DISCOVERY WORLD

ENTERPRISE RISK MANAGEMENT POLICY

I. INTRODUCTION

The Enterprise Risk Management Policy ("the ERM Policy") provides the framework for managing risks of Discovery World Corporation and its subsidiaries ("DWC" or "the Company"). It contains the fundamental policies to guide all DWC personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. This will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company's portfolio of risks.

A. Scope

This ERM Policy applies to DWC and its subsidiaries.

B. Purpose

This ERM Policy forms part of DWC's Corporate Governance Manual and shall:

1. Establish the risk management goals and objectives of the Company;
2. Provide an enterprise-wide risk management framework, structure, and organization that support the achievement of the Company's risk management goals, and objectives;
3. Define the roles and responsibilities of DWC's Board of Directors ("BOD" or "the Board"), senior management, officers, and all employees with regard to the Company's risk management processes and activities;
4. Establish a common culture and language that promote consistent definition and understanding of risks and their related impact to the Company's business; and
5. Establish a consistent and enterprise-wide approach in identifying and prioritizing risks, analyzing inter-relationship among risks, identifying the drivers and sources of risks, development of strategies and action plans in managing risks, monitoring and reporting on the implementation of risk management strategies and action plans, and

evaluating the effectiveness of the overall risk management process for continuous improvement.

C. ERM Goals and Objectives

DWC's Enterprise Risk Management ("ERM") shall serve as one of the Company's key enablers for effective corporate governance and achievement of the Company's strategic objectives. The main objective of Risk Management is to create an environment in which there is greater assurance for the Company to achieve its objectives. However, for risk management to be effective and add value, the Company and all its functions should adhere to the following at all times:

1. Establish a sustainable risk management process to enable DWC to focus on and manage its key risks;
2. Embed risk management into the awareness and day-to-day activities of each DWC officer and employee;
3. Integrate a rigorous risk management process into the strategic planning, budgeting and decision-making process; and
4. Provide a structured framework for enhancing DWC's corporate governance.
5. Risk management:
   - should be an integral part of all organizational processes
   - should be part of all decision making
   - should explicitly address uncertainty (if it is not with certainty then it is not a risk)
   - should be systematic, structured and timely
   - should be based on the best available information
   - should be tailored (i.e. it should be aligned with the organization's internal and external environments)
   - should be transparent and inclusive
   - is dynamic, interactive and responsive to change
   - facilitates continual improvement of the organization
   - should take human and cultural factors into account

II. RISK MANAGEMENT FRAMEWORK

A. Definitions

1. **Risk** – an unwanted outcome, actual or potential, to the Company's service delivery and other performance objectives causes by the presence of risk factor(s). Some risk factor(s) also present upside potential which management must be aware of and be prepared to exploit.

2. **Risk Management** – a systematic and formalized process to identify assesses, manage and monitor risks.

3. **Risk management framework** – Risk Management Framework adopted by the Company

4. **Risk Aware** – means being proactive and prevent risk from materializing or to reduce the impact of its occurrence to an acceptable level.

5. **Risk Averse** - Risk aversion is a manifestation of people's general preference for certainty over uncertainty, and for minimizing the magnitude of the worst possible outcomes to which they are exposed.

6. **Risk assessment** – is a systematic process to quantify or qualify the level of the risk associated with a specific threat or event to enrich the risk intelligence available to the Company.

7. **Strategic objectives** – are areas of organizational performance that are critical to the achievements of its mission.

8. **Operational objectives** – are short term goals whose attainment moves an organization towards achieving its strategic or long-term goals.

9. **Enterprise Risk Management** – is a broad-based application of risk management in all major functions and activities of a Company, rather than only in selected areas.

10. **Chief Risk Officer** – an employee with the specialist expertise to assist the Company to embed risk management and leverage its benefits to enhance performance.

11. **Risk response** – means appropriate steps taken or procedures implemented upon the discovery of an unacceptably high degree of exposure to one or more risks. Also called risk treatment or mitigating strategies.

12. **Risk management strategy** – means a document that outlines a high level plan on how the department will go about implementing its risk management policy.

13. **Risk Profile** – means a report in which the data collected from the risk assessment workshop had been analyzed and presented in.

14. **Business Unit** – means a specific functional area such as Department or sub-department.

15. **Risk Champion** – means existing member of senior management (not exclusively) charged with the responsibility to support the risk management process within their specific allocated functions.

16. **Risk Management Policy** – means a document which communicates the Company's stance with regard to risk management.

