

Group Risk Management Policy

February 2024

ACN 612 441 326

1. INTRODUCTION

QANTM Intellectual Property Limited (**QANTM**) is the owner of a group of leading intellectual property (**IP**) services businesses operating in Australia, New Zealand, Singapore, Malaysia and Hong Kong under the following key brands - Davies Collison Cave, DCC Advanz Malaysia, Davies Collison Cave Law, FPA Patent Attorneys, and Sortify.tm Ltd (the **Group**). With more than 140 highly qualified professionals, the QANTM Group has a strong track record in providing a comprehensive suite of services across the IP value chain to a broad range of Australian and international clients, ranging from start-up technology businesses to Fortune 500 multinationals, public research institutions and universities.

QANTM is governed by a Board of Directors, which has powers set out in QANTM's Constitution to oversee the business of the QANTM Group in order to achieve its strategic objectives. The Board is required to ensure the establishment of policies that will support the growth and development of the Group and ensure good governance, consistent with the requirements of ASX Corporate Governance Principles and Recommendations, including the appropriate management of risk.

Risk is the effect of uncertainty about a future event or condition which may impact the achievement of the QANTM Group objectives, and may be positive (opportunities) or negative (threats).

Risk is inherent in the business activities and strategic objectives of QANTM and its businesses. QANTM operates in a highly competitive industry and provides services across numerous jurisdictions, which requires a maintained focus on strategic, financial and compliance risks. QANTM and its businesses are also subject to various legal and regulatory requirements, and compliance with these requirements is taken very seriously. The health, safety and wellbeing of QANTM's people, and the quality of its talent are also of critical importance. QANTM is subject to several operational risks and is presently undertaking a technology modernisation, business simplification and optimisation program of work.

The effective management of risk is therefore a critical element in the achievement of QANTM's objectives. Accordingly, QANTM maintains a consistent, logical and proportionate approach to risk management, appropriate to the level of risk considered acceptable by the QANTM Board (as set out in the separate QANTM Board Risk Appetite Statement), as described in this QANTM Group Risk Management Policy, which is based on the international risk standard AS ISO 31000:2018 (Risk Management Guidelines).

2. QANTM'S RISK MANAGEMENT POLICY

2.1. Policy

The QANTM Group is committed to a culture where risks that could affect our shareholder value, employees, stakeholders, the community, the environment, our reputation, our operating assets, our financial and our legal status, or prevent the achievement of our objectives are well managed. QANTM will manage such risks by:

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- complying with all applicable regulatory and legislative requirements;
 - educating and involving our employees and stakeholders in the process of risk management;
 - articulating the roles and responsibilities of the different controls and individuals within the risk management process;
 - prioritising risk management according to likelihood (probability) and the consequence (impact) of risks, with appropriate consideration of controls and their effectiveness;
 - developing action plans which assign responsibilities and accountabilities to minimise high level risks;
 - incorporating risk management into our strategic plans, project plans, budgets, overall decision making and operating philosophy;
 - undertaking regular reviews of the risk management processes to ensure continuous improvement; and
 - regularly considering and updating the Group's risk registers and risk profile, including the identification of new business activities and unusual circumstances which may present new risks.

2.2. Scope

This Policy applies to all risks and risk management activities of QANTM, all subsidiaries and controlled entities (as defined in the Corporations Act 2001 (Cth)). These policy requirements are mandatory unless the QANTM Board approves a specific written exemption.

3. THE QANTM RISK MANAGEMENT FRAMEWORK

The purpose of the QANTM Risk Management Framework is to assist QANTM and its businesses in integrating risk management into their significant activities and functions. The following documents comprise the "QANTM Risk Management Framework":

- This QANTM Group Risk Management Policy,
- QANTM Board Risk Appetite Statement;
- Risk Register/Audit, Risk and Compliance Committee (**ARCC**) Charter; and
- the Management Risk Committee (**MRC**) Charter.

Other documents may be included in the Risk Management Framework as required from time to time.

