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Services Provider With FSP no 49845

JORDAN RAY CONSULTING

COMPLIANCE RISK MANAGEMENT FRAMEWORK

Compliance Risk Management Framework of JORDAN RAY CONSULTING (Pty) Ltd

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1. INTRODUCTION

Compliance Risk Management is a key component of sound corporate governance. This compliance framework establishes the strategic guideline that defines the responsibilities of top management, line management and employees. It facilitates the implementation of robust practices and policies for the effective management of compliance obligations. The effective implementation of the framework will result in establishing a balance between meeting regulatory requirements that demand compliance without impacting on the business imperatives of the organisation negatively.

2. PURPOSE

The purpose of this Compliance Framework is to implement the Compliance Policy as a component of an integrated Governance, Risk management, and Compliance (GRC) approach to effective corporate governance, enterprise risk management and compliance with applicable laws and legislation. The framework outlines regulatory compliance standards relevant to **JORDAN RAY CONSULTING** the business processes as well as internal controls which are in place to adhere to these standards.

3. SCOPE

The framework applies to **JORDAN RAY CONSULTING** its subsidiaries, its Juristic Representatives, and associates, as defined.

4. DEFINITIONS

Approved Compliance Officer

Refers to a compliance officer who is required by the applicable legislation to obtain approval from the regulator.

Assurance

The diligent application of mind to evidence, resulting in a statement or declaration concerning an identified subject matter or subject matter information, and that is made for the purpose of enhancing confidence in that subject matter or subject matter information. *(King IV, Glossary of terms)*

Assurance provider

May include the following:

- The organisation's line functions that own and manage risks;
- The organisation's specialist functions that facilitate and oversee risk management and compliance;
- Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries;
- Independent external assurance provider such as external auditors;
- Other external assurance providers such as the independent compliance services provider;
- Regulatory inspectors.

Compliance breach

Any non-compliance, compliance exposure or non-conformance.

Compliance commitment

Include applicable voluntary requirements, such as industry and general codes and best practice guidelines (collectively) that an organisation subscribes to or follows.

Compliance controls

The internal controls and measures implemented to meet compliance obligations and manage compliance risks. Controls are generally incorporated into an organisation's policies, procedures, processes, people practices and structures, systems, and technology.

Compliance culture

The culture of shared values, beliefs, assumptions, and behaviours existing within an organisation that characterises the organisation, especially in relation to compliance obligations.

Compliance exposure

Where the controls in place to meet any compliance obligation and manage any compliance risk, are known, or perceived to be, inadequate or ineffective to any extent.

Compliance function

An independent function that advises on and assists in the identification, assessment, management, monitoring and reporting of the regulatory compliance risk in an organisation.

Compliance philosophy

The organisation's perspective on compliance, including the associated core values such as integrity, fair dealing, accountability, and transparency. It also includes reference to the standards and norms upon which the approach to compliance is based.

Compliance policy

A policy that establishes the principles of, and commitment to, the management of compliance risk by an organisation. It also sets out the expected performance of all staff members in relation to the maintenance of compliance procedures and overall governance of the organisation.

Compliance programme

A plan of activities to be undertaken by the compliance function over a defined period, for example, review of specific policies and procedures, a compliance risk assessment, routine monitoring. The compliance programme should be risk-based.

Compliance risk

The effect of uncertainty (including potential events and consequences of non-compliance) on an organisation's compliance objectives. This includes the current and prospective risk of damage to the organisation's reputation and financial soundness arising from non-adherence with compliance obligations and failing to meet valid compliance-related expectations of key stakeholders such as clients, investors, staff members and society as a whole. Compliance risk therefore not only exposes the organisation to fines, penalties, civil claims, loss of authorisation to operate, but also to reputational damage. In many cases compliance risk results from inadequate controls.

Compliance risk management framework

The organisation's approach to the management of all categories of compliance risk. The framework addresses aspects such as compliance strategy, objectives, governance, policy, roles and responsibilities, risk appetite, process and techniques and reporting.

Compliance risk management plan

A document setting out what needs to be complied with, what has been done and what must still be done in order to embed compliance into the business operations. It also reflects the current risk of non-compliance.

