



## RISK APPETITE STATEMENT

### Acusensus Group

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#### 1. Purpose

The purpose of this Risk Appetite Statement (**Statement**) is to build upon the principles set out in the Acusensus Group Risk Management Policy and to further articulate the program implemented by the Acusensus Group<sup>1</sup> (**Acusensus**) to ensure appropriate risk management within its systems and culture.

This Statement is intended to:

- articulate the risk appetite of Acusensus; and
- describe specific risks and provide a direction under which all personnel manage risk.

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#### 2. Application

The Statement applies to:

- all members of the Board and all employees, contractors, subcontractors, employees of contractors or subcontractors, labour hire workers and volunteers of Acusensus when it comes to the application and treatment of specific risks that apply to Acusensus; and
- all Acusensus workplaces and work activities, including environmental, operational, project, strategic, assets, workforce, sustainability, information systems, legal and regulatory aspects that Acusensus is affected by or has control or influence over.

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#### 3. Related documents

The following related documents should be read in conjunction with this Framework:

- Risk Management Policy
- Risk Management Procedure
- Delegation of Authority Policy

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<sup>1</sup> For the purposes of this Policy, the Acusensus Group means Acusensus Limited and all of its related bodies corporate (as that term is defined in the *Corporations Act 2001* (Cth)) (**Corporations Act**).

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## 4. Overview

Acusensus embraces the ethos that it is best to make a decision quickly, learn from it and course correct quickly if not optimal ('fail fast' approach). Acusensus wants to push decision making down the organisation hierarchy as far as possible, allowing those with the most information and closest to the problem to make the decision. Practically and culturally, limits are set in the Delegation of Authority Policy taking into account the role of the delegate and the risk level involved for a particular transaction.

Acusensus is in a growth phase and continues to seek high growth. This necessarily comes with risks, that we are willing to take a risk on new contracts, new developments and new opportunities. These opportunities may fail, or may be unprofitable, however where they progress the company knowledge, capability, knowledge and size, embracing these opportunities are typically deemed worth the risk.

However, management does not run the Company recklessly or without risk mitigation. Acusensus is financially stable due to the capital it holds and its long term contracts. Financial prudent decisions will be made, such that the Company can still grow but not at all costs. As such, the Company has a low risk tolerance for anything that will result in corporate failure.

With respect to safety, the Company seeks to minimise and, where possible, remove any potential risk to our employees, stakeholders or the general public. Acusensus exists to reduce risk and save lives for the general public, it would be antithetical if the Company's own workforce was not treated in the same way. Safety will always be prioritised and the Company has no risk tolerance for any potential risk to safety. Acusensus will emphasise employee safety in how its systems and processes are designed and it will be proactive in safeguarding employee and stakeholder safety.

With respect to conflicts of interest (perceived or actual), corruption, fraud and the appearance of impropriety, the Company has a very low risk appetite. Anything which involves the appearance of impropriety must be declared, and the employee must extricate themselves from decision making involving possible conflicts of interest. Acusensus will always be impeccable in how we approach business and our customers. As such, improper dealings will not be tolerated.

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## 5. Risk Appetite and Tolerances

Acusensus monitors risks that may impact the achievement of its strategic objectives according to the level of appetite.

The applicable risk appetites have been grouped by category to represent the range of risks generally experienced by Acusensus. Each statement is allocated a rating based on Acusensus' appetite for risk, according to the process in section 5 of the Risk Management Procedure. The risk appetite statements determination outlines the level of risk that can be taken in delivering Acusensus' objectives. In areas where Acusensus has the lowest appetite, controls and actions must be implemented to make sure that the risk level is within the acceptable range. In areas of lowest appetite, the target risk level must be low.

## 5.1 Risk Appetite Rating Scale

Below is the Risk Appetite Scale applicable to the risks experienced by Acusensus.

