

1. Policy Statement

The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. All entities face uncertainty which presents both risk and opportunity, with the potential to erode or enhance value.

Enterprise risk management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

To ensure effective management of business and compliance risks, the Company's Board of Directors created the Risk Committee to support it in the performance of its oversight functions of the Corporation's risk management activities through continuous evaluation on the effectiveness of the Company's risk management process.

2. Four (4) Categories of Entity Objectives that POPI strives to achieve.

- Strategic = high-level goals, aligned with and supporting its mission
- Operations = effective and efficient use of its resources
- Reporting = reliability of reporting
- Compliance = compliance with applicable laws and regulations

3. Eight components of POPI Enterprise Risk Management Processes

- Internal Environment – Understanding of the current conditions in which the organization operates on an internal, external and risk management context.
- Objective Setting – Objectives must exist before management can identify potential events affecting their achievement. Enterprise risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission.
- Event Identification - Internal and external events affecting achievement of entity's objectives must be identified, distinguishing between risks and opportunities. Opportunities are channelled back to management's strategy or objective-setting processes.
- Risk Assessment – Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed.
- Risk Response – Management selects risk responses like avoiding, accepting, reducing, sharing risk or insure, alternative actions or other feasible steps to reduce risks. Developing a set of actions to align risks with the entity's risk tolerances.
- Control Activities – Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.
- Information and Communication (Reporting) – Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the entity.
- Monitoring and Reporting – The entirety of enterprise risk management is monitored and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.