

RISK MANAGEMENT POLICY

LIVEHIRE LIMITED ("Company")

1. Purpose

The Company considers ongoing risk management to be a core component of the management of the Company. The Company's ability to identify and address risk is central to achieving its corporate objectives, which include, among other things:

- promoting a culture of compliance;
- providing a forum for communication between the Board and Management in relation to audit and compliance matters affecting the Company; and
- reviewing and commenting on the Audit and Risk Management Committee's plans for managing the material financial and reporting risks faced by the Company.

This Policy outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

2. The Risk Management Program

The Company's risk management program comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Board to oversee and manage the risk management program, while conferring responsibility and authority on the Audit and Risk Management Committee to develop and maintain the risk management program in light of the day-to-day needs of the Company. The Audit and Risk Management Committee is governed by the Audit and Risk Management Committee Charter, a copy of which is available on the Company's website.

Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

3. Risk Identification

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves applying a disciplined process to risk identification, risk assessment and analysis, risk treatment and monitoring and reporting.

There are a number of risks that are inherent to the business activities that the Company undertakes. These risks may change over time as the external environment changes and as the Company expands its operations. The risk management process requires the regular review of the Company's existing risks and the identification of new and emerging risks facing the Company, such as conduct risk, digital disruption, cyber security, privacy and data breaches, sustainability and climate change. It also requires the management, including mitigation where appropriate, of these risks.

4. Responsibilities of the Board

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Board has delegated responsibility for reviewing the risk profile including material business risks and reporting on the operation of the internal control system to the Audit and Risk Management Committee. However, the Audit and Risk Management Committee and management may also refer particular risk management issues to the Board for final consideration and direction.

The Board will review the effectiveness of the Company's risk management framework and internal control system annually to satisfy itself that it continues to be sound and that the entity is operating within the risk appetite set by the Board.

5. Responsibilities of the Audit and Risk Management Committee

The day-to-day oversight and management of the Company's risk management program has been conferred upon the Audit and Risk Management Committee in accordance with the Audit and Risk Management Committee Charter. The Audit and Risk Management Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on these matters. In addition to the risk management responsibilities set out in its Charter, the role of the Committee is to:

- assist the Board to fulfil its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process;
- assist the Board in monitoring compliance with laws and regulations;
- assist the Board to adopt and apply appropriate ethical standards in relation to the management of the Company and the conduct of its business;
- implement, review and supervise the Company's risk management program; and
- review the adequacy of the Company's insurance policies.

Further details in relation to the responsibilities of the Audit and Risk Management Committee are contained in the Audit and Risk Management Committee Charter.

6. Responsibilities of Management

The Company's Management will be responsible for designing and implementing risk management and internal compliance and control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Management must implement the action plans developed to address material business risks across the Company.

Management must regularly monitor and evaluate the effectiveness of these processes and risk plans and the performance of employees implementing them, including through the procedures listed in Schedule A. In addition, Management must promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees.

All employees are responsible for implementing, managing and monitoring these processes and risk plans with respect to material business risks, as appropriate.

Management should report regularly to the Board and the Audit and Risk Management Committee regarding the status and effectiveness of the risk management program (as and when required). Such reporting by Management should identify the Group's material risks and the extent to which:

- the Company's ongoing risk management program effectively identifies all areas of potential risk, including with respect to any licensing and regulatory issues;
- adequate policies and procedures have been designed and implemented to manage identified risks;

- a regular program of audits is undertaken to test the adequacy of, and compliance with, prescribed policies;
- proper remedial action is undertaken to redress areas of weakness; and
- control weaknesses or failures resulted in elevated exposure for the Company.

7. Review of Risk Management Program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

The division of responsibility between the Board, Audit and Risk Management Committee and Management aims to ensure that specific responsibilities for risk management are clearly communicated and understood. The reporting obligations of the Audit and Risk Management Committee ensure that the Board is regularly informed of material risk management issues and actions. This is supplemented by the Audit & Risk Committee:

- receiving reports from Management from time to time concerning the Company's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk appetite for the Company;
- receiving reports from Management on new and emerging sources of risk and the risk controls and mitigation measures that Management has put in place to deal with those risks;
- reviewing and ratifying Management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information; and
- reviewing and ratifying Management's processes to satisfy itself that the risk management structure adequately deals with contemporary and emerging risks.

When considering the Audit & Risk Management Committee's review of financial statements for a financial period, the directors must request to receive a written statement, signed by the CEO and the CFO, that in their opinion the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and performance and comply in all material respects with relevant accounting standards. If requested, the statement may also confirm that the Company's financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, when reviewing risk management reports, the directors may request a separate written statement from the CEO confirming that the Company's risk management and internal control systems have been operating effectively in relation to all material business risks for the relevant accounting period, with due regard to the risk appetite set by the Board, and that nothing has occurred since the period-end that would materially change this position.

If the Company is required to operate outside the current risk appetite, the matter must be brought to the attention of the Audit & Risk Management Committee and the Board.

Schedule A

The following are intended to form part of the normal procedures for Management's risk and compliance responsibilities:

- Evaluating the adequacy and effectiveness of employee and management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for the management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Company's financial and operational risk management control systems by reviewing risk registers and reports from employees, Management and external auditors, and in reference to new and emerging sources of risk.
- Evaluating the structure and adequacy of the Company's business continuity plans.
- Evaluating the structure and adequacy of the Company's insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies by reference to the Company's risk appetite.
- Overseeing the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- Evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- Reviewing any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned".
- Disclosing whether the Company has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.
- Reviewing the Company's main corporate governance practices for completeness and accuracy.
- Reviewing the procedures that the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as industrial relations, occupational health and safety and the environment).
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including, but not limited to, the requirements under the ASX Listing Rules and the *Corporations Act 2001* (Cth) and those of the Australian Accounting Standards Board).
- Advising the Audit & Risk Management Committee and the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.
- Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- Reviewing and discussing with employees, Management and the internal and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.