



## Risk Management Policy

### 1. Executive Summary

1.1 The purpose of this document is to outline Optimum Commercial Solutions Ltd T/A Optimum ELITE's management framework to ensure that levels of risk and uncertainty are effectively managed. As risk management is an ongoing process, the Risk Matrix must be considered a 'snapshot' of relevant risks at any point in time.

1.2 This Risk Management Plan will achieve this by defining the following:

- the process that has been adopted to identify, analyse and evaluate risks;
- how risk mitigation strategies will be developed and deployed to reduce the likelihood and/or impact of risks;
- how often risks will be reviewed, the process for review and who will be involved;
- roles and responsibilities for risk management;
- how reporting on risk status, and changes to risk status, will be undertaken;
- a complete Risk Matrix containing all risks identified, their current gradings and the identified risk mitigation strategies to reduce the likelihood and seriousness of each risk.

### 2. Introduction

2.1 The purpose of risk management is to ensure levels of risk and uncertainty are identified and then properly managed in a structured way, so any potential threat to the delivery of outputs (level of resourcing, time, cost and quality) and the realisation of outcomes/benefits by the Business Owner(s) are appropriately managed.

2.2 The objectives of a risk management approach are to identify, assess and mitigate risks where possible and to continually monitor risks, as other risks or threats emerge or a risk's impact or likelihood changes.

2.3 As risk management is an ongoing process, this Risk Management Plan and Risk Matrix must be considered a 'snapshot' of relevant risks at one point in time.

2.3 Where required, the process of risk identification, assessment and the development of countermeasures will involve consultation with key stakeholders and team members.

### 3. Risk Assessment

#### 3.1 Identification

3.1.1 Risk identification involves determining which risks or threats are likely to affect or impact the objectives of the business. It involves the identification of risks or threats that may lead to detrimental outcomes, such as operational disruption, reputational damage, government intervention or financial loss.

3.3 For example:

- Strategic Risk
- Compliance Risk (Regulatory intervention)
- Financial Risk
- Operational Risk
- Reputational Risk
- Other Risks

3.4 These can be broken down even further into categories such as environmental, economic, governmental, human, etc. Another way is to categorise in terms of risks external to the business and those that are internal.

3.5 The wording of each risk should follow a simple two-step approach:

- Considering what might be a 'trigger' event or threat (e.g. 'Lack of financial planning and oversight') – several triggers may reveal the same inherent risk; then
- Identifying the risk - use a bullet point style statement (e.g. 'inadequate capital requirements') then describe the nature of the risk and the impact on the business if the risk is not mitigated or managed (e.g. 'unable to continue trading').

Use the Risk Matrix within Journey to document the results.

## 4. Analysis and Evaluation

4.1 Once risks have been identified they must be analysed by determining how they might affect the business. Generally, the impact of a risk will result in one, or any combination of consequences, such as:

- Desired outcomes are delayed or reduced;
- project outputs fail, or quality is reduced;
- timeframes are extended;
- costs are increased;
- reduction in business continuity.

Once analysed, risks should be evaluated to determine the likelihood of a risk or threat being realised and the seriousness, or impact, should the risk occur.

4.2 Likelihood a qualitative measure of probability that the threat will emerge generally ranked as Low (L), Medium (M) or High (H).

4.3 Seriousness a qualitative measure of negative impact, designed to convey the overall loss if the threat is realised, based on the extent of the damage - generally ranked as Low (L), Medium (M), High (H).

From this, risks will be graded as A, B, C, D or N per the following matrix:

Likelihood	Seriousness				
		Low	Medium	High	EXTREME
Low		N	D	C	A
Medium		D	C	B	A
High		C	B	A	A

The ratings for likelihood and seriousness determine a current grading for each risk that in turn provides a measure of the risk exposure at the time of the evaluation.

## 5. Risk Mitigation

5.1 Mitigation of risks involves the identification of actions to reduce the likelihood that a threat will crystallise and/or reduce the impact of a threat that does occur.

5.2 Risk mitigation strategies reduce the chance that a risk will be realised and/or reduce the seriousness of a risk if it is realised. The following table is useful to determine how risks will be treated in terms of preparation and/or deployment of mitigation strategies.

Grade	Possible Action
A	Mitigation actions, to reduce the likelihood and seriousness, to be identified and implemented as soon as the project commences as a priority
B	Mitigation actions, to reduce the likelihood and seriousness, to be identified and appropriate actions implemented during project execution
C	Mitigation actions, to reduce the likelihood and seriousness, to be identified and costed for possible action if funds permit
D	To be noted; no action is needed unless grading increases over time
N	Not assessed

5.3 Risk monitoring should occur consistently. As the environment changes, so will risks associated with Optimum Commercial Solutions Ltd T/A Optimum ELITE. Due to the ever-evolving nature of risk, reviews of Optimum Commercial Solutions Ltd risks and mitigations within the Risk Matrix will be undertaken. The frequency of reviews will be on a six monthly basis. This is the responsibility of the Compliance Manager.

5.4 The Risk Matrix will be provided for the Compliance Manager to review. Identified crystallised risks, the activeness of the mitigations and the risk scores will be reviewed and challenged where appropriate. The Risk Matrix will be revised as appropriate.

5.5 The updated Risk Status will be reported to the Compliance Director, listing Grade A, B and C category risks.

5.6 New and previously unrecognised risks should be discussed at board meetings upon recognition and added to the Risk Matrix together with the mitigation strategy decided upon.

## **6. Roles and Responsibilities**

6.1 Compliance Director and Compliance Manager

6.2 Ultimate responsibility for ensuring appropriate risk management processes are applied rests with the Directors of Optimum Commercial Solutions Ltd T/A Optimum ELITE and should be involved in the initial risk identification and analysis process. The Risk Management Plan and the Risk Matrix should provide the Compliance Director with clear statements of the risks and the proposed risk management strategies to enable ongoing management and regular review.

