
Risk Management Policy

Poseidon Nickel Limited ABN 60 060 525 206

Adopted by the Board on 27 May 2024

1 Purpose

Recognising and managing risk is fundamental to Poseidon Nickel Limited and its subsidiaries (collectively **Poseidon** or the **Company**) achieving its strategic objectives, and a crucial part of the role of the Board of Poseidon Nickel Limited (**Board**) and management. Sound risk management practices can not only help to protect established value, but also can assist in identifying and capitalising on opportunities to create value.

The Company recognises that a failure by it to recognise or manage risk can adversely impact not only on the Company and its shareholders, but also other stakeholders which may include employees, customers, suppliers, creditors, consumers, taxpayers and the broader community in which the Company operates.

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its strategic objectives. To enable the Board to do this, the Company must have an appropriate risk management framework to identify and manage risk on an ongoing basis.

This policy sets out the Company's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Board, management and others within the Company in relation to risk management, and the resources and processes dedicated to risk management.

Managing risk is the responsibility of everyone in the Company.

In this policy:

- **management** refers to the senior management team as distinct from the Board, comprising the Company's senior executives, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance
- **Recommendation** refers to the Corporate Governance Principles and Recommendations 4th edition as published by the ASX Corporate Governance Council
- **risk** means effect of uncertainty on objectives¹
- **risk management** means co-ordinated activities to direct and control the Company with regard to risk²
- **risk management framework** is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Company³

2 Who this policy applies to

All directors, officers and employees of the Company must comply with this policy.

3 Risk appetite

The Board is responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives (**risk appetite**).

The Company is relatively risk averse and its risk management framework is designed to ensure that risk is understood and avoided or managed.

¹ As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*

² As defined in Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*

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4 Risk management framework

The framework adopted references the Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management – Guidelines* and involves:

4.1 Risk identification

The risks faced by the Company will be identified and documented in a risk register. Risk identification will be undertaken as part of the Company's strategic planning and budgeting process and may be carried out through a workshop with management and potentially the Board, facilitated by an external service provider or by a member of management.

The Company's risks will be classified under the following broad categories:

- (a) Economic cycle
- (b) Environmental and Social Sustainability
- (c) Financial
- (d) Human resources
- (e) Legal and compliance.
- (f) Market
- (g) Occupational Health & Safety
- (h) Operational
- (i) Political
- (j) Reputation
- (k) Strategic
- (l) Technological

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

4.2 Risk analysis

Once the list of risks is agreed on by management and the Board, and reviewed by the Audit and Risk Committee, the risks will be analysed by determining consequences of the risks eventuating and their likelihood. Existing risk controls and their effectiveness (as perceived by management) should be taken into account when considering how likely the risk event is to occur and the impact/consequences it will have on the business.

Risk prioritisation will be undertaken at the same time as risk identification and will be considered in light of a 5x5 risk matrix, as the per the example in Appendix A, or equivalent.

4.3 Risk evaluation

Prioritised risk should be compared with the risk appetite established by the Board. The output of this process will be a prioritised list of risks for further action.

4.4 Risk treatment

Where the level of risk is above the desired level, the Audit and Risk Committee will develop and execute an action plan to address the risk by either: transferring the risk; reducing the risk or accepting the risk or a combination of these approaches. When selecting the way a risk will be treated, the Company will consider the values and perceptions of stakeholders and the most appropriate ways to communicate with them.

4.5 Monitoring and review

The risk register will be reviewed, and if required updated, on at least a half yearly basis, or more often if required.

Risk Management is a standing agenda item at each Audit and Risk Committee meeting.

The risk management framework will be monitored and reviewed by the Audit and Risk Committee as set out in the Audit and Risk Committee Charter through the risk activities outlined in section 5. However, the Board may request independent verification in relation to all or some of the risk management framework or individual controls, via internal or external means.

4.6 Documentation

The risk management framework and processes will be documented.