Compliance risk profile

The list of compliance obligations that applies to an organisation and which have been categorised and assessed in terms of both seriousness and probability of non-compliance.

Compliance Universe

The list of compliance obligations that have been identified as being applicable to a particular organisation.

Governance structure

The organisational structure implemented for purposes of overseeing and managing the business strategy, including ethical standards and risk management. This is normally comprised of top management, the risk management framework and various assurance committees, for example, an audit, risk, and compliance committee.

Head of compliance

The senior person who has been assigned responsibility for the day-to-day management of the compliance function.

Independence

Independence is the extent to which the compliance function is independent of business activities and is able to discharge its responsibilities objectively without fear of repercussions or interference, and free from any bias, undue influence, or conflict of interest. Independence is generally established and reflected in the structure, status, authority, responsibilities and reporting lines of the compliance function.

Independent compliance officer (ICO)

Refers to either a compliance professional or a compliance practitioner who works independently by providing compliance services to clients and has agreed to abide by the principles and standards prescribed by the Compliance Institute Code of Conduct of Ethics and Professional Conduct for Independent Compliance Officers by signing to that effect.

Inherent risk

Results from business choices, the risk contained within a line of business, process or activity arising out of circumstances, or existing in an environment in the absence of any action to control or modify the circumstances (i.e. prior to management taking any mitigating action). Inherent risk level may change with changes in the economy and other non-controllable, macro-economic factors.

Internal context

Internal environment in which the organisation seeks to achieve its objectives. It can include governance, organisational structure, roles and accountabilities, policies, objectives, and strategies that are in place to achieve them, the resources (e.g. capital, time, people, processes, systems, and technologies), relationships with, perceptions and values of internal stakeholders, and the organisation's culture. (ISO 31000).

Key control indicator (KCI)

An indicator which is used by organisations to help define their compliance control environments and monitor levels of compliance control relative to desired tolerances. Numerical or percentage thresholds are set that equate to a red, amber, or green rating.

Key performance indicator (KPI)

A significant measure used on its own, or in combination with other key performance indicators, to monitor how well a business is achieving its quantifiable compliance objectives (source: Georgetown University).

Key risk indicator (KRI)

Measures that indicate the status of a risk, alert management if a risk is close to materialising and can also indicate where a risk has materialised.

King

The King IV Report on Corporate Governance for SA 2016 or any subsequent version thereof.

Likelihood

Chance of an adverse compliance event happening, also referred to as probability. Likelihood is used with the intent that it should have the same broad interpretation as the term "probability" has in many languages other than English (often interpreted as a mathematical term).

Management

The person or group of persons, responsible for managing, or overseeing the business activities of a particular function, or part of the organisation, on a day-to-day basis. This may include divisional management, business unit management and other groups or individuals to whom top management has delegated an element of control, authority, or supervisory responsibility.

Materiality

The quality of being relevant or significant, the threshold above which risk and/or incidents of non-compliance is considered to have an impact on the decision making of the relevant governing body/management level.

Monitoring

Continual checking, supervising, critically observing, or determining the status to identify change/deviation from the required or expected performance level. Monitoring can be applied to a risk management framework, risk management process, risk, or control (ISO 31000). Monitoring is not a once-only activity, but a process of regularly or continuously observing a situation, specifically the status of compliance. (ISO 19600).

Non-compliance

Not meeting a compliance obligation.

Non-conformance

Not meeting any internal organisational requirement arising from any compliance related policies, procedures, processes, and practices.

Organisation

Refers to a business of any size including any businesses as defined by the Companies Act (71 of 2008).

Outsource

Contract or employ an independent compliance officer who is not permanently employed on a full-time basis to provide specific compliance services to an organisation.

Probability

Chance of an adverse compliance event happening, also referred to as likelihood.

Regulatory risk

The risk that a change in compliance requirements will materially impact a business, sector or market, the potential for new compliance requirements to cause compliance costs, or cause disruptions to a business. In extreme cases, a new compliance requirement can invalidate an organisation's business model.

Regulatory requirements

The statutory, regulatory, and supervisory requirements, plus industry codes and best practice guidelines (collectively).