RISK RATING	RESPONSE STRATEGY
VERY HIGH	Acusensus is willing to accept a high level of risk in the pursuit of its strategic objectives.
HIGH	Acusensus is willing to explore options that will allow it to pursue its strategic objectives while actively managing risk exposure within pre-defined limits.
MEDIM	Acusensus is willing to accept a limited amount of risk in pursuit of its strategic objectives while actively managing risk exposure within pre-defined limits and industry norms.
LOW	Acusensus has a preference for conservative measures that deliver a low level of risk. All reasonable measures will be adopted to minimise exposure to specific risks.
VERY LOW	Acusensus has absolutely no appetite for outcomes associated with these risks and will take all possible measures to avoid a negative outcome.

## 5.2 Risk Appetite Statements

	CATEGORY	RISK APPETITE RATING	RISK APPETITE STATEMENT
<b>Safety</b>	Safety of personnel and the community	VERY LOW	Acusensus has a VERY LOW appetite for risks that could compromise the safety of its personnel or the community.
<b>Strategic</b>	Achievement of strategic objectives	HIGH	Acusensus has a HIGH risk appetite for actions that will further the achievement of its strategic objectives, subject to Board direction and approval and any material risks.
	Growth, mergers and expansion	MEDIUM	Acusensus has a MEDIUM risk appetite for business growth, mergers and expansion.
	Service delivery	LOW	Acusensus has a LOW risk appetite any underperformance when working with clients as a service provider. Acusensus always aims to meet all key performance indicators and to delight the customer..
	Innovation	VERY HIGH	Acusensus has a VERY HIGH risk appetite for innovation, provided that it does not compromise safety.
<b>Financial and sales</b>	Financial viability	VERY LOW	Acusensus has a VERY LOW risk appetite for corporate failure.
	Unviable or unsustainable programs	LOW	Acusensus has a LOW risk appetite for programs that are unviable or unsustainable in the longer term.
	Liquidity	LOW	Acusensus has a LOW risk appetite for risks that may affect its strong cash position.
	Intellectual property commercialisation	HIGH	Acusensus has a HIGH appetite for commercialisation of its developed intellectual property.
<b>Reputational</b>	Conduct	VERY LOW	Acusensus has a VERY LOW risk appetite for circumstances that could cause it reputational damage based on lacking standards of conduct, ethics and professionalism
	Client interactions	LOW	Acusensus has a LOW risk appetite for actions which are detrimental to stakeholder relationships impacting on our ability to maximise on opportunities.
<b>Technology</b>	New developments, systems and infrastructure	HIGH	Acusensus has a HIGH risk appetite to consider risks associated with new technologies if this enables Acusensus to realise improvements or efficiency gains.
	Cyber security	VERY LOW	Acusensus has a VERY LOW risk appetite for risks associated with unauthorised access to systems and confidential data and will maintain strong controls to mitigate external threats against its technology infrastructure.
	Critical systems	LOW	Acusensus has a LOW risk appetite for disruptions to its critical systems and will take all reasonable measures

	CATEGORY	RISK APPETITE RATING	RISK APPETITE STATEMENT
			to minimise this exposure. Further, Acusensus has LOW appetite for losing continuity of business operations stemming from unreliable availability of its critical systems.
<b>Product and property</b>	Damage or destruction	LOW	Acusensus has LOW risk appetite for action that will cause significant damage to its assets or hardware.
	Critical assets	LOW	Acusensus has a LOW risk appetite for disruptions to its hardware assets and will take all reasonable measures to minimise this exposure. Further, Acusensus has LOW appetite for losing continuity of business operations stemming from unreliability availability of its assets.
<b>Personnel</b>	Conduct	VERY LOW	Acusensus has a VERY LOW risk appetite for risks associated with unprofessional conduct, bullying or an individual's competence to perform roles or tasks safely and any incidents or circumstances which may compromise the safety of any staff members.
	Fraud and theft	VERY LOW	Acusensus has a VERY LOW risk appetite for fraud including theft of monies or intellectual property.
<b>Legal and regulatory</b>	Compliance	VERY LOW	Acusensus has a VERY LOW risk appetite for situations that could result in legal regulatory action due to breach of legislation or any of the applicable regulatory frameworks in which it operates.
	Intellectual property enforcement	MEDIUM	Acusensus has a MEDIUM risk appetite for enforcing its intellectual property rights where they are valid and strong.