Risk Management Policy

Clean TeQ Water Limited
ABN 12 647 935 948

1 Introduction

1.1 This Policy outlines Clean TeQ Water's approach to risk oversight, the management of material business risks and internal control systems.

1.2 The Company recognises that risk is inherent to any business activities. Effective risk management protects and enhances business value, supports strategic execution and promotes sustainable growth.

1.3 To the extent practicable, the Company aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

2 Purpose

2.1 The purpose of this Policy is to:

a. encourage an appropriate level of risk tolerance across the Company;

b. establish a consistent process to identify, assess, manage and monitor risks;

c. assign clear roles, responsibilities, and delegations for risk management; and,

d. ensure the risk management framework adapts as the Company's risk profile changes.

3 Risk Appetite

3.1 Risk appetite reflects the level and type of risk the Company is prepared to accept in pursuit its strategic objectives.

3.2 The key factures influencing risk appetite include:

a. shareholder and investor expectations;

b. business performance and resilience;

c. available capital and liquidity;

d. organisational culture and capability;

e. management experience and control maturity; and,

f. medium and longer term strategy.

4 Risk Management Framework

4.1 The Company manages risk as an ongoing, continuous process. The framework supports both short-term operational needs and longer term strategic decision making.

4.2

Identification of Risks

The Company:

- Identifies risks in the context of strategy and operating conditions;
- documents material risks in risk profiles; and,
- regularly reviews and updates the risk profiles.

4.3 **Assessment**

Risks are assessed using a methodology that considers:

- Likelihood
- Impact
- Exiting controls
- Residual risk taking

4.3 Risk Treatment Options

Treatment may include:

- accepting the risk (within defined appetite);
- managing the risk through controls, process improvements oversight;
- avoiding the risk (stopping or altering the activity);
- transferring the risk (e.g., outsourcing, contracting); and,
- financing the risk (through insurance).

4.4 Monitoring and **Reporting (continuous assessment)**

Risk management is a continuing cycle of implementation, monitoring and review. Significant risks an any changes to the risk profile are reported to management, the Audit and Risk committee and the Board.

5 Risk Profile

5.1 The identification and effective management of risks is critical to the achievement of the Company's strategic and business objectives. The Company's activities give rise to a broad range of risks including, but not limited to:

a. Strategic Risks

- lack of responsiveness to changing economic or market conditions that impact the Company's competitive position;
- ineffective or misaligned strategy; and,
- ineffective execution of strategy.

b. Reputation Risks

- inadequate stakeholders communication
- a decrease in our brand, credibility, or market trust.

c. Financial Risks

- underperformance relative to expectations;
- ineffective capital or cashflow management;
- misstatement of financial information; and,
- exposure to credit, market, currency, and/or tax risk.

d. Product Risks

- failure of products or services to meet customer expectation or contractual requirements.

e. Operational Risks

- inadequate processes, systems, controls or resources.
- project delivery delays or scope failures
- disruption form external events

f. Operational Risks

- risks arising from the adoption, development and use of technology, including emerging and evolving technologies such as generative artificial intelligence, where inadequate governance, controls or oversight could impact data integrity, decision-making, cyber security, regulatory compliance, or alignment with the Company's strategy

g. People Risks

- inability to attract and retain key talent;
- inadequate succession planning; and,
- misaligned culture.

h. Regulatory and Compliance Risks

- non-compliance with laws, regulations, policies and procedures or ethical standards.

i. Insurable Risks

- Insufficient or inadequate insurance cover

j. Cyber Security Risks

- inadequate protection against malware, phishing and social engineering threats
- weak authentication and access controls
- lack of security awareness

6 Risk Oversight and Governance

6.1 Governance Structure

The Company's risk management framework is supported by the Board, Audit and Risk Committee and Management of the Company.

6.2 Board of Directors

The Board is responsible for:

- Approving the risk management framework (for both financial and non-financial risks)
- approving a risk appetite
- Overseeing management's implementation of risk process

6.3 Management

Management is responsible for:

- Implementing and maintaining effective risk controls
- monitoring risk exposures
- The Chief Executive Officer and Chief Financial Officer are each responsible for reporting to the Audit and Risk Committee any proposed changes to the risk management framework and to that committee and to the Board any exposures or breaches of key policies or incidence of risks, where significant

- When considering the Audit and Risk Committee's review of financial reports, the Chief Executive Officer and Chief Financial Officer are to provide to the Board declarations in accordance with section 295A of the Corporations Act., that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports 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

6.4 Audit and Risk Committee (ARC)

The ARC:

- Overseas the effectiveness of the risk management framework
- monitors compliance with laws, regulations and policies
- Reviews external audit findings and internal controls
- Reports to the board on risk exposure and improvements

6.5 Assurance

Assurance over risk management framework is provided through

- management reporting and control monitoring
- oversight and review by the Audit and Risk Committee
- independent external audit
- regulators reviews, where applicable

6.6 People and Culture

A strong risk culture underpins effective risk management. The company promotes:

- Risk awareness
- transparency
- accountability
- timely escalation of issues

Risk management is embedded into business planning, decision-making and performance expectations

7 Policy Review

This policy applies to all Clean TeQ Water subsidiaries and associates and is subject to review at least annually by the Board and will be amended (as appropriate) to reflect current best practice and changes in regulatory requirements.