Reputational risk

In the context of compliance, the risk that the organisation might be exposed to negative publicity due to the contravention of applicable compliance obligations by the organisation itself or by its staff members during the conduct of business.

Requirement

A need or expectation that is stated, generally implied or obligatory. Generally implied means that it is custom or common practice for the organisation and stakeholders that the need or expectation under consideration is implied (ISO 19600).

Residual risk

Compliance risk remaining after management's mitigating actions/controls to alter (reduce) the compliance risk's seriousness and/or probability.

Risk analysis

Involves developing an understanding of the risk and consideration of the causes and sources of the risk, their positive and negative consequences (impact) and the likelihood that those consequences can occur. (ISO 31000)

Risk assessment

The overall process of risk identification, risk analysis and risk evaluation of risks to the achievement of business objectives. It forms a basis for determining how risks should be managed (ISO 31000).

Risk evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of risk analysis, about which risks need a risk response and the priority for treatment implementation (ISO 31000).

Risk identification

Identification of compliance obligations that apply to the organisation. The aim of this step is to compile the compliance universe of the organisation (ISO 31000).

Risk management

Coordinated activities to direct and control an organisation with regard to risk (ISO Guide 73:2009).

Risk management framework

Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation (ISO Guide 73). The organisation's approach to the management of all categories of risk, including policy and structure (people, systems, and process).

Staff

Any person in the employ of an organisation or any person who has been appointed to do work for or act on behalf of an organisation e.g. in the capacity of a director, agent, consultant, contractor, independent contractor, advisor, representative or other similar role.

Stakeholder

A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity (ISO 31000). This may include internal or external individuals or entities.

Top management

The board of directors, including any other person(s) within whom the ultimate responsibility for compliance may rest.

5. COMPLIANCE STAKEHOLDERS

JORDAN RAY CONSULTING recognises stakeholder management as an essential element to the success of any organisation. In order to ensure the successful meeting of regulatory requirements, the compliance function should not work in isolation. Although ultimate accountability for compliance with the legal and regulatory requirements rests with top management, compliance is a multidisciplinary process and the following stakeholders have been identified who will necessarily interact with the compliance function to ensure successful implementation and maintenance of compliance within the organisation:

5.1. Top Management (Including executive management committee and the board of directors)

Top management is appointed by and accountable to its shareholders to lead, control and monitor the business of the organisation and to provide effective corporate governance, with the specific responsibility to manage the company's risk in respect of compliance with regulatory requirements.

5.2. Line management and/or boards for divisions and subsidiaries

Line management and/or boards for divisions and subsidiaries accept responsibility for the risks undertaken in their divisions and/or subsidiaries within the confines of the overall risk control framework of the business. Their specific responsibility regarding compliance includes the implementation of compliance procedures to ensure adherence to relevant regulatory requirements within their divisions and/or subsidiaries.

5.3. Independent Compliance Officer

The external compliance officer is an independent function, which is associated with all aspects of compliance, including the establishment as well as monitoring of the compliance risk management process. Through a collaborative effort between the external compliance officer and the organisation's internal compliance outfit, a robust compliance process must be successfully affected and maintained.

5.4. The organisation's Internal Compliance Function

The internal compliance function is responsible for:

- ensuring that the compliance program and compliance risk management plan is executed in accordance with agreed timelines;
- ensuring that recommendations are followed and implemented;
- cooperating with external compliance service provider to ensure smooth delivery of the compliance process

5.5. Staff members

Staff members are the primary role-players in the process of complying with regulatory requirements. Their responsibility is to be conversant with, and to implement the requirements specific to their respective roles and functions.

6. REGULATOR RELATIONSHIPS

The maintenance of a sound relationship with regulators is critical to the sustainability of the organisation in the long term. This is established through effective liaison and a willingness to assist. The organisation therefore seeks to ensure an open communication relationship with the regulators. This is key to developing a level of trust as well as reputation for being co-operative.

