



**KOINZ (PTY)LTD**  
**RISK MANAGEMENT POLICY**

## 1. INTRODUCTION



Koinz (Pty) Ltd (Koinz) is at all times required to have and effectively employ the resources, procedures and appropriate technological systems that can reasonably be expected to eliminate as far as reasonably possible, the risk that clients, product suppliers and other providers or representatives will suffer financial loss through theft, fraud, other dishonest acts, poor administration, negligence, professional misconduct or culpable omissions.

Koinz must, structure the internal control procedures concerned to provide reasonable assurance that the relevant business can be carried on in an orderly and efficient manner, financial and other information used or provided by the provider will be reliable, and all applicable laws are complied with.

The Risk Management Policy defines the overall Koinz's risk management system. This system is the approach, applied across Koinz, to support the management in discharging their respective duties in relation to the sustainable operation of the business. The risk management system is supported by frameworks, policies, processes and actions relating to the taking, management and reporting of risk.

Risk can be viewed as the combination of the probability of an event and the impact of its consequences. Events with a negative impact represent risks that can prevent value creation or erode existing value. In order to deliver value to its stakeholders, Koinz must understand the types of risks faced by the organisation and address them appropriately.

## 2. RISK CULTURE

Management encourages a risk culture to every employee meaning all employees are encouraged to be open and transparent in discussing risk issues, making all relevant facts and information available so that Koinz can consider all possible options and make relevant decisions based on coherent and complete information. All stakeholders of Koinz are responsible for speaking up and escalating concerns to management about issues that may cause risk or potential harm to Koinz.

All individuals must understand the importance of effective risk management and must ensure that risks associated with their role are appropriately understood, managed and reported. Individuals at all levels must communicate risk related insights in a timely, transparent and honest manner. This Risk Management Policy provides clarity on the minimum requirements in this regard.

The culture is to be driven from the top by the management through how they communicate, make decisions and incentivise the business. Managers ensure that in all their actions and behaviours they continually reinforce the culture that the effective management of risk is critical to Koinz's success and that every individual plays a role in the management of risk.

### 3. RISK STRATEGY



The risk strategy is linked to the overall business strategy. The risk strategy defines Koinz's risk preferences by highlighting which risks will be actively pursued in return for reward (e.g., insurance risks, credit risks, market risks) or accepted and appropriately mitigated (e.g. operational risks) and which risks are to be avoided (e.g. compliance breaches, conduct risks) as part of driving the group's overall strategy.

The strategy selected to achieve these objectives embodies a certain risk profile, which arises from the various factors that might impact on the activities, processes and resources chosen to implement the strategy.

### 4. UNDERSTANDING RISK

Developing an understanding of the risks to which the business is exposed is crucial to ensure that all material risks are appropriately monitored, managed and reported on. Everyone within the organisation in conjunction with their manager is responsible for understanding the risks associated with their role. An understanding of risk is developed through the identification, assessment and where appropriate, measurement of risks to which the business is exposed.

To reduce the risk to which the organisation is exposed, numerous controls (processes to prevent, detect and remediate risk events) and risk mitigation approaches are implemented. It is critical that individuals including managers, develop an understanding of risk in the absence of controls and risk mitigation approaches (referred to as inherent risk) as well as the risk allowing for controls and risk mitigation approaches (referred to as residual risk). In doing so individuals can assess the adequacy and effectiveness of the controls and risk mitigation approaches in place and develop an understanding of the consequences associated with their failure.

Adequacy refers to whether the controls or risk mitigation approaches (assuming they are working effectively) are viewed as enough to prevent, detect or remediate the risk in question. Effectiveness refers to whether the controls or risk mitigation approaches are functioning as intended.

Koinz's Risk Management Framework is made up of the following six process components:

#### a. Risk Identification

As part of the strategic planning process and day-to-day management of Koinz's, management and staff identify internal and external events that may affect Koinz's objectives. Management will on a regular (at least annually) and on an ongoing basis identify and document all material risks and key controls as part of risk and control self-assessments. This activity should be conducted by management and supported by the internal compliance

function.