5 Risk management activities

The Company's annual risk management activities are divided into quarters as follows:

Quarter One – commencing 1 July	
Management	prepare the disclosure for inclusion in the Company's corporate governance statement in relation to Recommendations 7.1 to 7.4
	the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration in accordance with Recommendation 4.2 and section 295A of the Corporations Act (CEO/CFO Declaration)
Audit and Risk Committee	reviews the disclosure for inclusion in the Company's corporate governance statement in relation to Recommendations 7.1 to 7.4
The Board	approves the disclosure for inclusion in the Company's corporate governance statement in relation to Recommendations 7.1 to 7.4
	notes the CEO/CFO Declaration
Quarter Two – commencing 1 October	
Management	provide a summary of the Company's risk management effort, including a report to the Audit and Risk Committee whether the Company's material business risks are being managed effectively
	review and update the risk register and/or complete an individual risk report for critical material business risks and presents the register and/or the report to the Board
	CEO/CFO Declaration provided to the Board
Audit and Risk Committee	Review the Company's risk management framework to satisfy itself that it continues to be sound
	review the updated risk register and/or individual risk reports as prepared by management and questions management if required
	reports to the Board the updated risk register and a report regarding the Company's annual risk management efforts is tabled
The Board	determines the Company's overall risk appetite
	notes the updated risk register and/or individual risk reports and questions management if required

	notes the Audit and Risk Committee summary regarding the Company's annual risk management effort (including the effectiveness report)
Quarter Three – commencing 1 January	
Management	CEO/CFO Declaration provided to the Board.
The Board	notes the CEO/CFO Declaration
Quarter Four – commencing 1 April	
Management	reviews the Risk Management Policy and risk register and makes recommendations to the Audit and Risk Committee about any proposed changes
	CEO/CFO Declaration provided to the Board
Audit and Risk Committee	reviews the Company's Audit and Risk Committee Charter and Risk Management Policy
	reviews performance of the Risk Management Committee including membership and composition of the committee and makes any recommendations for changes to the committee
The Board	approves the Risk Management Policy, as reviewed by the Audit and Risk Committee and provides input into the Company's risk profile
	Notes the review of the performance of the Audit and Risk Committee and considers any recommendations
	notes the CEO/CFO Declaration

6 Risk management roles and responsibilities

6.1 Board

The Board is responsible for setting the Company's risk appetite, for overseeing the risk management framework designed and implemented by management and to satisfy itself that the risk management framework is sound. The Board is also responsible for monitoring and reviewing the Company's risk profile.

6.2 Audit and Risk Committee

The Board has established a separate Audit and Risk Committee which is responsible for, among other things, the adequacy of the Company's corporate reporting processes and the appropriateness of managements accounting judgement or choices. It also reviews the Company's internal financial control system and oversees the company's risk management framework. The role of the Audit and Risk Committee is set out in the Company's *Audit and Risk Committee Charter*.

However, ultimate responsibility for the Company's risk management framework rests with the Board.

6.3 Senior Management

Senior Management (comprising the Managing Director, Chief Executive Officer and Chief Financial Officer and such other individuals as the Audit and Risk Committee determines from time to time) has responsibility for identifying, assessing, monitoring and managing risks.

Senior Management is required to report on the progress of, and on all matters associated with, risk management to the Audit and Risk Committee. Senior Management is to report to the Audit and Risk Committee as to any proposed changes to the effectiveness of the Company's management framework, any new and emerging sources of its material business risks and, any disclosure-related consideration.

6.4 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 management to support ongoing reporting to the Board; and
- (c) ensure staff are adopting the Company's risk management framework as developed and intended.

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

7 Review

The Company's risk management framework is evolving. It is an on-going process and it is recognised that the level and extent of the risk management framework will evolve commensurate with the development and growth of the Company's activities. This will include an annual review of this policy by the Audit and Risk Committee.

Appendix A – Template Risk Matrix

	Consequence to Poseidon					
		Minimal	Minor	Moderate	Major	Catastrophic
Probability	Almost Certain	Medium 15	High 10	Very High 6	Very High 3	Very High 1
	Likely	Medium 19	Medium 14	High 9	Very High 5	Very High 2
	Possible	Low 22	Medium 18	High 13	Very High 8	Very High 4
	Unlikely	Low 24	Low 21	Medium 17	High 12	Very High 7
	Rare	Low 25	Low 23	Medium 20	Medium 16	High 11

SOURCE: ISO 3100:2018 RISK MANAGEMENT – GUIDELINES

Risk Rating	Action
Very High	Detailed action plan required
High	Needs senior management attention
Medium	Management responsibility must be specified
Low	Manage by routine procedures