



CORPORATE GOVERNANCE BACKGROUND

Cosmos Capital Limited (**Cosmos**) is committed to strong corporate governance principles. Each policy is periodically reviewed and updated from time to time by the board.

Key corporate governance policy documents will be made available to the public, online at cosmoscapital.io/corporategovernance

RISK MANAGEMENT POLICY

1. PURPOSE

This is the Risk Management Policy of Cosmos Capital Limited ACN 636 458 912 (Company) and its related bodies corporate (Cosmos) and sets out policies in relation to the identification, assessment, management and reporting of risk.

2. COMMITMENT TO RISK MANAGEMENT

- (a) Cosmos is committed to ensuring that all staff, particularly those with management responsibilities, have a sound understanding of the principles of risk management.
- (b) Cosmos recognises that risks are inherent in any business activity, that there is a place for responsible risk taking, and that its risk management framework needs to support Cosmos in managing risks appropriately given the nature of its business.
- (c) Cosmos has proactively developed a comprehensive risk management framework guide (Risk Framework) to be used when assessing the risks associated with its operations. The Risk Framework guide forms part of this Policy.

3. RESPONSIBILITIES

- (a) The Board is responsible for satisfying itself that Cosmos has in place an appropriate risk management framework (for both financial and nonfinancial risks) and setting the risk appetite within which the Board expects management to operate.
- (b) The Audit and Risk Committee of the Board has specific responsibility in the area of risk management. It advises the Board on the appropriateness of the Company's risk management policies and oversight structure and reports on matters of concern communicated to the Committee by management and internal and external auditors.
- (c) Senior management is responsible for implementing the Risk Framework, reviewing and assessing its effectiveness on a regular basis and reporting to the Audit and Risk Committee and the Board on major risks and action plans.



- (d) All staff have a responsibility to identify, assess, manage and report risks to management within their areas of operation.

4. RISK IDENTIFICATION

Risks

Cosmos will identify and monitor areas of risk on an ongoing basis (most of which are outlined in the Risk Framework). These may be risks specific to particular technology, services or projects, including (but not limited to):

- (a) digital currency risks;
- (b) infrastructure operations risks;
- (c) key people risks;
- (d) changes in competitors' technology and services;
- (e) changes in market demand and market prices for comparable products; and
- (f) changes in legislation or the regulatory environment.

Special Risks

Some risks may arise that transcend particular services or projects. These risks include (but not limited to):

- (g) changes in economic outlook and sentiment, share market activity;
- (h) changing government policies in the jurisdictions in which Cosmos operates;
- (i) legal proceedings commenced against Cosmos (if any);
- (j) changes in government regulation and policy;
- (k) events in the nature of force majeure or otherwise beyond the control of Cosmos; and
- (l) changes in workplace health and safety laws.

Reporting to Committee and Board

Senior management will continue to review and report to the Audit and Risk Committee and the Board on a regular basis:

- (m) the major risks relevant to Cosmos's business;
- (n) the degree of risk involved, including:
 - (i) what are the probabilities that the risk will materialise; and
 - (ii) if it does, what is the significance of the potential impact;



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- (o) current approach to managing the risk; and
 - (p) if appropriate, any inadequacies in the current approach and possible improvements to more effectively address the risk.

5. REVIEW

The Board will periodically review this Policy to check that it is operating effectively and whether any changes are required to this Policy.