7. COMPLIANCE GOVERNANCE MODEL

JORDAN RAY CONSULTING has adopted the three lines of defence model which is a widely accepted model for the positioning of various roles and functions within any risk management framework. Through this model, respective roles, and responsibilities in respect of compliance risk management and controls are clearly defined, clarified, and understood as well as effectively implemented and co-ordinated.

The three lines of defence model identifies three lines (or groups) involved in effective risk management, namely:

- Functions that **own** and **manage** regulatory compliance risks;
- Functions that **oversee** regulatory compliance risks;
- Functions that **provide independent assurance**.

7.1. The first line of defence: Operations managers

This refers to operational and business managers who **own** and **manage** risks.

7.2. The second line of defence: Internal compliance outfit

The internal compliance function oversees that the first line of defence has been properly designed, implemented, and are operating effectively.

7.3. The third line of defence: The Independent compliance officer

This function has the highest level of independence within an organisation and provides guidance and assurance on both the first- and second-lines' activities in respect of compliance risk management and controls.

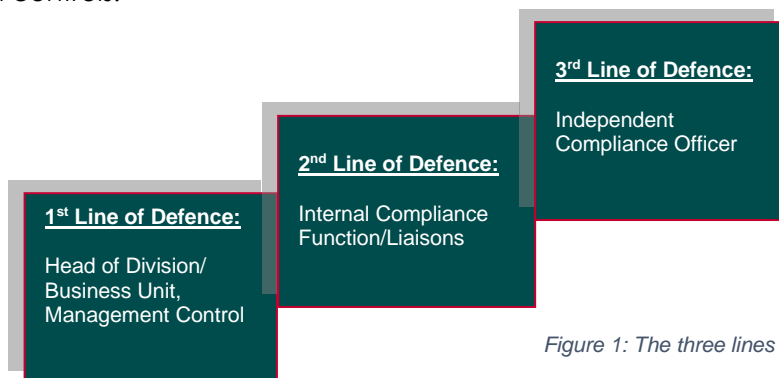


Figure 1: The three lines of Defence (3LOD)

Additionally, the organisation is aware of the evolution of the three lines of defence model in risk management and compliance to ensure updates and enhancements, thus modernising 3LOD in practice in the control environment. The intention here is to ensure inefficiency that may be inherent with the current 3LOD model, is limited. This also ensures greater accountability and collaboration in achieving compliance. The illustration below is the guideline upon which the organisation is reliant in supplementing the existing 3LOD model and shall adopt further guidelines and changes over time.

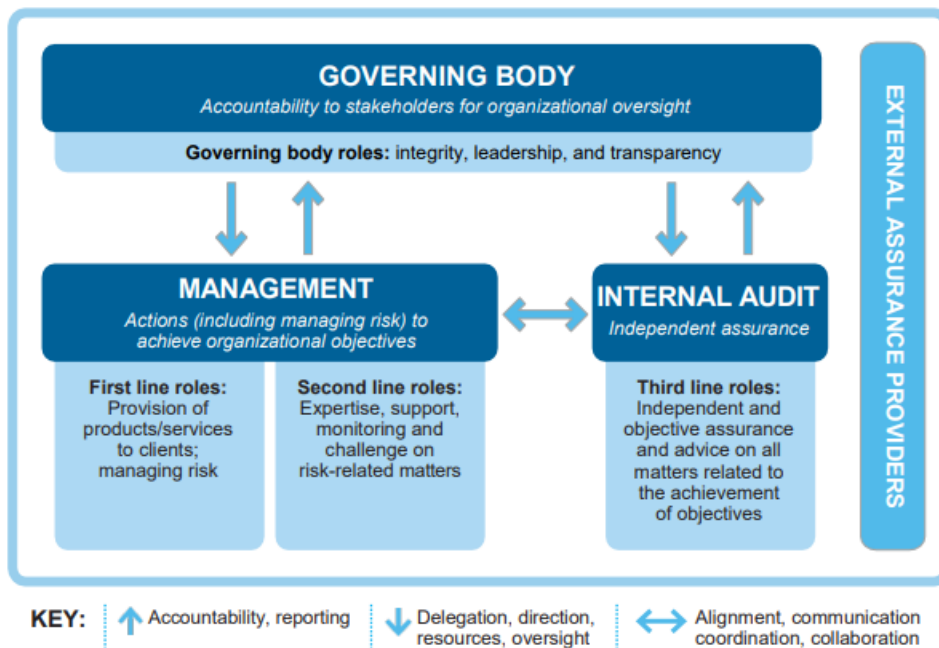


Figure 2: suggested update to 3LOD model

8. COMBINED ASSURANCE

Our combined assurance model incorporates and optimises all assurance services and functions to ensure effective control environment, to support the integrity of information used for internal decision-making by management, the governing body, and its committees; and support the organisation's external reports.

