with all internal and external stakeholders as necessary:

#### **4.1 Risk Identification**

The identification of risks means discovering what could cause harm in the context of our Company.

Risk identification can occur at any level of the organisation and within any department. Our external stakeholders or advisors may also identify risks relevant to our Company.

Risk identification can occur through planned audits and reviews or can be identified through the evaluation of day-to-day activities and problems.

Risk identification is a critical element of project or strategy planning and can assist in the success of a goal, product or strategic journey.

In the event of risk identification, consultation with the risk and compliance team will ensure a central point for the triaging and documentation of risks.

## 4.2 Risk Analysis

Simply put, risk analysis is the process of understanding the likelihood of a risk causing harm and how serious it could be.

In making this analysis, individuals will need to outline the:

- **Causes:** Origin of the risk and/or systems and mechanisms that fail;
- **Impacts:** Consequences or outcomes that the Company can expect if the risk eventuates;
- **Existing Treatments:** Existing treatments that are in place, which may include business practices or administrative policies and procedures;
- **Likelihood rating:** Chance that the risk will occur;
- **Consequence Rating:** Extent to which the risk will affect the Company; and
- **Risk Rating:** The product of the consequence rating and likelihood rating, which defines the magnitude of the risk.

Considering the existing treatments in place, staff will use Table 2 (below) to determine the risk rating. Staff will need to consider the likelihood of the risk occurring (ranging from 'rare' to 'almost certain') and the consequence if the risk is realised (ranging from 'insignificant' to 'catastrophic').

Likelihood Rating	Consequence Rating				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	Moderate	High	High	High
Likely	Moderate	Moderate	Moderate	High	High
Moderate	Low	Moderate	Moderate	Moderate	High
Unlikely	Low	Low	Moderate	Moderate	Moderate
Rare	Low	Low	Low	Moderate	Moderate

Table 2: Risk Rating Table

## 4.3 Risk Treatment

Risk treatment is a key element of risk management and works to prevent and/or mitigate Company risks.

In implementing risk treatments, individuals will need to consider both existing and future treatments and that they are proportionate to and indicative of the relevant risk rating.

Consideration must be placed on implementing the most effective control measure that is reasonably practicable in the circumstances to achieve at a minimum, the predetermined acceptable levels of risk on the Company's Risk Appetite Statement.

Specifically, individuals are required to consider and document:

- **Existing Treatments:** Treatments currently in place to prevent and/or mitigate the risk event.
- **Future Treatments:** Treatments that will further prevent and/or mitigate the risk event. This includes treatments that will be implemented either in the short-term or long-term. Once a future

treatment has been implemented, it will become part of usual business practice and be considered an existing treatment.

- **Action Owner:** Person responsible for implementing existing or future treatments. This may not be the Risk Owner but are generally assigned the role by the Risk Owner.
- **Resolution/Review Date:** The date the treatments will be resolved or reviewed. The Action Owner and Risk Owner are responsible for ensuring that risk treatments are implemented in accordance with the resolution/review date.

#### 4.4 Monitor and Review

Continuous monitoring and evaluation of the risks and mitigation measures is critical to ensuring the effectiveness of the Company's Risk Management system.

The Risk Owner is required to review:

- Risk events, causes and impacts;
- Risk ratings to ensure appropriateness;
- Existing and future treatments (including resolution/review dates); and
- Potential further treatments if required.

Ongoing communication with the Risk and Compliance Team, Senior Management and the CEO will assist in the overall monitoring of the individual Company risks, as well as the internal and external risk climate.

#### 4.5 Reporting

The Risk and Compliance team are responsible for fulfilling the Company's reporting requirements internally, to the Board and to external stakeholders as required.

The frequency and method of internal reporting may vary and should reflect the significance of the individual and collective risks on the Company Risk Register.

The Risk and Compliance team will regularly review the Company's Risk Register and provide updates to the Director of Corporate Services and CEO as appropriate.

An annual Summary report must be compiled and submitted to the CEO and Board to facilitate their review, analysis and external reporting in compliance with their Corporate Governance requirements.

### 5. Risk Context

Spacetalk is a Public Company listed on the Australian Stock Exchange since 2004 (ASX code: MWR).

Spacetalk operates two distinct businesses:

- **Spacetalk** which was founded in 2002, when we discovered the use of SMS as a breakthrough and effective new way for school to communicate to parents, in particular in their child's absence from school. We then went on to create the world's first SMS-based automated student absence notification solution and many other important innovations since then. We are recognised as a global leader and pioneer in socially responsible and technology enabled school communication.
- **Spacetalk** which is regarded as the market leader in the new and emerging product category of children's smartwatch + mobile phones. Spacetalk is an all-in-one children's smartwatch, mobile phone and GPS device that allows parents and children to be in constant contact without exposing their kids to the dangers of social media apps and unrestricted access to the internet.

