



# **ENTERPRISE RISK MANAGEMENT FRAMEWORK**

| <b>Version Number</b> | <b>Creation/ Revision Date</b> | <b>Prepared /Updated By</b> | <b>Reviewed By</b> | <b>Approved By</b> | <b>Change Description</b> |
|-----------------------|--------------------------------|-----------------------------|--------------------|--------------------|---------------------------|
| 1.0                   | 01.06.2021                     | Compliance Risk Committee   | RiskPro            | Group CEO          | No Changes                |
| 2.0                   | 18.05.2022                     | Compliance & Risk Committee | RiskPro            | Group CEO          | Added Acronyms table      |
|                       |                                |                             |                    |                    |                           |
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|                       |                                |                             |                    |                    |                           |

## **TECHNO BRAIN ENTERPRISE RISK MANAGEMENT FRAMEWORK**

### **Description:**

This Framework outlines the components of the Techno Brain Group (TBG)'s risk assessment and processes to support a consistent approach to managing risk across the company. It sets out the procedures and guidelines for implementing, monitoring, reviewing and continually improving risk management throughout the company (through subordinate ERM process and Risk register)

Techno Brain's (the "Company") enterprise risk management is aligned to the principles set out in the universally accepted international standards - ISO 31000: 2018 Enterprise Risk Management, 2017 COSO ERM - Integrating with Strategy and Performance.

### **Introduction and Purpose**

Enterprise Risk Management ("ERM") is an integral part of TBG's overall risk strategy and is a combination of regular risk assessments, methodologies, processes and governance structure supporting the trust's objective. There are considerable benefits in formulating an effective risk management framework including:

- Clarity over the risks that TBG is willing to take or accept
- The basis for consistent communication to the Board and Senior Management
- Drive a culture where everyone takes responsibility for risk
- Empower our people to make informed decisions
- Enhance performance and organizational resilience

The Enterprise Risk Management framework is the core document which affirms our commitment to building a robust and ethical risk management culture. This Enterprise Risk Management Framework (ERMF) sets out the procedures and guidelines for implementing the principles outlined in this Policy.

### **Scope and Application**

The framework is applicable to the consolidated operations of the TBG and its affiliates. The framework will be used to provide valuable guidance on the identification of risks at the entity's level. This will help ensure management decisions are taken consistently keeping in mind the risks (including the appetite to take risks). Enterprise level statements cover the four major risk categories applicable to TBG: (1) Strategic and Growth Risk (2) Operational Risk (3) Financial Risk and (4) Legal Regulatory & Compliance Risk. These risks are further divided into elemental level risk types.

### **Governance Structure**

The "four layer of shield" approach to risk management has been adopted within TBG's risk taking and the ultimate ownership and accountability for the day-to-day management and mitigation of risk.

Specific Roles and Responsibilities are as follows:

- **Board of Directors** provides oversight of all risks and ensures adequate coverage of each risk by delegating oversight of particular risks to Board committees, where appropriate
- **Compliance and Risk Committee (“CRC”)** lead by the Compliance officer (“CO”) creates the risk governance framework and is responsible for its implementation (identification, scoring, mitigation, control, monitoring and updating) across the parties.
- **Risk Champions** identifies, mitigates, controls and monitor the risk assessment process
- **Risk Owners** carries out identification, mitigation of risks in their respective SBU’s and escalates to champions when critical risks emerge

## Risk Governance Framework

### 1. Strategic & Growth Risk

**Definition:** The risk of loss or forgone opportunities due to failure in Invlt’s strategies by external and internal factor adversely influencing the outcome or execution of strategies

| Risk Universe                      | Risk Type  |
|------------------------------------|--|
| 1.1 Strategy and major initiatives | <ul style="list-style-type: none"> <li>▪ Vision and direction</li> <li>▪ Growth strategy</li> <li>▪ Technology implementation</li> </ul> |
| 1.2 Market dynamics                | <ul style="list-style-type: none"> <li>▪ Competition</li> <li>▪ Macro-economic factors</li> </ul>  |
| 1.3 Communication                  | <ul style="list-style-type: none"> <li>▪ Media relations</li> <li>▪ Crisis communication</li> </ul>                                      |

### 2. Operational Risk

**Definition:** The risk of loss due to people, external events, external relationships, inadequate or failed internal process

| Risk Universe          | Risk Type  |
|------------------------|--|
| 2.1 Product & Services | <ul style="list-style-type: none"> <li>▪ Customer service</li> <li>▪ Quality integrity</li> <li>▪ Delivery and execution</li> </ul>  |
| 2.2 People             | <ul style="list-style-type: none"> <li>▪ Culture</li> <li>▪ Recruitment &amp; retention</li> <li>▪ Development &amp; Performance</li> <li>▪ Compensation &amp; Benefits</li> </ul> |
| 2.3 IT                 | <ul style="list-style-type: none"> <li>▪ IT Security/Access</li> <li>▪ Information security</li> <li>▪ Cyber security</li> <li>▪ Data protection &amp; privacy</li> </ul>          |
| 2.4 Internal Process   | <ul style="list-style-type: none"> <li>▪ Inadequate or inaccurate process design</li> </ul>  |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>▪ Inaccurate policies, SOPs</li> <li>▪ Third party/Suppliers</li> </ul> |
|--|--|

### 3. Financial Risk

**Definition:** The risk of loss due to inaccurate reporting, or inadequate management of financial market risks and liquidity

| Risk Universe          | Risk Type   |
|------------------------|---|
| 3.1 Revenue cycle      | <ul style="list-style-type: none"> <li>▪ Revenue leakage</li> <li>▪ Pricing/Margins</li> </ul>                            |
| 3.2 Liquidity & credit | <ul style="list-style-type: none"> <li>▪ Cash management</li> <li>▪ Capital funding</li> <li>▪ Investment risk</li> </ul> |
| 3.4 Tax                | <ul style="list-style-type: none"> <li>▪ Tax strategy &amp; planning</li> <li>▪ Transfer pricing</li> </ul>               |

### 4. Legal Regulatory & Compliance Risk

**Definition:** The risk of the unexpected application of a law or regulation, usually resulting in a loss. Risk can also arise if the application of relevant laws and regulations is uncertain

| Risk Universe       | Risk Type   |
|---------------------|---|
| 4.1 Governance      | <ul style="list-style-type: none"> <li>▪ Board performance</li> <li>▪ Transparency &amp; Reputation</li> </ul>                                  |
| 4.2 Code of conduct | <ul style="list-style-type: none"> <li>▪ Ethics</li> <li>▪ Fraud</li> <li>▪ Tone at the top</li> <li>▪ Anti-bribery &amp; corruption</li> </ul> |
| 4.4 Regulatory      | <ul style="list-style-type: none"> <li>▪ Federal &amp; state laws</li> <li>▪ Change in law &amp; regulations</li> </ul>                         |

#### Policy Review

This policy shall be reviewed once every two years or when business needs arise.

#### Acronyms

|      |                               |
|------|-------------------------------|
| ERM  | Enterprise Risk Management    |
| CRC  | Compliance and Risk Committee |
| CO   | Compliance Officer            |
| SBU  | Strategic Business Unit       |
| SOPs | Standard Operating Procedures |
| TBG  | Techno Brain Group            |