9. THE COMPLIANCE FUNCTION

In line with best practice standards, top management of JORDAN RAY CONSULTING is committed to ensuring that the organisation complies with any applicable laws and exercises utmost consideration to the adherence to non-binding rules, codes, and standards. The establishment and maintenance of the compliance function falls within this responsibility. Whilst authority has been delegated to the compliance function and the compliance officer to ensure that the compliance process is effective and that the requirements are met; top management remains ultimately accountable for compliance.

To further align with best practice standards on governance, top management at JORDAN RAY CONSULTING further acknowledges and commits to the following **responsibilities** with regards to compliance:

- Ensuring that a **compliance policy**, approved by the board, has been implemented by management;
- Receiving assurance on the **effectiveness of controls** around compliance with laws, rules, codes, and standards;
- Ensuring that a **culture of compliance** with laws, rules, codes, and standards are incorporated in the company's code of conduct;
- Establishing **appropriate structures**, educate and train, communicate and measure key performance indicators relevant to compliance;
- Ensuring that reporting includes **details of material or often repeated instances of non-compliance** by either the organisation, its directors, or employees;

- Appointment of an **independent, suitably skilled compliance officer** who has access to and interacts regularly on strategic matters with the board and/or appropriate board committee and executive management;
- Ensuring that the **structuring of the compliance function**, its role and its position in terms of reporting lines should be a reflection of the organisation's decision on how compliance is to be integrated with its ethics and risk management;
- Ensuring that the organisation's **compliance function has adequate resources and operational ability** to fulfil its function

10. COMPLIANCE STRUCTURE

Independent Compliance Officer in liaison with Internal Compliance Function

In this model the external Compliance Officer is assigned to report directly to JORDAN RAY CONSULTING's governing body in this capacity. This is to ensure the identification of update relevant legislation and all compliance monitoring activities effectively. This centralized responsibility is supported by various individuals within the organisation or committees who are designated as compliance liaisons. These individuals also form part of the compliance function within the organisation.

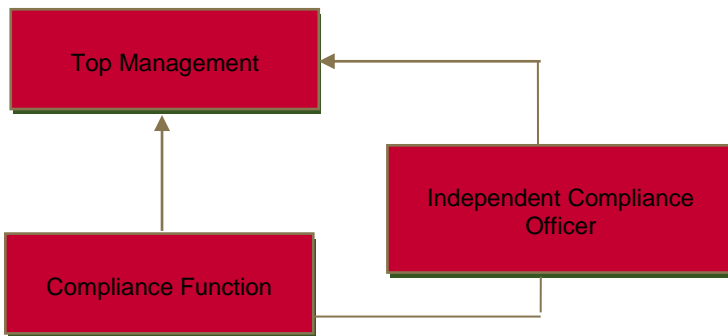


Figure 2: JORDAN RAY CONSULTING Compliance Structure

11. COMPLIANCE POLICY AND CHARTER

JORDAN RAY CONSULTING has established a compliance policy which sets out the organisation's commitment and approach to compliance, as well as what is expected of all employees. This includes the importance of the compliance function, the organisation's philosophy, approach and methodology regarding compliance and its compliance risk appetite. Training is one of the most essential elements through which a compliance culture is fostered within the organisation.

12. COMPLIANCE RISK MANAGEMENT FRAMEWORK ILLUSTRATION

The following illustration depicts the organisation's approach to the management of regulatory risks. The top text box speaks to the establishment of a compliance framework and policy which are the cornerstones of an effective compliance risk management function.

