

RISK MANAGEMENT SYSTEM

POLICY STATEMENT

This policy recognizes that risk management and internal control processes act as enablers for the effective governance of the Company. Organizations, processes and application systems in the Company are structured to ensure checks and balances are in place.

COVERAGE

This policy applies to the Company's directors, officers, employees, and consultants who are tasked with managing risk in the delivery of the Company's commitments to all its the stakeholders.

GUIDELINES

Understanding Risk Management

Risks have been described in terms of combination of the consequences of an event occurring and its likelihood of occurring.

Risk is the chance of something happening that will have an impact on objectives and risk management can be described as the culture, processes and structures that are directed towards realising potential opportunities whilst managing an adverse effect.

The Company's risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to the Company.

Responsibility

1. The Company's Audit Committee shall be the principal body tasked with overseeing the implementation of the Company's risk management system. The functions of the Audit Committee are provided for under the Company's Corporate Governance Manual.
2. The Company's Finance, Internal Audit and Legal Departments shall act as the forerunners of the Company in defining the strategies, processes and reporting procedures required to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company may encounter or be exposed to.
3. All other employees of the Company are likewise enjoined to assess the risks of their respective activities, and then design and implement necessary controls and procedures to mitigate such risks.

Risk Management Process

The risk management system is dynamic and is designed to adapt to Company's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which takes into account Company's internal and external risks.

The main elements of the risk management process are as follows:

- Communicate and consult – communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.
- Establish the context – establish the external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.
- Identify risks – identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of Company's objectives.
- Record risks – document the risks that have been identified.
- Analyze risks – identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk by analyzing the range of potential consequences and how these could occur.
- Evaluate risks – compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
- Treat risks – develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
- Monitor and review – it is necessary to monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and effectiveness of treatment measures need to be monitored so that changing circumstances do not alter priorities.

The Company's risks may come from any internal or external event which, if it occurs, may affect the ability to efficiently and effectively operate in the financial services industry:

- Internal risks – those risks that specifically relate to the Company's business itself and as such as generally within its control. They include risks such as employee related risks, strategic risks, and financial risks.
- External risks – those risks that are outside the control of the Company. They include risks such as market conditions and legislative change.

Risks are effectively managed by the Company through the effective implementation of various controls, which include:

- Board approved risk management framework;
- Regular review of risks and controls, particularly as the business changes.

EFFECTIVITY

This policy supersedes any and all previous policies or policy directives concerning risk management system and is effective 1 January 2017.

Implementation of this policy and its effects will be closely monitored by the Compliance Officer with the assistance of the Internal Audit and Legal Departments to ensure that its objectives are being fulfilled. If the results of this policy indicate the need for modifications in the future, they will be promulgated accordingly.

END OF POLICY