SCOPE:

This is a Device Technologies Group-wide Policy and applies to all operations in all countries within which DT Group operates, including group companies.

FUNCTION:

Device Technologies Group (DT Group) is a leader in the medical device sector and a plays an essential role in the supply of medical technologies within Australia and New Zealand. DT Group's continued growth and success (including expanding operations into Asia), depends on our ability to understand and respond to the challenges of an uncertain and changing world and build capability to respond to disruptions to our business.

As a large, dispersed and complex organisation, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk and being well prepared for disruption-related risks, we provide greater certainty and confidence for all our stakeholders.

The risk inherent in our operating environment creates the need to think about, take and manage risk in an informed way. Explicit and effective risk management is a source of insight and competitive advantage.

As such, forward-looking risk management must be a cornerstone of our decision-making. DT Group is committed to the ongoing development of a strategic and consistent enterprise-wide approach to risk management underpinned by a risk-aware culture.

Everyone in DT Group has a role in managing risk by enhancing opportunities and minimising threats, so that together we achieve our common goals – growing our business sustainably, enhancing value for customers and shareholders, contributing to our communities and investing in the future of each country we operate in.

REFERENCES:

This framework adopts the principles and approach set out in the International Standard on Risk Management (AS/NZS ISO 31000 Risk Management), strives to meet the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2019, 4th Edition) and as an ISO 9001 (Quality Management) accredited company, recognises the requirements to deliver action planning to address risks and opportunities.

The Policy is supported by the *Risk Management Framework*.

DEFINITIONS:

- *Controls* - Controls are specific implemented policies, processes, practices, management systems or other actions that have the objective of either reducing the likelihood of a risk occurring and/or the impact of a risk.
- *Enterprise Risk Management (ERM) Framework* - The program, strategy and processes to identify and manage material business risks at a whole-of-company level.
- *Enterprise Risk Management Plans (ERMP)* – A document created for each Enterprise Level Risk which assists the risk owner to identify and manage the risk in a consistent manner against the requirements of the ERM Framework.
- *Independent Monitoring* - Checking (auditing) activities performed by a person or group independent of the activity being monitored.
- *Management Monitoring* - The ongoing process of assessing the controls that are in place, are in use and effective.

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- *Risk Appetite* - The amount and type of risk the business is prepared to pursue, retain or take to achieve its objectives.
- *Risk Register* - A collection of granular risks identified by General Managers (or other contributors) and tracked for ongoing monitoring and management.
- *Risk Steering Committee (RSC)* – Regularly held risk, compliance and privacy focused committee charged to develop strategy, identify and provide guidance to the business on how to manage risks and issues.

## RISK MANAGEMENT FRAMEWORK AND PROCESS:

The ERM Framework sets out the approach for risk management and is designed to enable business leaders to make informed decisions, considering risk, and to encourage risk taking within well understood boundaries to drive for sustainable growth and profit.

The framework:
1. Defines the essential elements expected of our risk and compliance management program;
2. Drives a common language, consistency of approach and reduction in execution failures;
3. Is intended to be applied at all levels of the business for:

    3.1 Management of enterprise risks;

    3.2 Developing actions plans within the Risk Register;

    3.3 Communicating risk and compliance concepts through training or other collateral;

4. Integrates risk management into the business;
5. Establishes clear roles and responsibilities for the management of risk;
6. Sets out a consistent approach aligned with recognised standards and industry best practice; and