Spacetalk operates in an ever-changing technology industry and as such, risk is inherent in all our operations and company strategies. Effective risk management is pivotal to enabling the ongoing growth and success of Spacetalk's business.

Embedding risk management principles and system into strategy development and day to day business operation processes is critical to achieving strong and beneficial commercial outcomes.

In addition to being inherent in our operations, risk management is also essential in all decision making and management processes.

## **6. Risk Management Objectives**

Spacetalk has a number of key objectives in regard to risk management:

- Promote a company-wide approach by integrating risk management processes into each of the following areas:
  - Company strategy, project management, operational processes and decision making;
  - Audit, insurance and specialist risk functions; and
  - Compliance and general governance functions.
- Provide appropriate, consistent and transparent ownership and accountability for risk management;
- Ensure the timely identification, management and mitigation of company-wide risks;
- Encourage the proactive recognition of external factors that may affect the achievement of strategic objectives;
- Promote consistency, transparency and confidence in management decision making;
- Encourage the taking of measured and calculated risks in our pursuit of innovation;
- Ensure our ongoing compliance with good corporate governance and risk management regulations and principles; and
- Protect the interests of Spacetalk shareholders.

## **7. Risk Management Accountabilities**

### **Spacetalk Board**

The Board is responsible for:

- Approving and monitoring the implementation of policies governing SPACETALK's risk management system and internal controls, including this policy.
- Monitoring Spacetalk's compliance with obligations governing company operations.
- Regularly reviewing Spacetalk's risk register and Tier 1 risks, ensuring appropriate controls and protections in place consistent with the Spacetalk Risk Appetite Statement.

### **Chief Executive Officer**

The Chief Executive Officer (CEO) is responsible for:

- Managing Spacetalk in accordance with the strategy, business plans and policies approved by the Board, including this Policy.
- Managing the implementation of this Policy and promoting a positive risk culture within Spacetalk.

### **Spacetalk Risk and Compliance Team**

The Risk and Compliance Team is responsible for:

- Accountability to the CEO in identifying, assessing, managing, reporting, reviewing and monitoring risks that may impact the achievement of S Spacetalk's strategic, operational and commercial objectives company-wide.

- Working with Senior Management Team to review all material risks and ensure the implementation and ongoing management of operational mitigation controls within each department.
- Ensuring that there are systems in place to maintain adherence to this Policy.
- Regularly review and recommend to the Board for approval, Spacetalk's risk register with reporting of Tier 1 risks, mitigation controls and insurance protections in place.
- Monitor the effectiveness of Spacetalk's risk policies, procedures and management practices, including through internal audit and review processes.
- Review all material risks and discuss with management the operation and implantation of mitigating controls.

## **Senior Management Team**

The Senior Management Team is responsible for:

- Assisting the business to implement risk management practices within their relevant department in accordance with this policy.
- Ensuring that there are systems in place to maintain adherence to this policy.
- Identifying, reporting and monitoring risks within their relevant department in accordance with this policy.
- Supporting the Spacetalk Risk and Compliance Team in assessing, managing and reviewing risks within their relevant department as directed.

## **Risk Owners**

Risk Owners are responsible for:

- Supporting the Spacetalk Risk and Compliance Team in assessing, managing and reviewing risks within their relevant department as directed.
- Supporting the Spacetalk Risk and Compliance Team in proposing and implementing risk mitigation controls.
- Supporting the Spacetalk Risk and Compliance Team in ongoing risk reporting requirements and communication between other Risk Owners or contributors.

## **Employees**

Employees are responsible for:

- Adhering to the risk management practices within their relevant department in accordance with this policy.
- Advising the relevant Manager or member of the Risk and Compliance Team of potential or current risks.
- Reporting incidents of non-compliance of this policy to Manager or member of the Risk and Compliance Team.
- Support Senior Management Team, Risk and Compliance Team and or Risk Owners in their management of risks according to this Policy.

## **8. Policy Availability**

All new and existing employees will be informed about and understand this policy. Each employee will have access to this policy.

Relevant employees will receive training in their role and responsibilities under this Policy. Further information and training will be provided on request as required.

In so far as this policy imposes any obligations on the Company, those obligations are not contractual and do not give rise to contractual rights. To the extent that this Policy describes benefits and entitlements for employees, they are discretionary in nature and are also not intended to be contractual.

## 9. Related Policies

This Policy should be read in conjunction with the following SPACETALK documents:

- Spacetalk Risk Appetite Statement;
- Spacetalk Code of Conduct;
- Whistleblower Protection Policy;
- Business Continuity Policy and Procedure;
- Spacetalk Risk Appetite Statement;
- Anti-Bribery Policy;
- Dispute Resolution Policy and Procedure; and
- Other relevant HR and WHS policies and Procedures and distributed to employees from time to time.