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Risk Management Policy

Connecting health solutions

Sigma Healthcare

Contents

1. Purpose

This policy sets out the objectives and accountabilities for the management of risk within Sigma Healthcare Limited (Sigma).

2. Scope

This is a group-wide policy and applies to all Sigma operations. This policy applies to Sigma and its subsidiaries, its Directors, and all its employees and contractors.

3. Policy statement

Sigma recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact shareholder value.

Sigma believes that effective risk management is a source of insight and competitive advantage. To this end, Sigma is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, to ensure the significant risks we face are appropriately identified, treated, assessed and monitored.

Sigma accepts that risk is a part of doing business. Therefore, this policy is not designed to promote risk avoidance, rather Sigma's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter risks unknowingly.

Everyone at Sigma has a role in managing risk by enhancing opportunities and minimising threats, so that together we achieve our common objectives of growing our business sustainably and enhancing value for customers and shareholders.

4. Objectives

The following objectives drive Sigma's approach to risk management:

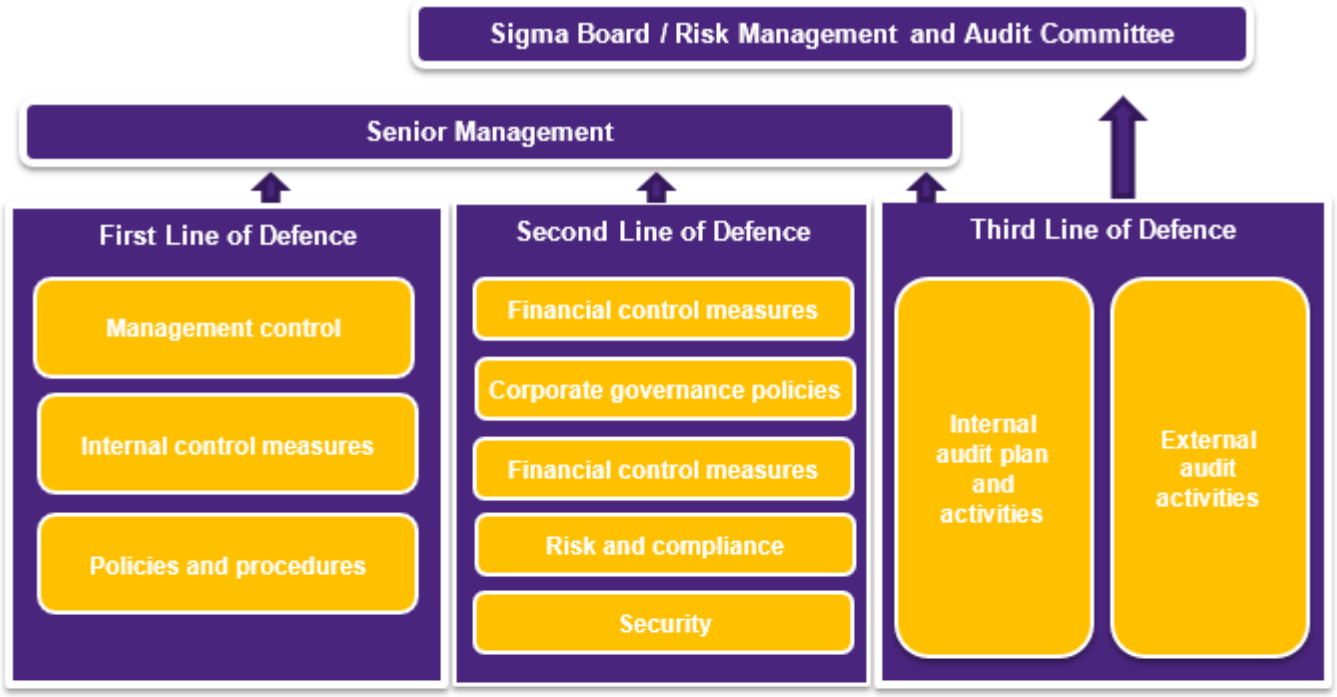
- Safeguarding the company's assets – human, capital, property, reputation, knowledge
- Having a culture that is risk conscious and which is supported by high standards of accountability at all levels
- Achieving an integrated risk management approach where risk forms part of all organisational processes and leads to enhancement of shareholder value
- Supporting more effective decision making through better understanding and consideration of risk exposures
- Building a sustainable business for the longer term
- Improving stakeholder confidence and trust
- Improving risk adjusted returns
- Enhancing organisational efficiencies
- Enabling the Board to fulfil its governance and compliance requirements

5. Risk management methodology

Sigma has adopted an enterprise wide risk management process. This incorporates a system of risk oversight, risk management and internal control designed to identify, assess monitor and manage risks consistent with ISO 31000:2018 Risk management – Guidelines. All risk management systems and methodologies must be consistent with this process which is detailed in Sigma's Risk Management Framework.

