













## Principle 7 Recognise and Manage Risk

### 7.1 Risk management policies

As well as overseeing the finance, audit and compliance functions of Althea, the Audit, Risk and Compliance Management Committee ensures potential risks are identified and managed. During the 2019 reporting period the committee met 10 times. All committee meetings were chaired by Mr Alan Boyd, an independent non-executive director, with all members attending the meetings.

The Risk Management Policy was adopted in August 2018, a summary of which was published in the Company's Initial Prospectus Offer (Prospectus) dated 22 August 2018. The Risk Management Policy is reviewed periodically as required. The Board agreed that no amendments were required to the Risk Management Policy in the 2019 reporting period. The Risk Management Policy is published in the Investor Centre section of the Company's website at <https://althea.life>

### 7.2 Risk Management Framework

Althea manages risk through its Audit, Risk and Compliance Management Committee and the Althea Board. The Board is responsible for determining the nature and extent of the significant risks it is willing to tolerate and manage in achieving its strategic objectives and the conduct of its business activities.

The Company's risk register provides a framework for risk identification and monitoring, and the register was reviewed and updated during the 2019 reporting period. The Risk Matrix was also reviewed and updated to ensure immediate identification and reporting of risk.

Management team meetings also provide forums for discussing and monitoring risk. Any suggested mitigation strategies are considered at the Audit, Risk and Compliance Management Committee, and by the Althea Board as appropriate.

### 7.3 Internal Audit

Management has implemented risk and internal control systems for assessing, monitoring and managing strategic, operational, financial reporting and compliance risks for the Company. The systems are based upon policies, guidelines, delegations and reporting by qualified personnel. The internal processes are reviewed by the Company's external auditors during their regular audits.

The Board believes the control framework of formal audits and Company policies and procedures is well suited to the current size, operations and stage of development of the business.

### 7.4 Risk Exposure

Althea manages risk through its Audit, Risk and Compliance Management Committee and the Althea Board. Risk is also discussed and monitored in management team meetings where mitigation strategies are devised as appropriate.

During the 2020 reporting period, the main exposure to economic risk for Althea was the risk of interruption to product supply. The Board and the Audit, Risk and Compliance Committee continually

monitor the Company's cash flow position and adopt an appropriate strategy to maintain solvency in the face of any economic risk.

## **Principle 8 Remunerate Fairly and Responsibly**

### **8.1 Remuneration Committee**

Althea has a Remuneration and Nominations Committee. During the 2020 reporting period, the committee was chaired by Penelope Dobson, an independent Non-Executive Director, in line with ASX recommendations.

Other members of the Remuneration and Nominations Committee are Mr Alan Boyd and Ms Penelope Dobson, both independent Non-Executive Directors, and Mr Joshua Fegan, Managing Director.

The Remuneration and Nominations Committee Charter was adopted in August 2018, a summary of which was published in the Company's Initial Prospectus Offer (Prospectus) dated 22 August 2018. The Remuneration and Nominations Committee Charter is reviewed periodically as required. The Board agreed that no amendments were required to the Remuneration and Nominations Committee Charter in the 2020 reporting period. The Remuneration and Nominations Committee Charter is published in the Investor Centre section of the Company's website at <https://althea.life>.

During the 2020 reporting period, the Remuneration and Nominations Committee met four times with all members attending.

### **8.2 Remuneration Policy**

Althea has an Executive Remuneration Policy which is included in the Remuneration and Nominations Committee Charter. The Board agreed that no amendments were required to the Executive Remuneration Policy in the 2020 reporting period.

### **8.3 Equity Based Remuneration Scheme**

Althea has not yet developed an Equity Based Remuneration Scheme (ESOP).

There is no policy regarding employees entering into transactions which limit the economic risk of participating in the scheme.