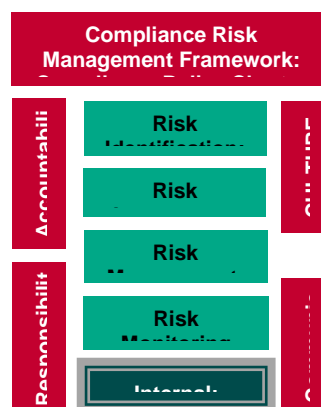



Figure 3: JORDAN RAY CONSULTING Compliance Risk Management Framework

Compliance Framework



- 1

➤

Foster a culture of Compliance

 - Awareness of the desired compliance culture and expected performance of all staff in respect of compliance obligations
 - Letter of approval and endorsement from the CEO in respect of the organisations commitment to compliance
 - Communicate the compliance risk management process adopted by the organisation
 - Create awareness of the compliance framework
- 2

➤

Training

 - Provide guidance to impacted staff members regarding the Compliance Risk Management Framework
 - Embed and promote the compliance culture of the organisation
 - Ensure staff are competent to fulfil their responsibilities
 - Create awareness of the Governance Structure and where stakeholder fit into the Compliance Framework
- 3

➤

Compliance Risk Identification

 - Consult with each line manager in respect of what business area(s) they are responsible for
 - Determine and agree with the line manager which regulatory requirements apply to their area of business
- 4


➤

Compliance Risk Assessment

 - Prioritise agreed regulatory requirements applicable to specific area(s) of business based in greatest Inherent Risk
 - Assess **residual (remaining) risk** adequacy and effectiveness of existing controls in the area or supporting areas

Enable | Enhance | Empower

Compliance Framework



- 1

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Enable | Enhance | Empower

12.1. Accountability and responsibility for creating a Culture of Compliance

Top management is ultimately responsible and accountable for the culture of the organisation, including the promotion of a culture that engenders an awareness and recognition of the value compliance risk identification, assessment, management, monitoring and reporting as part of daily activities. **JORDAN RAY CONSULTING's mission and core values support a strong compliance culture, and all employees are aware of these.** We recognise that compliance is most effective in a corporate culture that emphasises honesty and integrity and in which top management consistently leads by example. We therefore hold ourselves to high standards in all aspects of business and at all times strive to observe the letter and the spirit of the law. We see compliance with regulations, laws, and standards as a means to promoting high standards, honesty, and integrity in business dealings.

Training is a highly effective method that is currently being applied to provide guidance to affected staff members regarding compliance risk management function and is regarded a key aspect to embedding compliance and promoting a compliance culture. Our carefully considered compliance training programme assists in ensuring that staff members are competent to fulfil their responsibilities consistent with the desired culture and supporting the compliance risk management framework of the organisation.

The difference between compliance and a compliance culture rests with the motives of why we comply. It's a "gut check" as opposed to a checklist. To move from compliance to a compliance culture, **we aim to change the direction of our focus from the negative consequences of non-compliance to the positive results of doing the right thing.**

12.2. Accountability and Responsibility for Compliance Communication

The compliance function is responsible for ensuring that the following issues are communicated:

- Compliance standards adopted by the organization;
- Compliance roles and responsibilities applicable to top management, management, the compliance function, and all staff members;
- Compliance structures and resources, including contact details of the compliance function and information on the relevant governance structures;
- Guidance on where and how to obtain compliance-related information;
- Compliance monitoring and reporting methods and protocols.

13. COMPLIANCE RISK MANAGEMENT PHASES

13.1. Phase I: Regulatory Universe (Identification of Regulatory Risks)

This is a list of regulatory items that have been identified as being applicable to the organisation in particular.

- The compliance function in collaboration with management identify regulatory requirements that apply to the business on a universal level;
- The risks are listed on a spreadsheet (attached) and uploaded on Kotive. This spreadsheet will then serve as a Regulatory Universe or Compliance Universe of the organisation. An observation of the regulatory universe enables the observer to ascertain the scope of regulatory risks within which it operates;

13.2. Phase II: Risk Assessment (Establishment of a Risk Profile)

- Identify regulatory requirements are categorised in terms of core/primary, secondary, or topical/pertinent.
- The requirements are also prioritised by rating each in terms of Probability and Seriousness.
- They are then classified into high, medium, and low risks which enables the organisation to efficiently apply resources in respect of high-risk items.

