

PENSANA PLC

CORPORATE GOVERNANCE POLICIES

RISK MANAGEMENT POLICY

1. IDENTIFICATION OF RISK

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework. The primary objectives of the risk management system at the Company are to ensure:

- (a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved; and
- (d) senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system covers:

- (a) Operations risk;
- (b) Financial reporting; and
- (c) Compliance / regulations
- (d) system/IT process risk

Arrangements put in place by the Board to monitor risk management include:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company;
- (b) quarterly rolling forecasts prepared; and

- (c) circulate minutes of and relevant Committees to the Board and the Chairman of each respective committee and provide a report to the Board on an annual basis.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening Pensana as a whole or specific business activities within the Company.

2. INTEGRITY OF FINANCIAL REPORTING

Commencing in the year ending 30 June 2020, the Company's Managing Director to report in writing to the Board that:

- (a) the financial statements of the Company and its controlled entities (where appropriate) for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- (b) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

3. ROLE OF AUDITOR

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

4. REVIEW OF RISK MANAGEMENT POLICY

Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. A summary of the major risk factors were set out in the Company's Prospectus. These risk factors remain relevant to the Company.

The analysis and evaluation criteria are used to continually assess the impact of risks upon Pensana's business objectives. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the company. Managers will report monthly to the board on the areas they are responsible for, including key business risks. Pensana's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will

allow management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

5. RESPONSIBILITIES

5.1 Managing Director

The Managing Director is accountable to the Board, for ensuring that the risk management system is implemented and maintained in accordance with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the Board.

5.2 Senior Executives

Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for:

- (a) The formal identification of strategic risks that impact upon Pensana's business;
- (b) Allocation of priorities;
- (c) The development of strategic risk management plans;
- (d) The Senior Executive review progress against agreed risk management plans.

6. REVIEW

This Policy will be formally reviewed by the Board each year.