4. RISK MANAGEMENT PROCESS & KEY PRINCIPLES

4.1. Risk Identification and Analysis

QANTM adopts a Top-Down and Bottom-Up approach to the identification, assessment and management of risks, comprising the following features:

- **Top Down** – the Group Executive Team (**GET**), with support from the

Management Risk Committee (**MRC**), are responsible for developing and maintaining a register of the key risks facing the business. This process will be facilitated by the Head of Operations QANTM and it is anticipated that this should focus predominantly on strategy, people, planning, financial and reputational risks; and

- **Bottom Up** – Risk Owners will develop and maintain a risk register for activities of the business for which they are accountable. It is anticipated that this should largely focus on operational / technology & infrastructure, governance / compliance, reporting and project risks.

Both approaches will identify, review and analyse risks, and establish mitigation strategies to ensure appropriate management of the relevant risk.

Analysis of risks should be undertaken in accordance with the rating factors shown as Appendices 1-5, and always with reference to the Board's stated appetite for acceptance of risk, as set out in the QANTM Board Risk Appetite Statement.

It is the responsibility of all Risk Register Owners to ensure the risk register(s) accurately reflect the risks faced by their business and operations at least quarterly. A key component of the risk mitigation strategy must be a process undertaken by Management to validate the effectiveness of controls.

4.2. Risk Metrics

Effective risk management is an integral part of good management practice. It is an iterative process consisting of steps which, when undertaken in sequence, enable continual improvement in decision-making and the treatment of risk. Risk management will not work effectively if it is undertaken as a stand-alone task at a set point in time. It must become embedded into the daily activities of the business.

Where possible, the use of quantitative data and risk expressions to measure likelihood and consequence of any identified risks should be applied. In some circumstances this may not be possible nor efficient or effective, therefore a qualitative approach may be adopted.

QANTM has approved the metrics to be applied in the analysis and measurement of risks, the details of which are provided as Appendices 1-5 to this Policy and as summarised below:

1. **Likelihood (Probability) Measures** - the chance of something happening.
2. **Consequence Measures** – the outcome of an event affecting the objectives, leading to a range of consequences which can have both a positive or negative effect.
3. **Risk Velocity Ratings** - the speed with which a risk occurs and then impacts the business and operations of QANTM.
4. **Control Effectiveness Ratings** - a measure of the completeness, relevance and efficacy of the current and / or proposed controls.
5. **Risk Rating Matrix (Heat Map)** - a tool for ranking and displaying risks by defining ranges for likelihood and consequence, and used during risk evaluation to prioritise risks for treatment.

4.3. Risk Appetite

Risk appetite is the amount and type of risk that we are willing to accept or retain in order to achieve our objectives or pursue opportunities. QANTM's level of risk appetite is set out in the QANTM Board Risk Appetite Statement, which is reviewed annually and updated as required to reflect the current environment.

4.4. Risk Treatment

Risk ratings determine the requirement for risk treatment, which may be in one or more of the following forms:

- **avoiding** the risk by deciding not to continue with the activity that gives rise to the risk;
- **accepting** / taking the risk by informed decision in order to pursue an opportunity;
- **removing** the source of the risk;
- **changing the likelihood** (probability);
- **changing the consequence** (impact); and / or
- **transferring / sharing** the risk with another party or parties (such as insurers).

4.5. Periodic Risk Reporting

The MRC will meet quarterly or more frequently as required. Management will report to the MRC on a quarterly basis on the risks affecting their respective businesses and operations, as well as the steps taken to address those risks and their effectiveness. The MRC will review and consider all risk reports provided by Management in order to provide guidance and advice, and such other matters as deemed appropriate from time to time. The MRC will prompt management prior to the agreed review times.

In addition, the Chief Executive Officer and the General Counsel & Company Secretary must be notified of extreme risks that have arisen, as they become known. The Chief Executive Officer will apply the appropriate discretion in the reporting of those events to the Board and/or the ARCC.