## **b. Risk Evaluation and Response**

On identification of a risk, management assesses these risks through their expertise, formal assessments and analysis of business intelligence and industry trends. In response to evaluation and assessment, a response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include avoiding or evading, reducing and sharing or transferring risk. Key controls must be self-assessed by management on a regular and ongoing basis. The internal compliance function should facilitate the assessment where applicable as well as review and appropriately challenge the outcome of assessments.

## **c. Risk Control**

Control activities are established to ensure that risk responses are carried out effectively and consistently throughout Koinz. This involves formalising risk response in Koinz's policies, ensuring clear accountability, utilising self-assessments and monitoring tools and designing controls into Koinz's systems and critical business processes.

## **d. Risk Financing**

To make clear decisions regarding positioning on how insurable risks or financial risks should be viewed within Koinz.

## **e. Information and Communication of risks**

Information and communication channels are to be developed to make Koinz aware of risks that fall into respective areas of responsibility and expected behaviour and actions to mitigate negative outcomes.

## **f. Risk Monitoring and Evaluation**

Management reviews, as well as assurance activities, such as testing, auditing and assessments, are to be developed and implemented to ensure that risks are effectively identified and assessed, and that appropriate responses, controls and preventative actions are in place.

## **5. MANAGING RISK**

Koinz's management is accountable for managing risks affecting the business. Management is responsible for identifying, assessing those risks and taking actions. Management must continuously strive to innovate and develop solutions to identify and mitigate risk more effectively.

Individuals are responsible for ensuring that the risks inherent in their area of responsibility are appropriately managed on an on-going basis. Management must ensure that responsibility for the management of all material

**KOINZ (PTY) LTD**, Reg no. 2022/235484/07      **DIRECTORS: LOUISE FOURIE & MARK WEETMAN**

Address: Unit 1, Village Corner, 57 via Latina Crescent, Irene Corporate Corner, Irene, Gauteng, 0178

Postal Address: PO Box 61803, Pierre van Ryneveld, Centurion, Gauteng, 0045

Tel: 012 880 3790 Email: [info@koinz.co.za](mailto:info@koinz.co.za) Website: [www.koinz.co.za](http://www.koinz.co.za)

risks have been clearly allocated and that these risks are being effectively managed. The primary responsibility for the management of risk rests with the team responsible for the day-to-day decisions which give rise to the specific risk. Management must ensure that risk management is embedded within business processes and is appropriately reflected in Koinz's structures.

The monitoring of the external risk environment, the level of risk assumed, and the effectiveness of controls and other risk mitigation approaches is performed on a regular basis to ensure that the business is managed within risk limits and risk appetite and that any adverse deviations are identified and responded to. This monitoring may leverage off the risk measurement processes or be based on other management information.

The internal compliance function monitors and provides on-going challenge with respect to management of risk within the business.

Controls that are both adequate and effective in preventing or minimising unwanted risk, remediating risk events, and reducing risk to acceptable residual levels need to be developed and maintained. In order to manage the inherent risk down to an acceptable residual level which is within risk limits and risk appetite, risk mitigation approaches may need to be implemented. These risk mitigation approaches aim to reduce the exposure to risk, reduce the probability of a risk event occurring or reduce the severity of possible risk events. These approaches can take numerous forms including the transfer of risk to third parties.

Where material residual risks are retained within the business, contingency plans need to be developed, stipulating the actions to be taken should the risks materialize. These contingency plans need to be reviewed on a regular basis with their effectiveness assessed as part of stress testing processes. The contingency plans should include, where appropriate, trigger levels where specific management actions will be initiated.

## **6. KEY INDICATORS MEASUREMENT**

Key indicators are quantitative metrics developed to provide an early warning that a risk exposure may become more severe or probable. Defining and monitoring of key indicators is an integral element in assessing and monitoring the underlying risk. The following requirements apply to key indicators:

- a. Where practical, key indicators should be developed to monitor key risks and key controls.
- b. Alert and Critical Thresholds must be developed for key indicators in order to monitor if actual measurements fall within tolerable levels. Consideration is given to the fact that thresholds are often determined subsequent to a period of identifying and trending an indicator to ascertain relevant thresholds.
- c. Appropriate action should be taken when the thresholds are breached.