B. Principles

1. Risk is a part of any business operations and risk management is therefore part of day-to-day business management. The Company seeks to formalize the management of risks to the extent that all functions are able to apply best-practices and techniques, to share knowledge and experience, as well to make the key risks apparent to all stakeholders in an endeavour to ensure high quality service delivery.

2. To structure and formalize the risk management process across the organization, it is imperative that the Business units implement and use this risk management framework.

3. The Company understands the fact that risks are inherent to any business environment and as such will take inherent risk to its business strategies but within predetermined and acceptable limits in an effort to achieve its corporate and business units' objectives as well as to deliver superior services. The Company is implementing a systematic approach as outlined in the Risk Management Strategy for managing risk across the organization. This approach aims at increasing risk awareness, ensure the appropriate management of risks, and in turn makes the departmental risk profile relevant and synchronized, thus enabling risks to be compared and aggregated, allowing one to take a portfolio approach to risk management.

4. The Business Units are expected to actively anticipate and manage their risks, taking advantage of opportunities that contains potential hazards and should be in line with the Departmental risk tolerance. The external and internal risks facing the Department are changing constantly and all the functions are expected to proactively:
   - Utilize experience through knowledge sharing;

- Deal with ambiguity, uncertainty and increasing complexity;
- Prioritize, make decisions and implement solutions on a timely basis;
- Recognize and act on opportunities as they occur;
- Ensure results in spite of a change in economic and/or political environments.

C. POLICY

1. The Company aims to be risk aware, but not overly risk averse, and to actively manage strategic and operational risks to ensure high quality of care. To achieve its overall objectives, the Company commits itself that it will take on certain risks. The Company aims to take risks in an informed and proactive manner, at the same time proactively managing high risk areas to levels that will ensure optimum functionality of an organization and business continuity as well as acceptable service delivery levels.

2. Management shall establish such risk responses as required in order to achieve the organizational objectives (Strategic and operational) in accordance with the acceptability of the risk as will be outlined in the risk appetite and tolerance document. Quantified and qualitative risk tolerances will be formulated and regularly updated by Management at department level. The Department will aim to actively avoid risks that could:

    a. Negatively affect the safety of employees, patients or other stakeholders
    b. Negatively affect the reputation of the organization;
    c. Lead to laws or regulations being breached; or
    d. Endanger the future existence of the organization.

3. In order to formalize risk management across the Department and in order to set a common level of transparency and risk management performance, a number of requirements have been defined for the organization.

    The Department is obliged to address the following requirements with regard to risk management:

    a. Develop and review, at least annually, a statement on the risk appetite and tolerance of the Departments' Programmes and/ or Business Units;
    b. Conduct a formalized risk assessment at least annually, this assessment to include the identification, prioritization, measurement and categorization of all key risks that

could potentially affect the strategic and operational objectives as well as those for any projects that the department might embark on from time to time;

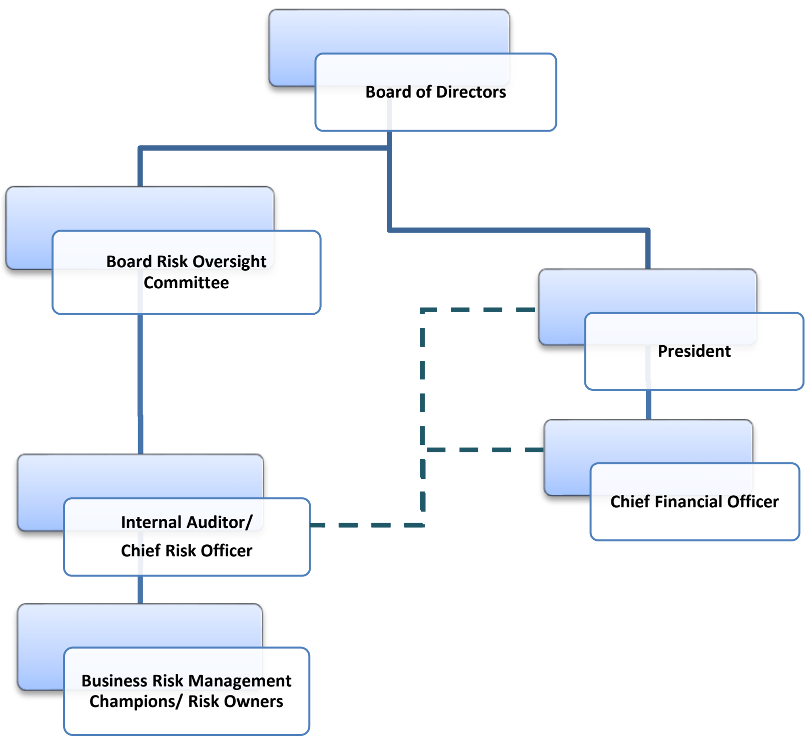
c. Report at least quarterly and annually on the key strategic and operational risks as identified in Department's risk reporting formats;

d. Continuously monitor key risks and controls and implement appropriate risk responses and mitigation strategies where necessary;

e. Formalize responsibilities for managing risk and for sustaining organization's risk management framework within the Department as a whole;

f. Monitor and review the application of the risk management framework.