4.6. Issues Reporting and Issues Register

An issue is a potential risk that has materialized (**Issue**). An Issue may or may not have been foreseen. When a risk eventuates and becomes an Issue, it must be reported to the appropriate level of Management within the times specified in Appendix 6 according to the consequences of the risk as set out in Appendix 2:

When an Issue arises, the following actions should also be taken:

- Ensure appropriate steps are taken to respond to the Issue, and to minimise the impact. In the case of a physical risk, this must include any steps needed to minimise the ongoing exposure.
- Ensure appropriate third parties have been informed (such as insurers, regulators, etc.).

- Review the risk register to validate the assumptions made in analysis of the risk that has arisen, based upon the updated circumstances of the risk.
- Ensure steps are taken to implement increased controls and / or control effectiveness, as appropriate (on cost v benefit basis).

Issues reporting should not be confused with QANTM's requirements to report and manage regulatory and compliance obligations, including the health, safety and wellbeing of employees, contractors, clients and members of the public.

Where actions are required to improve controls, specific dates for completion of any actions should be determined. The MRC will undertake a regular review of Issues / Incidents reported and progress in the completion of agreed control improvements, including overdue target dates.

5. ROLES & RESPONSIBILITIES

All QANTM Group staff are responsible for the management of risk. Specific responsibilities are allocated to the MRC to ensure that risk management is effectively implemented, maintained and monitored at all levels of the organisation.

It is the responsibility of the person who detects any risk to satisfy themselves that the risk has been reported to an appropriate person, and that reasonable steps will be taken to report, rectify and/or manage the risk.

For the purposes of monitoring and managing risk across QANTM, the following specific responsibilities apply:

5.1. The Board

The Board has ultimate responsibility for the oversight of risk management across the QANTM Group.

The Board is responsible for adopting and reviewing QANTM's approach to the identification, evaluation and management of risks that are significant to the fulfilment of QANTM's business objectives, and for the determination of appetite for retention of risks across the Group.

5.2. Audit, Risk & Compliance Committee (ARCC)

The primary risk management function of the ARCC is to maintain and oversee a sound system of internal risk management controls based on the Board's adopted risk management approach. The role of the ARCC includes:

- monitor Management's performance against the QANTM Group Risk Management Framework, including whether it is operating within the risk appetite set by the Board;
- review any material incident involving fraud or a break-down of the entity's risk controls and the "lessons learned";
- receive 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;
- make recommendations to the Board in relation to changes that should be made to the QANTM Group Risk Management Framework or to the risk appetite set by

the Board; and

- oversee the QANTM Group insurance program, having regard to the Group's businesses and operations, and the insurable risks associated with them.

Specific risk management responsibilities include:

- reviewing and approving the QANTM Group Risk Management Policy and the QANTM Board Risk Appetite Statement;
- reviewing at least annually QANTM's implementation of the Group Risk Management Framework; and
- receiving and reviewing Management's report on the effectiveness of risk management and internal systems and otherwise monitoring the effectiveness of the Risk Management Framework and system of internal controls, and progress against agreed risk management plans.

The ARCC will review with Management the process supporting QANTM's risk management and internal compliance functions to confirm that they are operating efficiently and effectively in all material aspects, in accordance with the Best Practice Recommendations of the ASX Corporate Governance Council.

5.3. Chief Executive Officer (CEO)

The CEO is accountable for ensuring that a risk management system is established, implemented and maintained in accordance with this QANTM Group Risk Management Policy and the QANTM Board Risk Appetite Statement.

5.4. General Counsel & Company Secretary

The General Counsel & Company Secretary is responsible for:

- contributing to leadership of risk management across QANTM through mentoring, education, and facilitation as a subject matter expert on risk management; and
- identifying, recommending and implementing mechanisms to elevate the maturity of risk management across QANTM.

5.5. Head of Operations (or equivalent role)

The Head of Operations QANTM is responsible for ensuring that a risk management plan is completed and regularly updated for each business and functional department of the QANTM Group. The Head of Operations QANTM is also responsible for:

- overseeing and facilitating the co-ordination of the risk management activities of QANTM (including the schedule of updates by each Risk Owner to the Board);
- reporting regularly to the MRC on QANTM's risk profile and the effective implementation of the QANTM Group Risk Management Framework; and
- supporting the General Counsel & Company Secretary to lead risk management across QANTM through mentoring, education, and facilitation.

