

## RISK MANAGEMENT SYSTEM

### Overall Risk Management Philosophy

The Company adopts a risk philosophy of maximizing business opportunities while minimizing adverse outcomes to enhance shareholder value. This risk philosophy permeates the entire organization through:

**Culture.** We believe that a strong risk management and control culture starts at the top. To this end, senior management promotes awareness, ownership and proactive management of key risks.

**Structure.** We believe in an organizational structure that provides for proper segregation of duties, for definition of risk-taking responsibility and authority, and for promotion of ownership and accountability for risk-taking.

**Process.** We believe in putting in place robust processes and systems for effective identification, quantification, monitoring, mitigation and management of risk. Furthermore, internal control policies and procedures are reviewed and improved on an ongoing basis to ensure they remain sound and relevant.

### RISK COMMITTEE

The Risk Committee is established for the purpose of assisting the Board in overseeing the Corporation's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls.

The Risk Committee assists the Board in providing framework to identify, assess, monitor and manage the risks associated with the Corporation's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with the Corporation's risk profile.

The Risk Committee has the following duties and responsibilities:

- Oversee the Corporations' risk management function.
- Develop a formal risk management policy that guides the Corporation's risk management and compliance processes and procedures.
- Annually review the Corporation's approaches to risk management and recommends to the Board changes or improvements to key elements of its processes and procedures.

### Risk Policy

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	The Company closely monitors its cash flows and ensures that credit facilities with banks are available.	To ensure that there is enough cash available to meet obligations as and when they fall due.
Operational Risk	Segregate functions between the transaction initiators and those who confirm, settle, and those who record and report the transactions.	The separation of these functions ensures that no single individual controls the transaction flow thereby minimizing the possibility of fraud.

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## Control System Set Up

Risk Exposure	Risk Assessment (Monitoring and Measurement Policies)	Risk Management & Control (Structures, Procedures, Actions Taken)
Credit Risk	<ul style="list-style-type: none"> <li>▪ Account balances (cash and placements) with suppliers</li> <li>▪ Outstanding receivables from major supplier/partners</li> </ul>	Monitor default probabilities from borrower, supplier and partner
Operational Risk	Actual historical loss data due to operational oversight	Set volume and price limits