
RISK MANAGEMENT POLICY

BACKGROUND:

The Board is responsible for providing effective governance and is ultimately accountable for organizational performance. To this end, the Board must ensure that the organization's resources are deployed effectively and efficiently in the pursuit of organizational goals. Risk management policy will enable to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

PURPOSE:

This policy provides direction regarding how risk will be managed throughout the organization. Risk management is a core function of governance. Effectively managing risk will have many benefits:

1. Effective management of assets, events, programs and activities;
2. Encourages broad thinking about business objectives and outcomes;
3. Creates a framework for the systematic identification of organizational deficiencies;
4. Improved communication, both internally and externally;
5. Improved compliance with legal and regulatory requirements;
6. Enhances ability to meet the needs of members and other stakeholders;
7. Lower costs and greater budget certainty; and
8. Enhanced image and reputation;

DEFINITIONS:

"Risk" means an unknown future event which could affect the organization's ability to achieve its goals.

"Risk Mitigation" means the selective application of appropriate techniques and management principles to reduce either the likelihood of occurrence or the impact/consequence, or both.

"Risk Transfer" means shifting responsibility or burden for loss to another party through legislation, contract, insurance or other means.

"Risk Acceptance" means an informed decision to accept the consequences and the likelihood of particular risk.

ROLE OF THE AUDIT COMMITTEE:

The Audit Committee shall over view the Risk Management Policy. The Audit Committee will undertake the following actions to ensure risk is managed appropriately:

1. Participate in major decisions affecting the organization's risk profile.
2. Have an awareness of and continually monitor the management of strategic risks.

3. To ensure that the processes and controls are in place for managing risks.
4. Ensure risk management is integrated into board reporting and annual reporting mechanisms.
5. Convene meetings that are deemed necessary to ensure risk is adequately managed and resolved where possible.

The Audit Committee will gather and review information and data, be thorough in assessments, seek independent or expert advice where ever appropriate.

RISK MANAGEMENT PROCESS:

The risk management process consists of five steps:

- **Step 1:** Establish the Context.
- **Step 2:** Identify Risks.
- **Step 3:** Risk Assessment which includes assessing the type of risk and the treatment required for the identified risk.
- **Step 4:** Risk Mitigation.
- **Step 5:** Monitor and Review.

RISK ASSESSMENT:

A risk assessment process approved by the Board will be used to determine the likelihood of an incident to happen and the impact (significance) of the consequences. The objective of risk assessment is to establish a consistent and comparable basis for quantifying and measuring risks across the Company’s operations. These risk levels can then be compared to Company’s acceptance level of risk, as determined by the Audit Committee to identify an appropriate strategy for treatment.

The risk assessment begins by determining the type of risk which has been identified.

Risk Type	Description
Financial Risk	Risk which will impact the finances and assets of the Company
Reputational Risk	Risks which will impact the reputation, credibility and professional standing of the Company
Political/Environmental Risk	Risk relating to government policy, key stakeholders, and the external environment
Legal/Compliance Risk	Risk relating legislation, regulations and legal compliance matters.
Market Risk	Risk related to the marketplace, including business competitors and new products.

RISK TREATMENT AND REPORTING:

Once the risk type has been established, the next step is to determine its appropriate treatment. The Company requires maintaining the details regarding the identified risk, an assessment of that risk and its suggested treatment.

The Audit Committee will monitor the risk profile of the organization with particular regards to the acceptance risk level. The management of the risk will be integrated into Company's existing planning and operational processes and will be recognized in the funding on the basis of evaluation of the level of risk of the Company's exposure.

REVIEW:

The Audit Committee shall have the right to review the policy from time to time. The Audit Committee shall have the right to amend or modify this Policy in whole or in part, at any time after informing the Board of Directors the reason for such change or amendment. However, no such amendment or modification will be binding unless the same is approved by the board of Directors.