Risk Management and Compliance Policy

Policy Approval
This policy was approved by Board of Directors decision issued on 07/31/2023

Table of Contents

Purpose

The purpose of the risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability. We will unify the methodology to expect, identify and measure pertinent risks, assess their potential impact on the organization's objectives, projects investments and assets, and accordingly respond and control these aforementioned risks.

We committed to managing and minimizing risk by identifying, analyzing, evaluating, and treating exposures that may impact on the company achieving its objectives and/or the continued efficiency and effectiveness of its operations. We incorporated risk management into our institutional planning and decision-making processes. Risk management is also included as a consideration in sectional and operational planning as a delegated line management responsibility.

purpose

The purpose of this policy is to make sure that all employees in scope must carry out risk management in accordance with relevant legislative requirements and appropriate risk management standards.

The purpose of this policy is to set out the basic principles and governance structure for risk management in the company to support decision-making in achieving the legislative mandate and strategic objectives by managing all key risks across the organization in a comprehensive and integrated manner.

Scope

The Risk Management Policy applies to all employees, contractors, consultants, and authorized third parties of the company.

Guiding Principles

Risk management must follow the guiding principles below:

- Risk categories that are relevant to the company are defined and underpin risk management practices.
- A risk appetite is defined to articulate the amount and type of risk that we are willing to pursue, retain, or accept in achieving its mandate and pursuing its strategic objectives. Risk metrics, principles, and expectations for behaviors are established to monitor risk appetite.
- Complaint management identifies, assesses, and manages risks in alignment with our risk appetite.
- Complaint management takes risks to achieve its legislative mandate if those risks do not undermine the safety, availability, and reliability of its core business operations.
- Risk management is integrated into strategic planning, project management, performance management, and resource allocation decisions.
- Complaint management groups risk into four main categories: Strategic, Operational, Financial, Reputation risk, which are included in the integrated risk reporting to Management and the Risk Committee of the Board. Integrated and timely risk reporting, including reporting on risk appetite and self-assessments, will be discussed on a regular basis to the Internal Risk Committee (IRC), Risk Committee of the Board, and other key stakeholders.
- Risk Management consults with the right people, committees, and Risk Committee of the Board at the right time to support integrated risk management.
- A risk-aware culture is fostered through relevant training and communication to promote an environment in which decisions are taken with full consideration of associated risks, their implications, and how to manage them.

Nature of risks

1. Internal risks – those risks that specifically relate to the company's business itself and as such as generally within its control. They include risks such as employee related risks, including conduct related risks, strategic risks, and financial risks.

2. External risks – those risks that are outside the control of company. They include risks such as market conditions, digital disruption, cyber-security, privacy and data breaches, sustainability, climate change and legislative change.

The risk management policies outlined herein can be applied at any level of the Al-Andalus Property. It can be applied at a strategic level and operational level. It may be applied to specific projects, to assist with specific decisions or to manage specific recognized risk areas, as needed or required.

Escalation

An escalation process is defined to support matters requiring attention being addressed at the right levels. Employees are responsible for escalating any exceptions of this policy to their manager and/or the CRO, and requesting an exception, if required.

Final provisions

1- This policy will enter into force as of the date of its approval by the Board of Directors.

2. This Policy is reviewed periodically - when necessary - By Risk Management and is responsible for reviewing the policy and reviewing and recommending updates, if necessary, at least annually or upon changes to higher order policies or legislative requirements or following any significant event or incident that may warrant a change to this Policy. Any amendments proposed by management are presented to the Governance Department, which studies and reviews the proposed amendments and recommends their approval.

3. The administration participates with other departments in any amendments or proposals to this policy and takes their opinions and comments in order to achieve the goal behind it.