D. RISK MANAGEMENT STRUCTURE



The Board Risk Oversight Committee assists the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

The Chief Risk Officer (CRO) may be appointed who shall be the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfil his/ her responsibilities. The CRO functionally reports to the Board Risk Oversight Committee and administratively reports to the President and/or Chief Financial Officer.

Every Business Unit of the of the organization shall appoint its Risk Champion/a, who supports the risk management process in specific allocated areas or functions and has sufficient authority to drive risk management processes as required by the Department's Risk Management Policy and strategy.

E. RISK MANAGEMENT OVERSIGHT

To ensure the successful implementation of DWC's ERM, it is important that a risk management structure is in place to have an integrated and independent view of the enterprise-wide risks across the different risks categories (e.g., strategic, operations, compliance, legal, financial and reputational). This will allow the Company to reduce any gaps in risk coverage, risk management functional inefficiencies and overlaps, and confusion among concerned personnel due to lack of structured communication and reporting lines.

F. KEY RESPONSIBILITIES

1. Board Risk Oversight Committee

The Committee's responsibilities can be summarized as follows:

a. Review the risk management policy and strategy and recommend for approval by the Accounting Officer;

b. Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;

c. Review the Company's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;

d. Evaluate the effectiveness of the implementation of the fraud prevention policy;

e. Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;

f. Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;

g. Set out the nature, role, responsibility and authority of the risk management function within the organization for approval by the Board, and oversee the performance of the risk management function;

h. Provide proper and timely reports to the Board on the state or risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

2. Management/ Risk Owners

Management in the context of this policy shall refer to Executive Management, senior management, middle and line management. The roles and responsibilities of Management are summarized as follows:

a. Management is accountable to the Board for designing, implementing and monitoring risk management, and integrating it into the day-to-day activities of the Company. This needs to be done in such a manner as to ensure that risk management becomes a valuable strategic management tools for underpinning the efficacy of service delivery and value for money.

b. Acknowledges the "ownership" of risks within their functional areas and all responsibilities associated with managing such risks;

c. Cascades risk management into their functional responsibilities;

d. Empowers officials to perform adequately in terms of risk management responsibilities through proper communication of responsibilities, comprehensive orientation and ongoing opportunities for skills development;

e. Holds officials accountable for their specific risk management responsibilities;

f. Maintain the functional risk profile within the Company's risk tolerance and appetite;

g. Implement the directives of the Board concerning risk management;

h. Maintain a harmonious working relationship with the CRO and supports the CRO in matters concerning the functions risk management;

i. Keep key functional risks at the forefront of the management agenda and devote personal attention in overseeing the management of these risks.

3. Chief Risk Officer

a. The primary responsibility of the CRO is to bring his/ her specialist expertise to assist the Department to embed and leverage the benefits of risk management to achieve its stated objectives.

b. Working with senior management to develop the overall enterprise risk management vision, risk management strategy, risk management policy as well as risk appetite and tolerance levels for approval by Management.

c. Setting up the risk management structure and risk management reporting lines within the Company;

d. Continuously driving the risk management structure and risk management reporting lines within the Company;

e. Continuously driving the risk management process towards best practice;

f. Coordinating risk assessments within the Department on a regular basis;

g. Assisting Management in developing and implementing risk responses for each identified material risk;

h. Participating in the development of the combined assurance plan for the Company, together with internal audit and management;

i. Ensuring effective information systems exist to facilitate overall risk management improvement within the Company;

j. Continuously transferring risk management principles and practices, through training interventions, to all stakeholders within the Company;

k. Advising Management in the development of financing structures;

l. Analysing the results of the assessment process to identify trends, within the risk and control profile, and develop the necessary high level control interventions to manage these trends;

m. Compiling the necessary reports to the Risk Management Committee;

n. Providing input into the development and subsequent review of the fraud prevention strategy, business continuity plan, occupational health, safety and environmental policies and practices and disaster management plans.

