



Risk Management Policy

First Graphene Limited (Company)

1 Overview

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Company.

This Policy sets out the Company's approach to risk, including the responsibilities of the Board, management and others within the Company in relation to risk management.

2 Risk Management Procedure

The Company's risk management activities are as follows:

Senior management periodically undertakes the following activities:

- (a) reviews the Company's *Risk Management Policy*;
- (b) publishes the Company's *Risk Management Policy* on the Company's website;
- (c) reviews the Company's *Board Charter* and role descriptions for management to ensure accountability for all risk management is included;
- (d) identifies or reviews material business risks, develops risk management strategies and presents full company risk profile by completing a risk register;
- (e) allocates owners of critical material business risks in the risk register.

The Managing Director annually undertakes the following activities:

- (a) provides a summary of the Company's management of its material business risks and report to the Board on the effectiveness of whether those risks are being managed effectively, in accordance with the requirements of Recommendation 7.2;
- (b) provides (with the Chief Financial Officer) a certification that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks, in accordance with the requirements of Recommendation 4.2; and

- (c) provides a summary of the Company's disclosure with respect to Recommendation 7.4.

The Board undertakes the following activities:

- (a) determines the Company's overall risk tolerance levels, approves senior management's risk management policy and provides input into the Company's risk profile
- (b) notes the updated risk register and/or individual risk reports and questions management if required;
- (c) notes the Managing Director summary regarding the effectiveness of the Company's management of material business risks for the purposes of Recommendation 7.2;
- (d) notes the Managing Director /Chief Financial Officer certification for the purposes of Recommendation 4.2; and
- (e) notes the disclosure with respect to Recommendation 7.4.

3 Role of the Board and Delegated Responsibility

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. Further details of the Board's responsibility are set out in section 1 of this document.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management, as required.

Audit Committee Charter

The Audit Committee Charter sets out the role of the Audit Committee (or its equivalent) which includes, among other things, monitoring and reviewing the integrity of the financial reporting of the Company and any significant financial reporting judgements; and reviewing the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems.

4 Role of the Managing Director and Accountabilities

The Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company listed in this Policy are updated to reflect any material change.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least quarterly.

5 Authority of the Managing Director

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

6 Role of Managers and Supervisors

Managers and supervisors must:

- (a) monitor material business risks for their areas of responsibilities;
- (b) provide adequate information on implemented risk treatment strategies to senior management to support ongoing reporting to the Board; and
- (c) ensure staff are adopting the Company's risk management framework as developed and intended.

7 Role of Individual Staff

All staff within the Company should:

- (a) recognise, communicate and respond to expected, emerging or changing material business risks;
- (b) contribute to the process of developing the Company's risk profile; and
- (c) implement risk management strategies within their area of responsibility.

8 Risk Profile

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the

Company as at the date this policy was adopted by the Board can be categorised as follows:

- (a) Market-related
- (b) Financial reporting
- (c) Operational
- (d) Environmental
- (e) Human capital
- (f) Sustainability
- (g) Occupational Health & Safety
- (h) Political
- (i) Strategic
- (j) Ethical conduct
- (k) Economic cycle/marketing
- (l) Reputation
- (m) Legal and compliance.

The individual risks which fall within these categories are included in the Company's risk register.

9 Risk Management Strategies

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

Insurance Program

The Company has in place appropriate and adequate insurance policies to manage risks.

Regular budgeting and financial reporting

The Company has regular budgeting in place. It is the role of the Audit Committee (or its equivalent) to review the integrity of the financial reporting of the Company.

Clear limits and authorities for expenditure levels

The Company's *Board Charter* sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

Procedures/controls to manage environmental and occupational health and safety matters

The Company has in place sufficient procedures/controls to manage environmental and occupational health and safety matters.

Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act

The Company's *Policy on Continuous Disclosure* has been designed for the purpose of ensuring the Company complies with its continuous disclosure obligations.

Procedures to assist with establishing and administering corporate governance systems and disclosure requirements

The Company has adopted a Corporate Governance Manual which contains policies and procedures to assist the Company establish and maintain its governance practices.

10 Responsibility to Stakeholders

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's Risk Profile.

11 Continuous Improvement

The Company's risk management system is evolving. It is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities.

Summary of Risk Management Policy

The Board has adopted a Risk Management Policy. Under the Policy, the Board delegates day-to-day management of risk to the Managing Director. The Policy sets out the role of the Managing Director and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks at least quarterly.

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself at least annually that management has developed and implemented a sound system of risk management and internal control.

The Board also receives a written assurance from the Managing Director and the Chief Financial Officer (or equivalent) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.