

PEERMONT GROUP RISK MANAGEMENT POLICY



PEERMONT

HOTELS CASINOS RESORTS

1. Definitions

1.1 In this policy the following terms have the following meanings:

1.1.1 “**Act**” means the Companies Act 2008, as amended;

1.1.2 “**Committee**” means the Group Management Risk and IT Committee;

1.1.3 “**Company**” means Peermont Global Holdings I (Pty) Ltd and its Subsidiary Companies

1.1.4 “**Group**” means the Peermont Group of Companies

1.1.5 “**King III**” means the King Code of Governance Principles;

1.1.6 “**Peermont Group Board**” means the board of directors of Peermont Global Holdings I (Pty) Ltd;

1.1.7 “**Peermont Group of Companies**” means the Company and the Subsidiary Companies;

1.1.8 “**Report**” means the Integrated Report published by the Company pursuant to the recommendations of King III;

1.1.9 “**Subsidiary Companies**” means all of the subsidiary companies of the Company.

2. Risk Management Policy

The Peermont Group of Companies recognizes the value of an effective risk management system.

It has therefore compiled this policy which sets out its approach to risk management. The Peermont Group takes a conservative approach to risk and, where possible, hedges against a risk by insuring against it.

3. Risk and Risk Management

The Group defines risk as a state of exposure to an adverse circumstance or a loss.

The Group considers effective risk management to require the early identification of risk; the consideration and evaluation of the potential impact of the risks identified; and the establishment of effective internal controls to mitigate the risks identified.

Effective risk management will result in greater certainty for the Group’s stakeholders, including shareholders, employees, suppliers and guests thereby boosting confidence in the Group and facilitating the achievement of the Group’s goals.

The Group requires that effective risk management forms an integral part of every level of the Group’s operation.

4. Risk Management Objectives

The risk management philosophy aims at boosting stakeholders' confidence in the Group.

5. Responsibilities for and Ownership of Risk Management

Risk management remains the responsibility of each level of operation within the Group.

Each department and every individual operating entity will prepare a register of the material risks with which it is confronted.

The risk register will include:

- brief detail of the nature of the risk;
- an evaluation of the severity of the risk, or the degree of loss that could impact the Group in the event of the risk materializing, on a scale of 1 to 10;
- the probability of the risk materializing, on a scale of 1 to 10, and
- the value which the Group attributes to the risk, which is a product of the severity and the probability.

The top ten risks of each operating unit are considered and evaluated on a quarterly basis and the full and comprehensive risk register is considered and interrogated annually.

The Group Management Risk and IT Committee retains responsibility for the collation and consolidation of the prominent and material risks confronting the Peermont Group. The Committee will present its findings to the Group Audit and Risk Committee which in turn will report to the Peermont Group Board.