4. Risk Champions

a. Risk Champions support the risk management process in specific allocated areas or functions and has sufficient authority to drive risk management processes as required by the Company's Risk Management Policy and strategy. The following are the key responsibilities of Risk Champions:

- Acting as the first point of contact for risk management inquiries from their own service;
- Facilitate the dissemination of risk information to all levels within their Department;
- Regularly updating their manager on progress or otherwise being made in implementing risk management programs;
- Liaising with the Chief Risk Officer regarding progress with risk management developments;
- Providing basic advice to service team members;
- Completing the quarterly review of risk registers;
- Integrating risk actions into service delivery plans where appropriate;
- Ensuring risk actions are taken, and where not, raise with their head of service;
- Regularly review risk actions and projects for progress;
- Ensure colleagues are aware of risk-related issues within their area; and
- Escalating instances where the risk management efforts are stifled, such as when individuals try to block risk management initiatives.

b. The Risk Champion also adds value to the risk management process by providing guidance and support to manage risks. In order to undertake these duties the risk champions must be supported by the Chief Risk Officer, Chief Executive Officer, and the Directors.

c. All those involved in the organisation's risk management arrangements are given relevant training and guidance. The risk champions within each service will be suitably trained to enable them to take responsibility for managing risk within their area and provide assurance to their head of service that risks are being managed effectively.

5. Other Personnel

Other personnel in the context of this policy will refer to all staff in the employ of the Company whether permanently, temporarily or on a contract or any other way but does not hold managerial position or does not work in the Risk Management function of the Company. Their responsibilities are as follows:

a. Accountable to the Management for implementing and monitoring the process of risk management and integrating it into their day-to-day activities;

b. Acting within the risk appetite and tolerance levels set by the Department;

c. Adhering to the Code of Conduct of the Company;

d. Maintaining the functioning of the control environment, information and communication as well as the monitoring systems within their delegated responsibility;

e. Providing information and cooperation with other role players;

f. Participation in risk assessment processes within their Departments;

g. Implementation of risk responses to address the identified risks.

6. Internal Audit

The Internal Audit Function will conduct a systematic program of operational and financial audit across the Departments as well as the adequacy of risk management processes. Through the risk management process, all functions are responsible for assessing their risks and controls, and for gaining assurance that risks are being managed as intended.

The Internal Audit Function and Internal Control function will refer to the audit functions performed internally by the Internal Control. Their responsibilities which will be complimentary to one another include:

1. Internal Audit is accountable to the Audit Committee and the Board for providing independent assurance regarding the risk management activities of a Company.

2. Reviewing the risk philosophy of the Company. This includes the risk management policy and strategy, fraud prevention plan, risk management reporting lines, the values that have been developed for the Company;

3. Reviewing the appropriateness of the risk tolerance levels set by the Company;

4. Providing assurance over the design and functioning of the control environment, information and communication systems and the monitoring systems;

5. Providing assurance over the Department's risk assessment processes;

6. Utilising the results of the risk assessment to develop long term and current year internal audit plans;

7. Providing independent assurance as to whether the risk management strategy and implementation plan and fraud prevention plan have been effectively implemented within the Department;

8. Providing independent assurance over the adequacy of the control environment. This includes providing assurance over the effectiveness of the internal controls implemented to mitigate the identified risks.

G. Risk Management Process

1. Risk Assessment

a. Identify the Risk

Taking into account the context of the risk management process, DWC shall identify risks that could be relevant and significant to the company's business by conducting surveys, interviews, brainstorming, and workshops with the members of the Management and the Risk Management Unit and other relevant personnel (collectively, the ERM Participants) identified by the Management to participate in the ERM Process. The objective of this activity is to come up with the Company's Risk Register.

Risk Register - Each Department maintains separate registers of their strategic and operational business risks, which:

- link risks to strategic objectives;
- assess both the gross and net risks for likelihood and impact;
- assign named individuals to lead on actions identified to mitigate (reduce the likelihood and/or consequences of) each risk;
- Each service has its own operational risk register and the risk champion records the risks identified by their team. Heads of service endorse their specific risk registers when they are updated and the risk management process ensures that we review and update the operational risk registers on a quarterly basis;

b. Analyze the Risk

Once the relevant and critical risks are identified, the ERM Participants will determine the likelihood of occurrence and consequence of each risk. The Company will develop its understanding of the nature of the risk and its potential to affect project goals and objectives. This information is also input in the Risk Register.

c. Evaluate or Rank the Risk

The Department will rank the risk by determining the risk magnitude, which is the combination of likelihood and consequence. Upon identification of the top risks, the Company shall analyze the drivers and the sources of these risks, or simply identifying the root causes. The Management will make decisions about which needs to be prioritized and acted upon immediately. The Risk Owners shall be also identified after evaluation of the specific functions or processes to which the risks relate. These risk rankings and risk owners are added to the Risk Register.