5.6. Management Risk Committee (MRC)

The MRC ensures that an appropriate level of risk analysis is applied to critical decisions and provides assurance to the ARCC and QANTM Board that risk processes at all levels are effective and compliant with risk management policy and objectives. The MRC is comprised of member of the GET and other delegates nominated by the CEO from time to time.

The MRC's scope includes:

- receiving and reviewing Management's reports on the effectiveness of risk management and internal systems;
- monitoring the effectiveness of the Risk Management Framework and system of internal controls, and progress against agreed risk management plans;
- compliance with the requirements of the QANTM Group Risk Management Policy;
- review of risk profiles across the businesses;
- review of risk profiles across all major projects;
- ensure an appropriate level of analysis of risks inherent in critical decisions;
- review of material findings from risk workshops / assessments performed;
- review of material claims, disputes and litigation;
- issues management; and
- other matters relating to effective management of risk across the QANTM Group.

5.7. Group Executive Managers (Risk Register Owners)

Risk Register Owners are the GET members and other delegates nominated by the CEO from time to time, and are accountable for risk management within the areas under their control, including devolution of the risk management process to Operational Managers (**Risk Owners**), and are responsible for:

- reviewing risk impact measures to QANTM to ensure they remain current to QANTM's context;
- identifying material business risks that may impact on QANTM's business plans and objectives and the development, implementation, performance and review of risk management plans. In doing so, Management considers all forms of risk across QANTM;
- aggregating operational risk data across QANTM, and monitoring external factors, to facilitate monitoring of QANTM's risk profile; and
- contributing advice, leadership and facilitation in the development of Group-wide risk control solutions.

5.8. Operational Managers (Risk Owners)

All risks must be allocated to a Risk Owner, who has responsibility for the accuracy of analysis of the risk, its controls and control effectiveness. Risk Owners have management responsibility for the area to which the risk relates.

Risk Owners are responsible for the development of action plans to improve controls and control effectiveness on risks where deemed appropriate, and within the usual commercial parameters (cost v benefit). Risk Owners shall include Department Managers and such other persons as appropriate and designated by the CEO or GET from time to time.

5.9. All QANTM Staff

Effective risk management is the responsibility of all staff of QANTM and its businesses. All staff are therefore expected to support the GET and Risk Owners with mitigating risk, as far as possible.

6. ACCEPTANCE / APPROVAL OF RISKS

Acceptance of risks must be in accordance with the requirements of the QANTM Delegated Authority Policy and should be consistent with the QANTM Board Risk Appetite Statement. Individual authorities for the acceptance / approval of risks are based upon risk ratings and are detailed in the relevant approval authority policy.

7. LINKS / INTERACTIONS WITH OTHER POLICIES

This policy is not intended to duplicate or override existing operational or regulated risk management processes, nor override the independence, duties and obligations of any directors or officers within the QANTM Group, but rather to help ensure a uniform approach to management of risk across the Group.

8. APPROVAL & REVIEW

Given the changing context of risks, it is anticipated that this QANTM Group Risk Management Policy will be subject to ongoing review. A formal review of this Policy should be tabled to the QANTM Board for consideration and approval on an annual basis. Any proposed changes to this QANTM Group Risk Management Policy only take effect after approval by the QANTM Board.

APPENDICES

1. Likelihood (Probability) Measures
2. Consequence Ratings
3. Risk Velocity Ratings
4. Control Effectiveness Ratings
5. Risk Rating Matrix (Heat Map)
6. Issue Reporting Requirements

9. DOCUMENT CONTROL

Policy Owner	General Counsel & Company Secretary		
Policy (including changes) approved by	Audit, Risk and Compliance Committee		
Direct questions on Policy to	General Counsel & Company Secretary		
Policy to be reviewed no later than	+12 months from approval		
Version Control	Date	Version	Nature of Change
	21 August 2020	A	Initial Policy
	21 October 2021	B	Annual review
	9 January 2023	C	Annual review
	8 February 2024	D	Annual review