## **7. REPORTING OF OPERATIONAL RISK**

The following risk reporting requirements must be adhered to by management and Koinz's staff:



- a. All material risk events must be escalated in line with the requirements of the Risk Materiality and Escalation requirements. It will be the responsibility of management to produce the necessary reports required. The structure, content and timing of these reports will be set by management.
- b. Internal compliance function must ensure that adequate public disclosures are made in respect of risks in line with market practice, where deemed appropriate.
- c. Disclosure to industry bodies must ensure that data privacy requirements are adhered to.

## 8. INSURANCE COVER

Management will ensure that there is insurance cover consisting of a set of appropriate insurance policies designed to cover relevant risks within Koinz.

Management must:

- a. Have adequate assurance that all Koinz's material insurable risks are appropriately covered.
- b. Ensure that insurance cover must complement relevant internal controls and does not replace them.
- c. Ensure that all risk events covered by the scope of the insurance program should be reported

## 9. ROLES AND RESPONSIBILITIES

### a. Koinz's management

- i. Responsible for the approval of risk management policy.
- ii. Satisfies itself that the implementation of this policy will place it in a position to receive assurance that risk is being managed appropriately and effectively.
- iii. Reviews the results of the implementation of the policy and hold functional areas accountable for remediation of gaps or material risks.
- iv. Takes full accountability to manage risk.
- v. Ensures implementation of the applicable requirements of the policy by allocating and directing appropriate resources and capability.
- vi. Empowers the internal compliance function to assist them in the management and oversight of risk.

### b. Owns this policy and ensures that it remains relevant at all times Koinz's internal compliance function

- i. Supports management in ensuring that risk remains within appetite.
- ii. Provides relevant support; including guidelines, standards, tools and training; to facilitate the

**KOINZ (PTY) LTD**, Reg no. 2022/235484/07      **DIRECTORS: LOUISE FOURIE & MARK WEETMAN**  
Address: Unit 1, Village Corner, 57 via Latina Crescent, Irene Corporate Corner, Irene, Gauteng, 0178  
Postal Address: PO Box 61803, Pierre van Ryneveld, Centurion, Gauteng, 0045  
Tel: 012 880 3790 Email: info@koinz.co.za Website: www.koinz.co.za

implementation of this policy.



- iii. Monitors and reports on the implementation of this policy.
- iv. Monitors and reports on Koinz's risk profile through participation and oversight in the appropriate parts of the business.

## 10. Implementation

This policy will be made available and distributed to all employees and representatives working in or on behalf of the organisation. Executive Management is responsible to ensure that this policy is communicated, observed and that it remains appropriate on an ongoing basis.

## 11. Endorsement

This policy is approved and endorsed by Executive Management.

## 12. Review of policy

This policy will be reviewed by Executive Management on at least an annual basis or more frequently in the event of material amendments to the regulatory environment and may be altered and improved at any time and will be enforceable with immediate effect. All changes and amendments will be communicated and distributed to all stakeholders who will be required to adhere to such.

## 13. Conclusion:

All representatives of Koinz including key individuals and management are required to be dedicated to upholding the highest level of integrity and ethical conduct in all of their activities and relationships with all stakeholders.

## 14. Ownership and Accountability

This policy is owned by **Koinz (PTY) LTD**, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act (37 of 2002) and subordinate legislation.

As Key Individual of the Provider, I, **Mark Howard Weetman** hereby confirm the adoption of the policy on behalf of the governing body of the Provider. I hereby accept responsibility for the successful training of employees and successful implementation of this Policy.

**Signatures**

**Date**

**KOINZ (PTY) LTD**, Reg no. 2022/235484/07

**DIRECTORS: LOUISE FOURIE & MARK WEETMAN**

Address: Unit 1, Village Corner, 57 via Latina Crescent, Irene Corporate Corner, Irene, Gauteng, 0178

Postal Address: PO Box 61803, Pierre van Ryneveld, Centurion, Gauteng, 0045

Tel: 012 880 3790 Email: [info@koinz.co.za](mailto:info@koinz.co.za) Website: [www.koinz.co.za](http://www.koinz.co.za)