6. Risk management model

Set out below is Sigma's risk management model. This structure illustrates that risk management is not the sole responsibility of one individual but rather occurs and is supported at all organisational levels. It is based off a "three lines of defence" approach.



First Line of Defence	Second Line of Defence	Third Line of Defence
Day to day operational management of risk and control activities	**Oversight of management activities. Separate from those responsible for delivery**	**Independent and objective assurance**
• Responsible for identifying and managing risks • Conduct business in accordance with risk policy and framework • Promote a strong risk culture and sustainable risk return decision making • Report and escalate unmanageable risks	• Responsible for the design and implementation of the enterprise wide risk policy and framework • Monitor adherence to policy and framework • Perform aggregated risk reporting • Monitor risk themes and patterns across the departments	• Responsible for independent assurance • Perform independent testing • Assess whether controls are functioning as intended • Provide assurance to management and the Board relating to the effectiveness of risk management

7. Responsibilities

Responsibility for risk management is shared across the organisation. Key responsibilities include:

Responsibilities of the Board

- The Board has ultimate responsibility for organisational risk management, as such, the Board approves the risk management policy, sets the risk appetite and oversees Management's risk management framework.
- The Board is responsible for the overall internal control framework and for reviewing its effectiveness
- To assist in discharging its responsibilities the Board has established the Risk Management and Audit Committee (RMAC).

Responsibilities of the RMAC

- Oversight and management of Sigma's risk management program is conferred upon the RMAC in accordance with the RMAC Charter.
- In accordance with its Charter, the RMAC assists the Board in overseeing the group's risk profile and is responsible for overseeing management's actions in the identification, management and reporting of material business risks.
- In addition to the above, the role of the RMAC is to assist the Board to:
    - fulfil oversight responsibilities for the financial reporting process and associated internal controls;
    - oversee external and internal audit activities;
    - monitor compliance with laws and regulations;
    - review and recommend the Risk Management Policy and Framework; and
    - review the adequacy of Sigma's insurance policies.

Responsibilities of Internal Audit

- Internal Audit is responsible for conducting independent examinations and evaluations of risk mitigation plans and providing independent assurance to the executive group and Board in accordance with agreed audit plan scoping.

Related and Supporting Policies

- This policy is supported by several specific internal policies, standards, procedures, work instructions and codes as issued from time to time. The key policies and standards include, but are not limited to:
    - Risk management framework
    - Code of conduct
    - Share trading policy
    - Fraud policy
    - Continuous disclosure policy
    - Legal engagement policy
    - Privacy policy
    - Contracts policy
    - Whistle-blower policy
    - Accounting and finance policy
    - Delegated authorities manual
    - Retention of records policy

Responsibilities of Management

- The active identification of risks and implementation of mitigation measures is the responsibility of Management.

- Senior Management is responsible for periodically reviewing the group's risk profile, fostering a risk conscious culture and reporting to RMAC on the effectiveness of the risk management framework and of the company's management of its material business risks.
- Management via the CEO/Managing Director and Chief Financial Officer will attest under section 295A of the *Corporations Act 2001* in respect to Sigma's consolidated financial statements on a six-monthly basis (see section 8 below).
- Through the Management Report, management will advise the Board monthly of any areas of material non-compliance with laws and regulations. Formal compliance reporting is tabled to the RMAC quarterly.
- Assist the Board with the documentation of material risks as part of the Operational and Financial Review included in the Directors Report for statutory reporting.

Responsibilities of all Employees

- Team members are responsible for the effective identification, management, reporting and control of risk within their areas of responsibility, and for developing a risk conscious culture.

8. Financial reporting

In accordance with Principle 7 of the ASX Corporate Governance Principles and Recommendations (Third Edition) and section 295A of the *Corporations Act 2001*, the Chief Executive Officer / Managing Director and Chief Financial Officer provide a written declaration to the Board with regards to the financial records, risk management and internal compliance.

Assurance is provided that the declaration is founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks. In accordance with ASIC's Regulatory Guide 247 (Effective Disclosure in an Operating and Financial Review), Sigma's annual Operating and Financial Review (OFR) incorporates disclosures regarding material business risks which could adversely affect the achievement of the Group's strategies and financial prospects.

9. Policy review

This policy will be reviewed every two years or earlier if required by a change in circumstances. Changes to this policy require Board approval.

10. Document management

Version	Date	Modified by	Description of changes	Authorised by
1.0	1/7/2014	Jackie Pearson	First draft	Board
2.0	15/03/2016	George Anastasiou	Policy Framework Separated from Policy	RMAC October 2015
3.0	31/10/2017	Nathan Caldwell	Update of policy	RMAC October 2017
4.0	22/10/2018	Nathan Caldwell	Update of policy	RMAC October 2018