Appendix 1: Likelihood (Probability) Measures

Level	Descriptor	Description	Likelihood	Frequency
5	Almost Certain	Is currently occurring and / or can be expected to occur on a regular basis	>95%	At least once in each year (>1:1)
4	Likely	Is more than likely to occur	50% - 95%	Once in every 2 years (1:2)
3	Possible	Could happen when certain circumstances prevail	15% - 50%	Once in every 2-5 years (1:5)
2	Unlikely	Has potential to arise under certain circumstances, but is not expected	5% - 15%	Once in every 5-10 years (1:10)
1	Rare	Conceivable, but only in extreme circumstances. Has not been known to arise previously	< 5%	Less than once in any 10 years (<1:10)

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Appendix 2: Consequence Ratings

Consequence Category	Definition	Consequence Ratings				
		Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Severe (5)
1. Health, Safety & Wellbeing	<i>Injury or illness (physical and mental) of a temporary or permanent nature, or death, to employees, contractors, clients, suppliers and other stakeholders</i>	Injury or illness requiring first aid or external medical treatment – able to return to work / normal activities immediately or the next day	Injury or illness resulting in lost time from work of more than one day to less than one month	Injury or illness of greater than 1 month, but < 6 months	Life threatening injuries or illness of > 6 months, or Injuries or illness leading to a permanent partial disability	Fatality, or Multiple life threatening injuries or illness of > 6 months, or Injuries or illness leading to a permanent partial disability
2. Reputation	<i>The view of QANTM from employees, contractors, clients, suppliers, investors, financiers, analysts, regulatory authorities and other stakeholders</i>	Isolated adverse comments from stakeholders with negligible impact on reputation and image; resolved in day-to-day management	Attention from media and / or heightened concern by local community, or One off negative report by financial analysts	Sustained adverse media coverage, or Repeated / multiple negative reports by financial analysts	Loss of support from stakeholders, including employees, contractors, clients, suppliers, investors and financiers resulting in loss of future opportunities, or Prolonged adverse media coverage and / or negative reports by financial analysts	Loss of support and withdrawal of existing arrangements with stakeholders, including employees, contractors, clients, suppliers, investors and financiers, or Loss of investment opportunities
3. Regulatory / Compliance	<i>The impact from a breach of legal, regulatory or contractual obligations, debt financing covenant, or reporting / disclosure requirement</i>	Immaterial non-compliance with negligible / minor legal exposure; which can be resolved internally without the involvement of an external party	Legal / regulatory breach which requires formal explanation and corrective action plan, or Material non-compliance with a contractual obligation which can be resolved through negotiation between the counterparties	Legal / regulatory breach resulting in an investigation by a regulatory authority, or Material non-compliance with a contractual obligation which can be resolved between the counterparties, or Temporary cessation of a material contract	Legal / regulatory breach resulting in imposition of fines or restrictions on the operations of QANTM or one of its businesses, or Material non-compliance with a contractual obligation which results in litigation, or Permanent loss of a material contract / client	Breach of law resulting in prosecution and / or incarceration of directors / officers / employees, or Permanent loss of a critical contract