2. Risk Response

After identifying, analyzing and evaluating the risks, DWC shall set out a plan to treat and modify these risks to achieve acceptable risk levels. DWC shall develop strategies to manage risks consistent with the Company's strategic goals and objectives, risk appetite and tolerance levels.

a. Develop Risk Management Strategies

To minimize the probability of the negative risks as well as enhancing the opportunities, DWC creates risk mitigation strategies, preventive plans and contingency plans. These strategies shall be added to the Risk Register. Strategies of DWC are to:

(1) Accept the Risk - Accepting the risk means that while the Company had identified it and logged it in the Company's Risk Register, the Company takes no action. The Company accepts that the risk might happen and decide to deal with it if it does. This is for small risks that won't have much of an impact on the Company's project if they happen and could be easily dealt with if or when they arise.

- Reprice – including explicit premium in the pricing of products and services permitting to compensate for risk undertaken;
- Offset – compensate risk against other products and services within a well-defined pool;

- Plan – documenting a contingency plan and empowering people to make decisions;
- Self – insure – absorb risk through internal charges to income and loss.

(2) Reduce the Risk- Mitigation means is that the Company limits the impact of a risk, so that if it does occur, the problem it creates is smaller and easier to fix.

- Control – through internal control processes or actions embedded in the core processes of the Business Units that reduce the likelihood of undesirable events occurring to an acceptable level (as defined by management's risk threshold);
- Disperse – geographical distribution of financial, physical or information assets to reduce the risk of unacceptable catastrophic losses.

(3) Transfer the Risk – The Company transfers the impact and management of the risk to someone else.

- Insure – through cost-effective contract with independent, financially capable party under a well-defined risk strategy;
- Reinsure – reduce portfolio exposure through contracts with other insurers, when such arrangements are available;
- Hedge – entering into the capital markets, making feasible changes in operations or executing new borrowings;
- Share – investing in new markets and products by entering into alliances or joint ventures;
- Outsource – engaging a third party to perform non-core processes and risks are contractually transferred;
- Indemnify – entering into contractual risk-sharing arrangements with independent financially capable parties.

(4) Avoid the Risk – The Company can also change its plans completely to avoid the risk. This is a good strategy for when a risk has a potentially large impact on your project.

- Divest – exiting a market or geographic area or by selling, liquidating or spinning off a product group or business;

- Prohibit – unacceptably high risk activities, transactions, financial losses and asset exposures through appropriate limit structures and corporate standards;
- Stop – redefining objectives, refocusing strategies or redirecting resources;
- Target – business development and market expansion to avoid pursuit of "off-strategy" and unacceptably high-risk projects; and
- Eliminate – designing and implementing internal preventive processes at the source.

(5) Combination - The Company may be using a combination of strategies that best suit the risks on the project and the skills of the employees.

b. Develop Risk Management Action Plans

Based on the approved risks management strategies, DWC shall develop specific action plans to support the implementation of these strategies. DWC shall ensure that appropriate communication protocols and channels exist to support the execution of action plans that require coordinated effort across business functions.

3. Monitor and Report on the ERM process

DWC shall continuously monitor the risks and effectiveness of the implementation of the strategies/action plans. This shall be done by ensuring that risk management is a regular agenda item in AUDIT COM, MANCOM, BOD and Departmental meetings. DWC shall also ensure that all initiatives pertaining to the overall ERM process continuously monitored and regularly reported to the appropriate stakeholders in the Company. Monitoring of the ERM process shall be applied on:

a. existing priority risks;
b. new emerging risks;
c. risk management performance; and
d. specific measures, policies and procedures both at the enterprise-wide and business functional levels.

Any material weaknesses or significant control deficiencies identified shall be reported and presented to the AUDIT COM, MANCOM and BOD together with the actions being taken to resolve the issues or to follow up on the resolution of long-outstanding issues.

H. Policy Implementation and Review

1. The revisions in this policy shall be implemented immediately following the approval of this policy by the relevant structures and the Board, in line with the implementation plan that will be developed by the Chief Risk Officer.

2. The policy shall be reviewed at least every two (2) years to ensure alignment and relevance to any significant changes in the professional, regulatory, governance and any other environments that affect functionality of risk management processes.