

**Policy Code: RM-8 Strategic Risk****Purpose**

The following policy provides guidelines for the management of Strategic Risks including identification and assessment, measurement, monitoring and reporting, and mitigation.

**Scope:**

The scope of this policy is within the jurisdiction of RM, the AC, and BOD.

**Content:****1. Strategic Risk Overview**

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

The resources needed to carry out business strategies include communication channels, operating systems, delivery networks, and managerial capacities and capabilities.

The company will have a process in place for monitoring the performance of its strategic plans, the successful implementation of these plans, and the occurrence of any external factors that may have an impact on the ability of the company to achieve the objectives laid out in its strategic plan. The strategy will define the actions to be taken in the event of deviations from the plan, whether voluntary or involuntary and define the individual and committee responsibilities for approving and taking action.

**2. Strategic Risk Components**

Strategic risk management is broken into the following components:

**Identification and Assessment**

This is the methodology by which the company will identify and assess its Strategic Risk. The company will perform the identification and assessment of Strategic Risk through scenario analysis.

**Measurement**

The measurement of Strategic Risk is an area that is still undergoing significant development. The company will measure its Strategic Risk through the severity analysis completed as part of the scenario analysis discussed above.

**Monitoring and Reporting**

Any events which have the potential to impact the company's ability to achieve its strategic objectives will be monitored on an ongoing basis by RM (e.g. through awareness of newspaper reporting) and reported to the AC and the BOD.

**Mitigation and Control**

Methods of mitigation and control include having a solid review and monitoring process in place to ensure that deviations from the strategic plan are identified promptly and any necessary corrective action is taken.

Management of Strategic Risk is the responsibility of the BOD and SM.

The BOD will identify the key Strategic Risks that the company faces. RM will assess those risks in terms of their probability of occurrence and severity of impact and present its findings to the AC every quarter. The AC will approve these reports and recommend the action to be taken.