RedTitan Ltd Operational Risk Policy
V1.0 14/03/2022
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SCOPE AND OBJECTIVE

This Operational Risk Policy ("Policy") sets out RedTitan Ltd (hereon referred to as RedTitan) operational risk management principles and governance structure. The management of operational risk is an integral part of RedTitan Ltd overall risk management activities and covers all functions of RedTitan Ltd. Operational risk cannot be confined to specific organisational units but is present in all activity. Responsibility for operational risk remains largely with all staff and particularly the unit and department heads or defined process owners.

This Policy sets out the principles for the identification, assessment, monitoring and reporting of all operational risks relating to RedTitan Ltd activities. The principles of the operational risk management framework are further outlined in the Operational Risk Guideline.

This Policy is under the umbrella of Risk Management Policies ("RMP") that provides an overall framework for risk management at RedTitan Ltd as well as high-level principles for risk identification, mitigation and reporting. More specifically, the RMP defines RedTitan Ltd general risk management principles in the context of mission and strategy, risk-bearing capacity and risk appetite.

DEFINITION OF OPERATIONAL RISK AND GENERAL APPROACH

Operational risk can broadly be defined as the risk of direct or indirect losses or damaged reputation due to risk events attributable to technology, people, processes, procedures or physical arrangements and or external events.

The main objective of RedTitan Ltd operational risk management is to ensure operational resilience, identification and mitigation of operational risks, and accuracy of information used internally and reported externally, a competent and well-informed staff, and its adherence to established rules and procedures as well as on security arrangements to protect the physical and IT infrastructure of the company. The Operational Risk Management function also promotes risk awareness in RedTitan Ltd culture by advising business and support units upon changes in relevant risk policies or providing input for internal training programmes on risk management issues.

ROLES AND RESPONSIBILITIES

The directors of RedTitan Ltd are responsible for evaluating and correcting operation risk factors. The RedTitan Trustees Limited board must be informed of any operation risk likely to adversely affect the business.

PRINCIPLES FOR OPERATIONAL RISK MANAGEMENT
General principles

RedTitan shall have policies and guidelines that set the operational risk framework of the company. These define the roles and responsibilities and set the requirements in the management of operational risk, and provide practical guidance on operations.

RedTitan shall aim for a risk-based approach to management of operational risk. This means that risks with higher impact will be scrutinised in higher detail than risks with less impact. This approach

applies consistently to all operational risks at RedTitan. RedTitan shall identify and assess the operational risk inherent in all its activities, processes, products and systems.

Management of operational risk is to a large extent process-based and RedTitan mitigates operational risks by defining, documenting and regularly assessing the appropriateness of relevant processes.

The continuous development and upgrading of strategic information and communication systems as set out in the Incident planning and the cyber security Policy is also an important factor in operational risk mitigation.

Structure to identify and manage operational risks

RedTitan activities and operations shall be defined as a set of core and sub-processes, in which the operational risks shall be identified, reported, followed up and managed. The Operational Risk Guideline provides more specific information regarding the operational risk management framework.

To reflect changes in the RedTitan Ltd operations and/or organisational structure, the defined core and sub-processes might from time to time be amended.

Risk control guidelines

In addition to this Policy, RedTitan maintains an Operational Risk Guideline, congruent with relevant international standards. The guideline document provides more detailed operational and practical direction and guidelines on operational risk. The Operational Risk Guideline also provide for the consistent and comprehensive capture of methods to measure and verify the operational risk exposure, as well as to implement appropriate reporting systems and mitigation approaches.

NEW PRODUCTS APPROVAL PROCEDURE

Before new products, activities, processes or systems are introduced or undertaken, the operational risks associated must be identified and assessed in accordance with the Rules for New Products and Process Approval.

OUTSOURCED ACTIVITIES AND SUPPLIER MANAGEMENT

When considering outsourcing of activities, RedTitan shall ensure that operational risks related to outsourced services used by RedTitan are subject to adequate assessment in line with the Rules for New Products and Process Approval. Special attention shall be given to the risks and controls related to the reliability, service quality, continuity and information security of the supplier.

Supplier risk of both outsourced activities and other services provided to RedTitan shall be subject to regular monitoring and the risk response shall be adjusted accordingly.

Basically, there should be no distinction between the operational risk management responsibilities of in-house managed activities and activities performed by external parties.

REPORTING

When reporting to Senior Management or the Board of Directors on operational risk issues, the structures set out in this Policy shall be followed as regards identifying, measuring, categorising, managing and reporting.

IMPLEMENTATION, MONITORING AND REVIEW

The primary responsibility for the correct implementation and monitoring of this Policy shall remain with the board of directors.