

# Osprey Medical Inc ARBN 152 854 923

## Risk management policy

### 1. Summary of risk management policies

Osprey Medical Inc. ('Osprey') views effective risk management as key to achieving and maintaining its operational and strategic objectives.

### 2. Risk oversight

#### Board

The Osprey Board (the Board) is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by management. The active identification of risks and implementation of mitigation measures is the responsibility of management.

The Audit Committee or management may also refer particular risk management issues to the Board for final consideration and direction.

#### Audit Committee

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit Committee.

The objectives of the Audit Committee include:

- promoting a culture of compliance;
- providing a forum for communication between the board and senior financial and compliance management; and
- reviewing management's plans for managing the material risks faced by the Group.

To achieve these objectives, the responsibilities of the Audit Committee in relation to risk management and internal compliance and control systems, include:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- reviewing and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - identifying, assessing, monitoring and managing risk; and
  - disclosing any material change to the risk profile;

Further detail in relation to the responsibilities of the Audit Committee are contained in the Committee's charter which is available at [www.ospreymed.com](http://www.ospreymed.com)

### 3. Role of management

Osprey's management is responsible for designing and implementing risk management and internal compliance and control systems which identify material risks for Osprey and aim to provide the company with warnings of risks before they escalate. Management must implement the processes and risk plans developed to address the material business risks of the company.

Management should regularly monitor and evaluate the effectiveness of the processes and risk plans and the performance of employees in implementing them. In addition, management should promote and monitor the culture of risk management within Osprey and compliance with the internal risk control systems and processes by employees.

All employees are responsible for implementing, managing and monitoring the processes and risk plans with respect to material business risks, as appropriate.

### 4. Risk identification

Osprey has identified what it regards as the major risks which may materially and adversely affect the future operating and/or financial position of the company. A broad range of risks have been identified. Specific risks which have been identified include, but are not limited to, the following:

- clinical trial risk
- regulatory risk
- technical risk
- intellectual property risk
- manufacturing and product quality risk
- supplier risk
- funding risk
- key personnel risk
- financial risk

### 5. Review of risk management

The division of responsibility between the Board, Audit Committee, and management aims to ensure that specific responsibilities for risk management are clearly communicated and understood.

The reporting obligations of management ensure that the Audit Committee and Board are regularly informed of material risk management issues and actions. This is supplemented by the Audit Committee:

- receiving reports from management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group; and

- reviewing and ratifying management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information.

When considering the Audit Committee's review of financial reports, the Board is scheduled to receive a written statement, signed by the Chief Executive Officer, and the Chief Financial Officer (or equivalent), that the company's financial reports give a true and fair view, in all material respects, of the company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly in reviewing risk management reports, the Board is scheduled to receive in a separate written statement from the Chief Executive Officer, confirmation that the company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

This Risk Management Policy was approved by the Board on February 28, 2012.