

MAYNE PHARMA GROUP LIMITED

RISK MANAGEMENT FRAMEWORK - SUMMARY

Mayne Pharma Group Limited has established a risk management framework which is designed to identify, assess, monitor and manage risks.

1. Risk Responsibility

The Board of the Company is responsible for the Company's risk management strategy. Management is responsible for implementing the Board's strategy and for developing policies and procedures to assist the Board to identify, manage and mitigate risks across the Group's operations.

The Company employs executives and retains consultants each with the requisite experience and qualifications to enable the Board to manage the risks to the company. The Board has requested the Audit Committee oversee the Group's risk management processes and procedures.

The Board takes its risk management responsibilities seriously. It requires that responsibility for risk management is embedded within all levels of the business. Its risk management processes are developed to be proactive and dynamic so as to be able to accommodate changes within the internal and external environments.

2. Risk management

Mayne Pharma's risk management framework is based on AS/NZS ISO 31000:2009 and captures all the risks that management consider are faced by the Group; the likelihood, consequence and potential impact if the risk were to eventuate and the residual risk faced by the Group given the existence of appropriate controls.

The risks faced by the Company are diverse and vary significantly in terms of the likelihood of the event occurring and the consequence of such an event. Each specific risk is allocated to a member of the Executive Team and managed through day-to-day operations and compliance with a comprehensive set of Standard Operating Procedures.

The key elements of the risk management process include:

- Establish the context
- Identify risks
- Analyse risks
- Evaluate risks
- Treat risks
- Communicate and consult
- Monitor and review

2.1 Establish the context

Mayne Pharma establishes the internal and external context that it faces, considering the legal and regulatory obligations, customers, suppliers and other stakeholder expectations.

2.2 Identify risks

The Company regularly reviews the risks faced by the business. Risk categories include the following:

- Financial
- Strategic
- Operational
- Legal and regulatory
- Technology
- Intellectual property / product development
- HR / safety and security
- Commercial

2.3 Analyse risks

As part of the risk management process, the Company considers which risks have a greater consequence or impact than others. This process uses both qualitative and quantitative measures in analysing the risks faced and results in a detailed risk register that classifies risks into low, moderate, high and extreme.

2.4 Evaluate risks

The risk evaluation process compares the inherent level of risk found, the mitigating controls in place and determines whether the residual risk requires additional focus.

2.5 Treat risks

Risk treatment involves identifying the options for controlling the risk, evaluating the options, and developing and implementing the plan. This involves a cost-benefit analysis to consider if the proposed method of treating a risk is justified. After treatment, the residual risk is managed, monitored and reviewed regularly. Any method identified for controlling a risk is contained in the Risk Register and is allocated responsibility of a Member of the Executive Team.

2.6 Communicate and consult

This involves consideration of who should be involved in the assessment of risk and engaging people who will be involved in the treatment, monitoring and review of the risk. The stakeholders involved in risk management include the Board, Audit Committee, Executive Team and Employees.

- Board: responsible for considering all material risks faced by the company
- Audit Committee: responsible for considering and managing all material risks faced by the Company on behalf of the Board
- Executive team: responsibility to consider, manage and report on all material risks within their area of responsibility
- Employees: responsibility to raise matters of risk with management

2.7 Monitor and review

Ongoing monitoring and review of the risk management process is vital to identify new or changing risks and to review the effectiveness of the management system set up to manage the Company's risks. The Company's risk register is updated by the Executive Team as required, and is regularly reviewed by the Audit Committee.