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Consequence Category	Definition	Consequence Ratings				
		Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Severe (5)
4. Business Units Operational Capability (delivery of services)	<i>Disruption in the daily operations of QANTM or its businesses and provision of services to clients</i>	Interruption to the delivery of operations and services: <ul style="list-style-type: none"> of a temporary nature, restored within the day, or without adverse impact on employees, contractors, clients and suppliers 	Interruption to the delivery of operations and services: <ul style="list-style-type: none"> extending into a second day, resulting in temporary minor impact on employees, contractors, clients and suppliers 	Interruption to the delivery of operations and services: <ul style="list-style-type: none"> exceeding 2 days, with potential for minor or medium adverse impact on employees, contractors, clients and suppliers 	Interruption to the delivery of operations and services: <ul style="list-style-type: none"> exceeding 2 days, but less than 5 days, with potential for major adverse impact on employees, contractors, clients and suppliers, or disruption of a critical system or service capability with immediate major adverse impact 	Interruption to the delivery of operations and services: <ul style="list-style-type: none"> exceeding 5 days, with major adverse impacts likely to negatively affect employees, contractors, clients and suppliers and result in deterioration of their ongoing relationship with QANTM or a business, or disruption of a critical system or service capability with immediate critical adverse impact
5. Financial	<i>Balance sheet and / or profitability, measured on a cumulative basis against NPAT</i>	A negative impact (cumulative) of up to \$100k	A negative impact (cumulative) of more than > \$100k but < \$250k	A negative impact (cumulative) of more than > \$250k but < \$1m	A negative impact (cumulative) of more than > \$1m but < \$5m	A negative impact (cumulative) of more than \$5m. Threatens the viability of QANTM
6. Environment	<i>The surroundings in which QANTM and its businesses operate, including air, water, land, natural resources, flora, fauna, humans and their inter-relationships</i>	Contamination event limited to localised site contained without impact to ecosystem and / or habitat	Contamination event with reversible resulting damage to ecosystem and / or habitat, or extending beyond localised site	Medium reversible damage to an ecosystem, habitat, or site of cultural significance	Significant damage to an ecosystem, habitat, or site of cultural significance, but reversible	Irreversible damage or long term harm (recovery over 5 years) to an ecosystem, habitat, or site of cultural significance

Appendix 3:

Risk Velocity Ratings

Risk Velocity (Speed of Onset) Ratings		
Very High	5	Very rapid onset, little or no warning, instantaneous
High	4	Onset occurs in a matter of days to a few weeks
Medium	3	Onset occurs in a matter of a few months
Low	2	Onset occurs in a matter of several months
Very Low	1	Very slow onset, occurs over a year or more

Risk Velocity Rating is to be used in conjunction with Risk Rating (refer Appendix 5) to inform the agreed timeframe over which it is necessary to implement planned mitigations.

Appendix 4: Control Effectiveness Ratings

Control Effectiveness (Weakness) Ratings	
None	Virtually no credible control relative to what could be done
Ineffective	Significant gaps (deficiencies) in the design or in the effective implementation of controls that indicate risks might still arise Much more could be done
Partially Effective	Controls are well designed but some are not implemented effectively or while the implementation is diligent, it is clear that better controls could be devised. Control improvements are required to provide adequate assurance
Substantially Effective	Majority of controls are well designed and well implemented, address the cause, likelihood or consequence. Some improvement is possible in their design or in how effectively they are implemented Control environment provides adequate level of assurance that risk will not arise
Fully Effective	All controls are as good as realistically possible, both well-conceived and implemented as well as they can be. Controls address the cause, likelihood or consequence Control environment provides a high level of assurance that risk will not arise

Control Effectiveness should reflect all controls, operating in combination. The less effective the controls the higher the impact rating will be (i.e. the higher the score, the less effective the current control is in reducing the likelihood and/or consequences of the identified risk).

Controls considered to be critical to effective management of risks should be highlighted in the relevant Risk Register.

Appendix 5: Risk Rating Matrix (Heat Map)

		Consequences				
		Insignificant 1	Minor 2	Medium 3	Major 4	Severe 5
Likelihood	5. Almost Certain	Medium	High	High	Extreme	Extreme
	4. Likely	Low	Medium	High	High	Extreme
	3. Possible	Low	Medium	Medium	High	High
	2 Unlikely	Low	Low	Medium	Medium	High
	1 Rare	Low	Low	Low	Low	Medium

Appendix 6: Issue Reporting Requirements

Consequence Rating	Management Action	Issue Notification & Approval
Severe	Immediate Executive attention needed. Detailed research and management planning may be required at senior levels	Immediate – CEO and General Counsel & Company Secretary and ARCC Chair. ARCC Chair to consider escalation to ARCC and Board.
Major	Immediate Senior Management attention needed	Immediate – Risk Register Owner (notify the CEO and General Counsel & Company Secretary, as soon as practicable)
Medium	Senior Management attention needed	Immediate – Risk Register Owner
Minor	Responsibility of Management must be specified. Manage by routine procedure. Review periodically to monitor changes	Within 10 business days – Risk Register Owner
Insignificant	Resolve within business unit / function	Level up Manager as soon as practicable