



RISK MANAGEMENT POLICY

As of August 2024

Purpose

It is the purpose of this Risk Management Policy (the “Policy”) to ensure that there is a shared understanding of what is meant by risk and risk management and the objectives of Opthea Limited (the “Company”) in seeking to manage risk.

Definitions

Risk – The exposure to the possibility of something happening that will have an impact on organizational objectives. Risk arises out of uncertainty and has two elements: the *frequency/ likelihood* of something happening and the *severity/impact* of the consequences resulting from that event.

Risk Appetite – This is the amount of risk, on a broad level, that the Company is willing to accept or tolerate in pursuit of its objectives.

Risk Management – The culture and process for the systematic application of policies, procedures, and practices to the tasks of establishing the context, identifying, analyzing, assessing, treating, monitoring, and communicating risks that will direct the Company towards the effective management of potential opportunities and adverse effects.

Essentially, risk management is an obligation and desire to protect the Company’s assets, staff, operational environment, and reputation as a provider of the highest quality products and services.

To achieve the economic expectations of Company’s stakeholders, the organization must pursue opportunities involving some degree of risk. The Company’s policy is to give full and due consideration to the balance of risk and reward, and as far as practicable, to optimize the rewards gained from its business activities.

Objectives

- To use risk management to support and enhance our activities in all areas of our organization.
- To integrate risk management into the management culture of the Company and to ensure that risk management is an integral part of all our decision-making processes.
- To use a structured risk management program to minimize reasonably foreseeable disruption to operations, harm to people and damage to the environment and property.
- To foster an environment where Company employees assume responsibility for managing risks within the Company’s risk appetite and have the confidence to do so based on the training and empowerment provided by the organization.
- To strive to continually improve our risk management practices.

Rationale

The rationale for this approach to risk management is that it:

- provides a structured basis for strategic planning;
- enhances the effectiveness and efficiency of Company's operations;
- encourages pro-active rather than reactive management;
- improves the quality of decision making throughout Company; and
- safeguards Company's assets, people, finance, and property.

Responsibilities of the Board

The Board, through the Audit & Risk Committee (the "Audit Committee"), will oversee the implementation of the risk management program. The Board will review the effectiveness of the Company's risk management framework annually to satisfy itself that it continues to be sound and that the entity is operating within the risk appetite set by the Board.

Responsibilities of the Audit Committee

The day-to-day oversight and management of the Company's risk management program has been conferred upon the Audit Committee. The Audit Committee is responsible for ensuring that the Company maintains effective risk management and provides regular reports to the Board on these matters. In accordance with the charter of the Audit Committee, the Audit Committee will:

- establish and maintain this Policy and risk management program and recommend it to the Board;
- monitor risks by making inquiries of management and the auditors about risks or exposures and will assess the steps taken by management to minimize risk; and
- review the schedule of insurances annually and make inquiries of management and the insurer as required.

Responsibilities of Management

- The Chief Executive Officer is accountable to the Board, through the Audit Committee for the implementation of the risk management plan and processes and is ultimately responsible for the management of risks in the Company.
- The Chief Executive Officer in conjunction with the Chief Financial Officer and the leadership team will facilitate the development of a common risk management approach across the Company by:
 - implementing the risk management program and action plans developed to address material business risks across the Company;
 - sharing information with broad applicability across all areas of the business;
 - monitoring and evaluating the effectiveness of the action plans; and
 - reporting regularly to the Audit Committee on the progress of implementing the risk management program.

Responsibilities of Employees

- It is the responsibility of all Company employees, involved with the application of risk management to be familiar with the requirements of this Policy.
- All Company employees are responsible for managing risks within their area of accountability and responsibility.

Procedures

A systematic risk management program will be established based on Australian Standards (AS/NZS ISO 31000:2018).

Monitoring and Review

The division of responsibility between the Board, Audit Committee and management as stated above aims to ensure that specific responsibilities for risk management are clearly communicated and understood. The reporting obligations of the Audit Committee ensure that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation by management of the effectiveness of the action plans developed to address material business risks across the Company and the reporting obligation of management to the Audit Committee.