- 7. Recognises DT Group's ISO 9001 accreditation and approach to quality management.
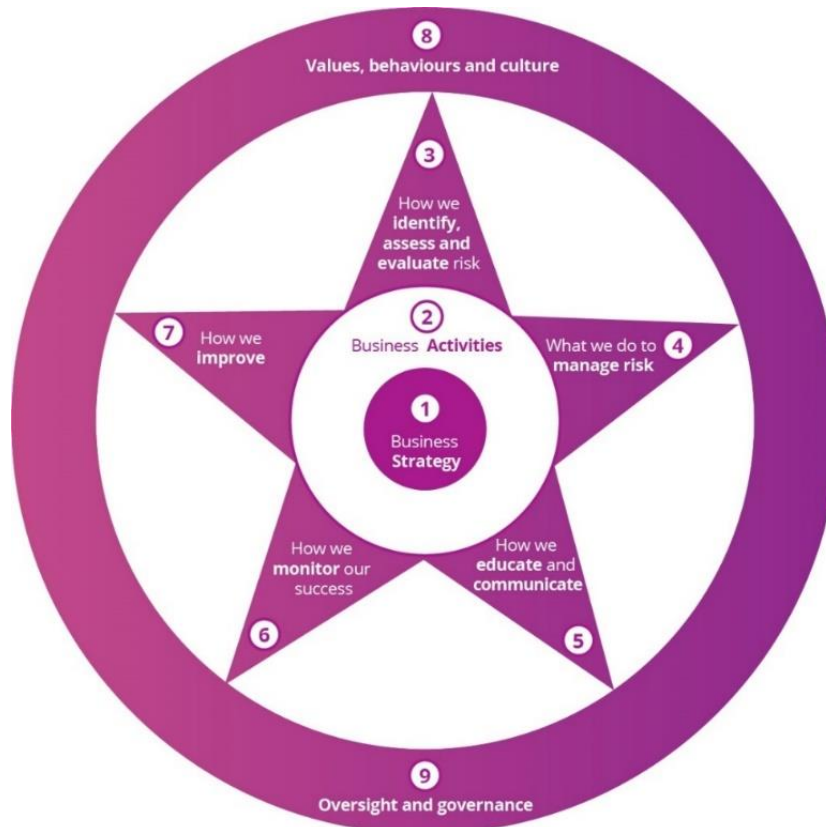
There are nine elements in the ERM Framework:

1. *Business strategy:* DT Group's business strategy articulates how much risk we are willing to take in order to achieve our objectives. This is reflected in our risk appetite statements which are defined for each enterprise risk and flow through to the DT Group Risk Register.

2. *Business activities:* The various activities that we take to pursue the achievement of DT Group's goals.

3. *How we identify, assess and evaluate risk:* A structured process to identify risks, assess their likelihood and consequence/impact, and evaluate the residual risk after considering key controls.

4. *What we do to manage risk:* Risk treatment relates to actions for managing risks, which, once implemented, should achieve the targeted risk level in line with our risk appetite.

5. *How we educate and communicate:* Education and communication is provided to ensure that DT Group's employees operate competently in whatever activity they undertake. Open, honest and timely communication regarding risk is imperative. Risk training and awareness for business leaders is a key enabler for the successful management of risk and to drive an effective risk aware culture.

6.   *How we monitor our success:* Management Monitoring, Independent Monitoring and Audit provide assurance that the defined controls to manage risks are working effectively.

7.   *How we improve:* Failures and problems offer an important opportunity for learning and improvement. By understanding and correcting the root cause of issues, they should reduce the chance of reoccurrence and thus the overall control framework is strengthened.

8.   *Values, behaviours and culture:* The DT Group Values provide the overall leadership tone for the business. They describe the spirit in which we operate and provide a reference point when we encounter difficult situations.

9.   *Oversight and governance:* As DT Group is a large and complex business, we need to approach oversight in an organised and systematic way. This ensures we can confirm that all relevant parts of the ERM Framework   are working effectively or identify areas that need improvement. Most commonly, this is achieved through the RSC, although may be managed by other oversight committees.

ROLES AND RESPONSIBILITIES

1.   *EXCO*
- Providing 'tone from the top';
- Approval and oversight of the ERM Framework and risk appetite statements; and
- Oversight of all risk and compliance activities.

2.   *RISK STEERING COMMITTEE*
- Oversight and direction of ERMPs and the Risk Register;
- Oversight and implementation of ERM Framework; and
- Maintaining oversight and providing direction on compliance and issue management.

3.   *RISK OWNERS*
- Completing and ongoing maintenance of ERMPs, including the establishing and oversight of key controls and their performance; and
- Proactively engaging with RSC as necessary.

4.   *GENERAL MANAGERS (INCLUDING HEADS OF.., OPERATIONAL LEADERS)*
- Overseeing the implementation of the ERM Framework within their area of responsibility, monitoring its effectiveness and driving a risk aware culture;
- Completing the Risk Register;
- Assign/complete risk reduction activities; and
- Raise and escalate risks and issues.

5.   *PEOPLE LEADERS*
- Raise and escalate risks and issues;
- Monitor and enforce controls and drive compliance outcomes; and
- Create and encourage a risk aware culture.

6.   *ALL EMPLOYEES*
- Raise risks and issues; and
- Adhere to compliance requirements.

7.   *COMPLIANCE AND RISK MANAGER*
- Facilitate the implementation of the ERM Framework;
- Provide subject matter expertise; and
- Facilitate reporting on the ERM Framework.