

**BPS TECHNOLOGY LIMITED
(Company)**

RISK MANAGEMENT POLICY

1 Overview

All activities undertaken by BPS carry an element of risk. The exposure to these risks is managed through the practice of Risk Management. 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 outlines the Company's risk management process and sets out the responsibilities of the Board, the Audit and Risk Committee, the Managing Director, senior management and others within the Company in relation to risk management. The Policy is supported by a Risk Management Methodology based on the standard for Risk Management, AS/NZS ISO 31000:2009.

2 Risk Management Process

The risk management system is dynamic and is designed to adapt to BPS' developments and any changes in the risk profile over time. The risk management process consists of the following main elements:

- Communicate and consult
- Establish the context
- Identify risks
- Record risks
- Analyse risks
- Evaluate risks
- Treat risks
- Monitor and review

Risks are effectively managed by BPS through the effective implementation of various controls, which include:

- Board approved risk management framework;
- Documented policies and procedures;
- Maintenance of registers;
- Implementation of risk based systems and processes;
- Ongoing monitoring of regulatory obligations;
- Ongoing supervision of representatives; and
- Internal and external reporting.

3 Roles and Responsibilities

3.1 Board

The Board has delegated its responsibilities in regard to risk management to the Audit and Risk Committee. When reviewing the half and full year financial statements, the Board notes the Managing Director and Chief Financial Officer's certification for the purposes of the Corporations Act and ASX Corporate Governance Principles and Recommendations. On an annual basis the Board notes the Company's Risk Management framework, including the Risk Register.

3.2 Audit and Risk Committee

The Audit and Risk Committee is responsible for monitoring and reviewing the Company's internal financial control system and Risk Management framework. At scheduled Committee meetings, the

framework and Risk Register are reviewed. In the event that there are material changes to the Register through the year (as detailed in the Risk Management Framework) these are brought to the Committee's attention as soon as practicable.

The role of the Audit and Risk Committee is set out in the Committee Charter.

3.3 Managing Director

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

Together they have responsibility for identifying, assessing, monitoring and managing risks.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management (including presentation of the Risk Register) as a standing item at each Audit and Risk Committee meeting. The Managing Director is to report to the Audit and Risk Committee, and then the Board annually on the Company's risk management framework.

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.

3.4 Senior management

Senior management are responsible for assisting the Managing Director to identify, assess, monitor and manage risks. In doing so they must:

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

3.5 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 management framework; and
- (c) implement risk management strategies within their area of responsibility.

4 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.

5 Review of Risk Management Policy

The Audit and Risk Committee will review this Risk Management Policy and the Risk Management Framework at least annually and will recommend to the Board the policy for approval if any updates are made.