

MKVENTURES CAPITAL LIMITED

(Formerly known as “IKAB SECURITIES AND INVESTMENT LIMITED”)

RISK MANAGEMENT POLICY

POLICY VERSION CONTROL:

VERSION NO.	APPROVED BY BOARD ON	REMARKS
1.0	08.08.2022	Policy adopted in supersession of previously adopted policy.
2.0	12.11.2022	Substitution of “Ikab Securities And Investment Limited” with the new name “MKVentures Capital Limited” from the Policy document.

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RISK MANAGEMENT POLICY

BACKGROUND

Across industries and organisations, there is now a recognition that risks are no longer hazards to be avoided, but, in many cases, opportunities to be embraced. Risk, therefore, needs to be understood, priced and managed.

Risk Management is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge for evaluating and managing uncertainties faced by an enterprise. Business needs should, therefore, seek to analyse critical risks and balance them with business objectives for improved returns.

OBJECTIVE

In order to enhance stakeholder value and improve Corporate Governance, a structured Risk Management approach has to be introduced in the Company. This policy seeks to define a process for adoption so that a structured, disciplined and consistent risk strategy, providing guidance for risk activity within the Company by embedding Risk Management within the culture of the business. This Policy will more than meet the mandatory requirement of Risk Management under Clause 49 of the Listing Agreement.

RISK MANAGEMENT PROCESSES

1. Risk Strategy:
 - a. A risk strategy will be framed to minimise the risk and to align further to the objective of the company.
 - b. The Internal Auditor / Compliance officer would interview management personnel and review operations/documents, as may be necessary, to identify and evaluate existing controls.
 - c. Existing controls will be validated for existence and effectiveness and will be matched against specific risk, to ascertain residual risk. If the residual risk is beyond the risk appetite, action points for reducing residual risk to acceptable level will be developed.
 - d. Action points /risk response will be developed for top risk. Risk response will range between avoidance, sharing, reduction or acceptance.

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Formulation of Risk Processes:

- a. Management (and Internal Audit Department) will define and recommend a risk strategy, key performance indicators / success measures and a monitoring process for implementation / feedback in order to embed Risk Management in the business culture.
- b. Management shall validate existing risk processes and formulate new risk processes, wherever necessary. Management and Internal Audit Department will be responsible for formulating the said risk processes.
- c. All company personnel have a responsibility for maintaining good internal control and managing risk in order to achieve personal, team and corporate objectives.

Hence, it is essential that every responsible person in the organisation is aware of the risk they are empowered to take, risk which needs to be avoided and needs to be reported upwards.

2. Identification and Assessment of Risks:

- a. Management shall consider all relevant questions for identification and assessment of risks.
- b. Internal auditors will facilitate process for identification of risk through interviews with management / employees and by reviewing process documents for validating and acceptance and adequacy of risk identification mechanism.
- c. Internal Auditors will review and assess various risk / opportunities for each key process of the business, whether internal or external. An understanding of the objectives and associated critical factors will be gained through a review of business plans. External factors covering aspects of risks such as economy, technology, natural environment, political and social risk and internal factors covering risk of infrastructure, personnel and process technology will be covered through interviews with management personnel at all levels.

3. Quantification of Risks:

- a. All risk and opportunities emanating from the review will be quantified for inherent impact and likelihood of using pre-defined scale of measurement and an inherent risk exposure will be worked out at the company, division and business levels, as detailed below:

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Impact

Insignificant
Minor
Moderate
Major
Catastrophic

Likelihood

Rare
Unlikely
Moderate
Likely
Almost certain

All efforts would be made for mitigating risks between moderate and certain likelihoods and moderate and catastrophic impacts.

- b. All the significant recurring and abnormal risks and opportunities identified and grouped, as above, would be presented before Management in order to gain acceptability and to arrive at a consensus score for likelihood and impact and to establish accountability for risk mitigation.
4. Monitoring/Reporting Process:
- a. A risk register providing all details of risk and action plans will be maintained by both chief internal auditor and Compliance Officer so that tracking is done at both ends.
 - b. Risk management is a continual activity. For ease of implementation and convenience, risk review will be carried out on half yearly basis and reports also will be tabled before audit committee every six months for subsequent action.
5. Training:
- Internal Audit Department, in consultation with Management, will assess and define training requirements for company's personnel and also clarify processes to be adopted in future to keep them abreast of the latest technology/knowledge in existence globally
6. Legal Compliances:
- In order to ensure an appropriate legal compliance, the following procedure will be followed:
- a. The functional heads of the departments will undertake an audit of their departments and furnish a report to the CEO/MD
 - b. The Internal Auditor of the Company will undertake a Due Diligence as part of their Internal Audit Program. The Chief Internal Auditor would prepare a report of non-compliance for every function and send copy of the report to the CEO/MD of the Company, along with action plans with responsibility and time frame for implementation.

All the reports will be tabled before the Board.

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