

HILLRIDGE INVESTMENTS LIMITED

RISK MANAGEMENT POLICY

As approved by the Board of Directors at their meeting held on 13.01.2015.

Contents

Legal Framework

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improve the governance practices across the Company’s activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

Objective & Purpose Of Policy

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

Risk Management Policy

1. Risk Management

HILLRIDGE INVESTMENTS LIMITED (“the Company”) recognizes that enterprise risk management is an integral part of good management practice. Risk Management is an essential element in achieving business goals and deriving benefits from market opportunities.

2. Policy

☐☐The Company is committed to managing risk in a manner appropriate to achieve its strategic objectives.

☐☐The Company will keep investors informed of material changes to the Company's risk profile through its periodic reporting obligations and ad hoc investor presentations.

☐☐The Company reviews and reports annually on its compliance Corporate Governance Principles and Recommendations, which include risk management and the internal control framework.

3. Risk Management Philosophy

The continued successful safeguarding, maintenance and expansion of the Company's Businesses require a comprehensive approach to risk management. It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of the Company. Fundamental values of the Company are respect for our employees, customers and shareholders and integrity in everything we do. By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into ALL daily business practices the Company will be better equipped to achieve our strategic objectives, whilst maintaining the highest ethical standards. All staff are expected to demonstrate the highest ethical standards of behavior in development of strategy and pursuit of objectives. Individually and collectively the Company's employees shall:

- Consider all forms of risk in decision-making;
- Create and evaluate group-wide ("corporate"), divisional and business unit risk profiles;
- Continually monitor and seek ways to improve the risk management framework;
- Retain ownership and accountability for risk and risk management at the corporate and divisional level;
- Strive to achieve best practices in ERM; and
- Accept that ERM is mandatory, not optional.

Back Ground And Implementation

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f 1 st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Company shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

Constitution Of Risk Management Committee

Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit.

The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

6. Risk Management Responsibilities and Authority

a. Board and Audit Committee

The Board oversees the establishment and implementation of the Company's enterprise risk management framework and shall review annually the effectiveness of that system.

The Audit Committee oversees the operation of the enterprise risk management system and ensures its adequacy. The Committee monitors the internal policies for identifying and determining key risks to which the Company is exposed.

b. CFO and Audit Committee

The Chief Financial Officer and the members of the Audit Committee are responsible for monitoring and reviewing the strategic risk register at least quarterly for completeness, continued relevance of risk assessment, effectiveness of risk treatment plan and timeliness of implementation of risk treatment actions, taking into account changing circumstances.

The Chief Executive Officer and the Chief Financial Officer provide half-yearly a statement to the Board in writing that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

c. All Staff

The effective management of risk is the responsibility of all managers, staff and others engaged to act on behalf of the Company.

7. Internal Compliance and Controls

In addition to the risk management framework, the Company has an internal compliance and control system based on the following:

An internal audit program approved by the Audit Committee;

A financial reporting control system which aims to ensure that financial reporting is both accurate and timely.

The Company has a number of control processes in place to help ensure that the information presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

Annual audit and half-year review by the Company's external auditor;

Planned review by internal auditors reviewing the effectiveness of internal processes, procedures and controls;

Quarterly review of financial performance compared to budget and forecast.

8. Compliance and Control Responsibilities and Authority

a. Board and Audit Committee

The Audit Committee is responsible for approving the appointment of the internal auditor and approving the annual internal audit plan.

b. Internal Audit

The internal auditor function is independent of the external auditor and has direct access to the Chairman of the Board and the Chairman of the Audit Committee. To ensure the internal auditor can act independently it is functionally responsible, and reports to the Audit Committee. It is administratively responsible, and reports to the CFO.

Any deviations from the Company's policies identified through internal audits are reported to responsible management for action and to the Audit Committee for Information or further action.

9. Assessment Of Effectiveness

Internal Audit provides the Audit Committee and management with independent and objective assurance and advisory services, and helps the Company accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and Improvement of the effectiveness of risk management, control and governance functions.

The Audit Committee is responsible for reviewing and analysing the effectiveness of the risk management framework, the internal compliance and control systems and shall report on the same to the Board, no less than annually or at such intervals as determined by the Board.

Review

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation & the needs of organization.

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