

Risk Management Policy – Asian American Medical Group Limited

ABN 42 091 559 125

1. Introduction

The primary objective of risk management is to ensure that the Company appropriately manages its business and operating risks. This promotes stakeholder confidence in dealing with or investing in the Company.

The Company has established specific policies for the oversight and management of material business risks.

The Company maintains a documented risk management process that includes procedures for identification, analysis, evaluation, treatment, management and communication of the material risks associated with the business of the Company.

The role of the Company's Risk Management Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- (a) financial risk management;
- (b) the oversight and management of material business risks; and
- (c) the effectiveness of the Company's management of its material business risks.

In particular, the Committee is to undertake the functions of the Risk Management Committee referred to in the ASX Corporate Governance Principles.

2. Definitions

General terms and abbreviations used in this Policy are defined as follows.

ASX means ASX Limited or the securities market operated by the ASX, as the case may be **ASX Corporate Governance Principles** means ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 Amendments*

Board means the board of Directors of the Company

GCOO means the Group Chief Operating Officer of the Company (where appointed)

GCFO means the Group Chief Financial Officer of the Company (where appointed)

CCO means Chief Commercial Officer of the Company (where appointed)

Chair means the chairperson of the Risk Management Committee

Committee or Risk Management Committee means the Risk Management Committee

Company means Asian American Medical Group Limited ABN 42 091 559 125

Corporations Act means *Corporations Act 2001 (Cth)*

Director means a director of the Company

Listing Rules means the listing rules of the ASX

MD means the Managing Director of the Company

Policy means this Risk Management Policy

Company Secretary means the company secretary of the Company

3. Scope

This Policy is applicable to the Company's related bodies corporate and all levels within the organisation.

4. Membership of the Committee

4.1 Composition

- (a) The Risk Management Committee will comprise at least three Directors. Currently, the Risk Management Committee comprises of three non-executive Directors and one executive Director.
- (b) All members of the Risk Management Committee must be able to read and understand financial statements and reports.
- (c) The Chair may not be the chairperson of the Board.
- (d) The Chair must have leadership experience and a strong finance, accounting or business background.
- (e) The Company Secretary and GCFO (or equivalent) and other senior executives, may be invited to Risk Management Committee meetings at the discretion of the Risk Management Committee.
- (f) The Secretary may appoint a suitable representative to assist in the functions of the meeting.

4.2 Chair

- (a) The Chair is appointed by the Board. If for a particular Risk Management Committee meeting, the Chair is not present within 10 minutes of the nominated starting time of the meeting, the Risk Management Committee may elect a chairperson for that meeting.

4.3 Secretary

The Company Secretary or his nominee is the secretary of the Risk Management Committee.

5. Responsibilities of the Risk Management Committee

To fulfil its responsibilities and duties, the Risk Management Committee will:

- (a) review the Company's risk management policy and framework for identifying, assessing, monitoring and managing risk;
- (b) regularly review and update the Company's risk profile;
- (c) monitor the effectiveness of the risk management framework and the system of internal control. As part of monitoring and assessing the effectiveness of the system of internal control, regularly receive and review reports on material risk and the operation of internal controls in place to mitigate those risks;
- (d) satisfy itself that the declarations provided by the Chairman and the GCFO (or equivalent) in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks;
- (e) monitor the effectiveness of the Company's business continuity policies and procedures;
- (f) undertake a strategic risk assessment workshop with senior managers to reassess the Company's material risks and determine whether the current controls are adequate and effective;
- (g) review at least annually the Company's implementation of the risk management policy and framework; and
- (h) review the adequacy of the Company's insurance policies, including the terms of annual policy renewals and the creditworthiness and claims payment histories of the Company's principal insurers.

6. Role and objectives of the Risk Management Committee

The primary role of the Risk Management Committee is to assist the Board by monitoring and reviewing the effectiveness of the controlled environment of the Company in the area of operational and balance sheet risk. The Risk Management Committee reports to the Board on these matters and the effectiveness of the Risk Management Committee is monitored by the Board. Due to the size of the Company, it does not have an internal audit department.

The Risk Management Committee is responsible for:

- (a) overseeing the Company's discharge of its responsibilities with respect to risk management systems;
- (b) reviewing the Company's risk management program; and
- (c) ensuring that areas of risk have been identified and that the appropriate internal controls have been implemented and are operating efficiently in all material respects.

7. Accountability of Board

Management is accountable to the Board to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board at each meeting on the effective management of those risks. The Company has developed a series of operational risks which the Company believes to be inherent in the industry in which the Company operates. These include:

- Changed operating, market or regulatory environments;
- Fluctuations in demand volumes;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the Company.

8. Meetings and procedures of the Committees

It is intended that the Committee will meet at least three times each year, or as often as the members of each of the Committees deem necessary in order to fulfil their role and objectives set out in this Policy.

At each of the Board meetings, the Chairman and GCFO (or equivalent) are required to provide assurance to the Board as to the effectiveness of the systems in place for the management of the material risks.

Except as set out in this Policy, the Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.

The Secretary or his nominee will attend all Committee meetings and minute the meetings. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director. The Company Secretary or his nominee will distribute supporting papers for each meeting of the Committee as far in advance as possible.

The Company will disclose in the corporate governance section of each Annual Report the frequency of the Committee meetings, the names of members of the Committee and their attendance at meetings of the Committee.

9. Reporting

The Committee is to report on its meetings to the Board (which may be either verbally or in writing). The Committee will also provide the minutes of the meeting to the Board for information.

In conjunction with the approval of the annual financial reports, the Committee is to prepare a Report to the Board. The Report is to contain all matters relevant to the Committee's role and responsibilities.

10. Compliance with disclosure obligations

The Committee will review all reporting by the Company of its risk policies and practices to ensure that the Company meets its disclosure obligations as required under the Listing Rules and the Corporations Act.

11. Committee's performance evaluation

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which the Company has met its responsibilities as stated in this Policy.

12. Approval

This Policy was approved by the board on 3 November 2016. The Board may change this Policy by resolution.

13. Disclosure of Policy

This Policy is made available, and updated as required, on the Company's website (www.aamg.co) in a clearly marked "Corporate Governance" section.