



Risk Management Framework Policy

Approved by the Board on 27.08.24

A. Introduction

The Board has developed an organisational structure, a range of policies and procedures, and comprehensive oversight processes, which together make up the company's Risk Management Framework (“RMF”). This framework is the foundation for the delivery of effective and consistent risk control across the whole business.

It is intended that it will foster a risk-aware culture and provide the necessary reporting to provide assurance that key risks are managed within the appetite set by the Board

It enables proactive identification, active management and monitoring of the Company’s risks, which is supported by a comprehensive compliance monitoring process. The RMF is regularly updated to ensure it remains in line with regulation, law, corporate governance and industry good practice

B. Governance

The Board is responsible for the effective management of risk and has overseen the embedding of its operational risk and control framework during 2023/4. The Board ensures that the appropriate risk resources and capabilities are in place, with employees provided with the necessary training to give them the skills they need.

Governance is maintained through delegation of authority from the Board down to the management team who, in turn, are supported by a committee-based structure, designed to ensure open challenge and enable effective engagement and decision making. However, the setting of the risk appetite and the approval of risk management policies are matters reserved for the Board.

Consumer Duty is at the forefront of everything we seek to do. Our people fully understand and support the requirement to consistently act to deliver good outcomes to all our customers, having full regard to the three cross-cutting rules namely, to avoid causing foreseeable harm; to act in good faith towards our customers and to enable and support customers to pursue their financial objectives.

C. Oversight

The Board has adopted the three-line defence model, a risk management framework that splits responsibility and accountability for risk management, across three functions. with effective oversight and assurance.



First line.

Management, departmental, section leaders and anyone on the front line will be the first line of defence. Their primary responsibility is to control and take ownership of risks associated with their daily activities. In other words, they must own and manage risk directly. They also implement controls, develop internal policies, supervise employee policy execution and monitor risk factors with decisions and actions. They are also required to escalate matters proactively to the second line of defence when needed.

Second line.

The second line of defence includes the Team responsible for risk management and compliance. They are responsible for the oversight of the first line, the effective implementation of the company's risk and compliance management processes and monitoring the outcomes of those processes. They also seek to identify emerging risks within the daily operation of the business.

Third line.

The third line of defence involves the internal audit function, whose main responsibility is to ensure the effectiveness of the first and second lines of defence. This will include evaluating the risk management processes to provide assurance that significant business risks are being managed appropriately.

All reporting will be directly to the Compliance & Risk Committee of the Board (“CRC”) which has been appointed to assist the Board by providing oversight of the company’s compliance function and risk management framework and ensuring the company meets its Consumer Duty obligations.

D. Risk Appetite

Risk appetite is defined within the company as the amount and type of risk that the company is prepared to seek, accept or tolerate. These risks are subject to audit each year to ensure effective application and adherence to the agreed risk appetites.

In considering the risk appetite for the company, the Board have determined that they will take the risks necessary to achieve their business ambitions and the required financial returns, as defined by the company’s shareholders. However, this will be done whilst remaining wholly compliant with all regulatory and legal requirements and with regard to customers for whom the objective is to consistently deliver good outcomes.

This statement is supported by other risk appetite statements, one for each key level risk faced by the company, as set out in the Risk Taxonomy below.

E. Risk Taxonomy

The risk taxonomy identifies 7 high-level key areas of risk exposure for the company. Within these key areas, there are 30 key sub-categories.

Corporate Governance	Strategic	Finance	Operational	People	Product & Customers	Legal & Regulatory
Board Competencies	Financial Performance	Core Capital / Liquidity / Solvency	Processes	People Management	Product Standards	Compliance
Conflicts of Interest	Distribution	Financial Reporting	Technology	Conduct	Customer Service	Regulation
Governance	Sector changes	Investment Performance	Data Security	People Performance	Customer Needs	Oversight
Succession	Regulation	Fraud	Outsourcing	Culture	Sales & Marketing	Monitoring
	Policy		Premises			

The Risk appetite statements for each of the 7 high-level key areas are listed below. These have been assessed using the following risk levels.

Risk Levels

Zero-Risk: Avoidance of risk and uncertainty. This level involves making decisions and taking actions that eliminate or significantly reduce exposure to risk.

Low Risk: Preference for low-risk options only accepting actions resulting in minimal risks that are absolutely necessary.

Medium: Willing to accept some risk but only if it is well understood and managed.

High: Willing to consider all options, with a good risk and reward but retaining a measured approach to risk management

7 High-level key areas

Corporate Governance

The Board has a **zero-risk** tolerance on ensuring that the Board itself and the company's overall governance structures fully support and adhere to the agreed terms of reference that operate within the company's risk management framework. The annual governance statement will provide the board with ongoing assurance that policies and procedures are in place.

Strategic Risk

The Board has adopted a **medium-risk** stance, as market risk is an essential part of doing business. Furthermore, some of the activities are outside the company's control. The CEO will give the board regular updates so that these risks are closely monitored.

Finance Risk

A **low-risk** tolerance for financial risks overall with a **zero-risk** tolerance for fraud. Our company-wide risk compliance framework will seek to significantly mitigate this risk.

Operational Risk

We have adopted a **low-risk** tolerance for risk events resulting from inadequate or failed internal processes, people, and systems or from external events that impact the company's operations.

People Risk

The risk of failing to attract and retain suitable and sufficient resources has been adopted as **medium-risk** tolerance. The Head of People will provide status reports to the Board on an annual basis.

Product & Customers

We take a **medium-risk** stance on delivering all customer-facing activities, including customer communications and product design. A key requirement is to ensure customer satisfaction and good outcomes and consistently meet the obligations of Consumer Duty.

Legal & Regulatory

We have adopted a **zero-risk** stance on compliance in all legal and regulatory matters. It is a firm requirement to wholly comply with relevant legislation, statutory requirements, codes of practice, our Memorandum and Articles of Association, and all other relevant guidance. The Board will have regular assurances that compliance regimes are in place.

The 30 sub-categories referred to above will be managed at a granular level by monitoring the underlying specific risks (217) included in the Risk Matrix (Appendix 1), against which there are control measures that will monitor adherence to the Board's risk appetite.

F. Key Documentation

The documentation to be used to facilitate the identification of risk, together with the monitoring processes, are attached.

Appendix 1 - Risk Assessment

Appendix 2 - Compliance Monitoring Programme