Categorisation of regulatory items

- The purpose of categorising regulatory items is to assist in the identification and consideration of items based on their relative impact on or significance to the organisation. Priority should be given to assessing and rating core items, then secondary and topical items, respectively.

Core/Primary requirements

- These include specific enabling legislation in the relevant industry. These requirements typically refer to the need for a license to conduct business, capital requirements, fit and proper requirements, conduct requirements, reporting requirements as well as the penalties for non-compliance. They are likely to have material impact on reputation in the event of an issue of non-compliance being made public.

Secondary requirements

- These requirements are those that are not necessarily applicable to every organisation in the particular industry sector, but which do apply to the organisation. The impact here is less

likely to be severe than that of core/ primary requirements. These included non-binding codes and best practice standards that have been adopted voluntarily.

Topical or pertinent requirements

- Topical or pertinent requirements consist of those regulatory requirements that are not core or primary or secondary, but which nevertheless do apply to the organisation. These include legislation relating to intellectual property, Broadcast Act (TV licenses), Administration and Adjudication of Road Traffic Offences Act (AARTO), Municipal By-Laws relating to the premises of the organisation etc.

13.3. Phase III: Compliance risk management (Establishment of Controls)

- A risk management plan is developed based on the requirements in the high-risk area as a priority. The plan is established for each requirement by identifying, inter alia, the following:
 - Provisions for each requirement that must be complied with;
 - The control measure that will monitor compliance;
 - The responsible person for implementing the control measure; and
 - The target date for implementing the control measure (if applicable);
- **Compliance control measures**

Type of Control	Purpose of Control
Directive controls	These generally refer to the policy and procedure documents/ guides issued by the board and committees, senior management, and other accountable individuals. They provide high level direction and establish standards for the creation of an all-encompassing control culture is created within the organisation. JORDAN RAY CONSULTING recognises the importance of implementing other control interventions along with directive controls as they would be insufficient in the management of compliance risks independently.
Preventive controls	These controls necessitate that relevant and regulatory approvals, authorisations and licenses have been obtained before commencing with certain business transactions.
Detective controls	These controls aim to detect and correct undesirable events that have already occurred. Detective controls should be designed to have related corrective measures that ensure that identified problems are addressed in an appropriate manner, i.e. detective controls, when used in conjunction with appropriate corrective measures, mitigate the impact of a risk, i.e. the risk event has already occurred, but once detected corrective action can be taken quickly to prevent further damage or non-compliance incidents. Detective controls are put in place in recognition that preventive controls may fail or be overridden and are generally positioned within a system or process to identify errors, deviations or problems that have already occurred.
Contingent controls	These are controls that are dependent on the occurrence of an event. The contingent control will minimise the impact of an undesirable event that has occurred, e.g. Insuring against an insurable event. Contingent controls, by their nature will be more effective for risks with a low likelihood of occurrence, but which have a severe impact, e.g. losses due to fraud, damage to buildings, etc.

13.4. Phase IV: Compliance risk monitoring

Development of an effective review process to evaluate the implementation of the compliance risk management plans throughout the entity. This includes the development of a compliance risk monitoring plan.

13.5. Compliance reporting

Regular reporting (Monthly, Quarterly, Bi-annually, and annually) for the purpose of advising management as well as regulators on:

- The status of compliance and the effectiveness of the compliance programme;
- Efficacy of controls in high-risk business areas;
- New, or changes to, regulatory obligations;
- Highlight control issues to management;
- Bring problems or possible problems to management's attention
- Recommend change

13.6. Compliance Training

JORDAN RAY CONSULTING aims to remain constructive within its organisation. All matters relating to compliance i.e. materially critical areas of risk, as well as statutory on-going matters are communicated throughout the organisation through training & development. This may include carefully prioritised topical training sessions, self-reading and attendance of webinars, seminar, conferences, tutorials as well as through Continuous Professional Development (CPD) initiatives, available through industry.

14. RISK ASSESSMENT SCALES AND CRITERIA

When assessing risk, both inherent and residual risk is considered. Inherent risk considers the "worst case scenario" whilst residual risk measures the current level of risk considering the adequacy and effectiveness of controls and measures already in place.

Assessment of inherent risk assists in:

- Understanding of exposure level in the event of a significant control failure
- Identifying key controls and considering their effectiveness.
- Understanding the relationship between risks and their associated responses and controls
- Developing effective key risk indicators and controls

Residual risk is essential to determining the organisation's current levels of risk and should always be used. Determining the residual risk requires, as a pre-requisite, considering existing measures and controls that have already been implemented and assessing/ estimating the adequacy and effectiveness thereof.

The assessment scale could be calibrated as set out below, namely, ratings between 1 and 10 allocated for Probability and Impact. The Tables provide a guideline which can be used to facilitate the ratings:

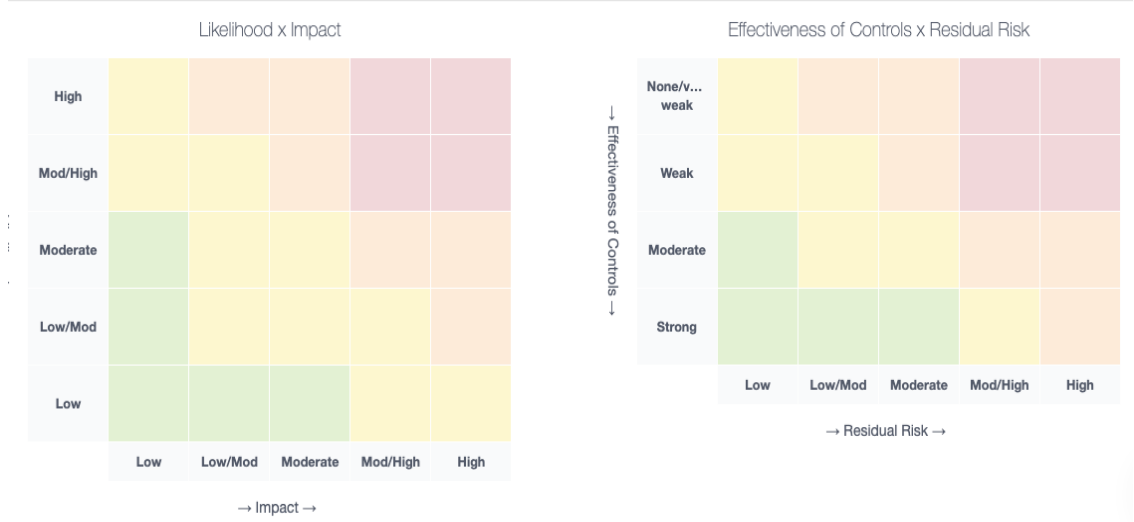


Figure 5: Heat Map

15. INDEPENDENCE AND CONFLICTS OF INTEREST

Top management at JORDAN RAY CONSULTING recognizes that the effective functioning of the governance structure is dependent on several factors including the level of independence afforded to the compliance function, the interaction with other risk management stakeholders plus the reporting lines and processes that are implemented.

The organisation strives to ensure that perceived as well as real conflicts of interest are avoided and if this is not possible, appropriate management is enforced. In the spirit of ethical accountability, JORDAN RAY CONSULTING endeavors to consider and take into account the perceptions and interests of stakeholders, particularly the clients and suppliers of the organisation before the interests of the individuals in the organisation and the interests of the organisation itself.

16. REVIEW OF FRAMEWORK

The framework will be reviewed by top management on at least an annual basis.

17. OWNERSHIP AND ACCOUNTABILITY

This Compliance Risk Management Framework by JORDAN RAY CONSULTING, a duly registered company/close corporation under the Companies Act, 2010.

As top management of the organisation, we confirm that this framework is hereby adopted and commit to its successful implementation.

Full Name of Director (1): _____MICHELLE RAY_____

Signature: _____ Date: _____

Full Name of Director (2): _____

Signature: _____ Date: _____

Full Name of Director (3): _____

Signature: _____ Date: _____