

Risk Management Policy

4XHub Ltd

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VERSION CONTROL

Version Number	Date Updated	Notes
1	August 2021	Original document prepared and finalised in consultation with Sophie Grace Pty Ltd.
2	November 2021	Modified for 4XHUB Ltd.
3	November 2022	Revised by Marcus Tan & Co. for Labuan

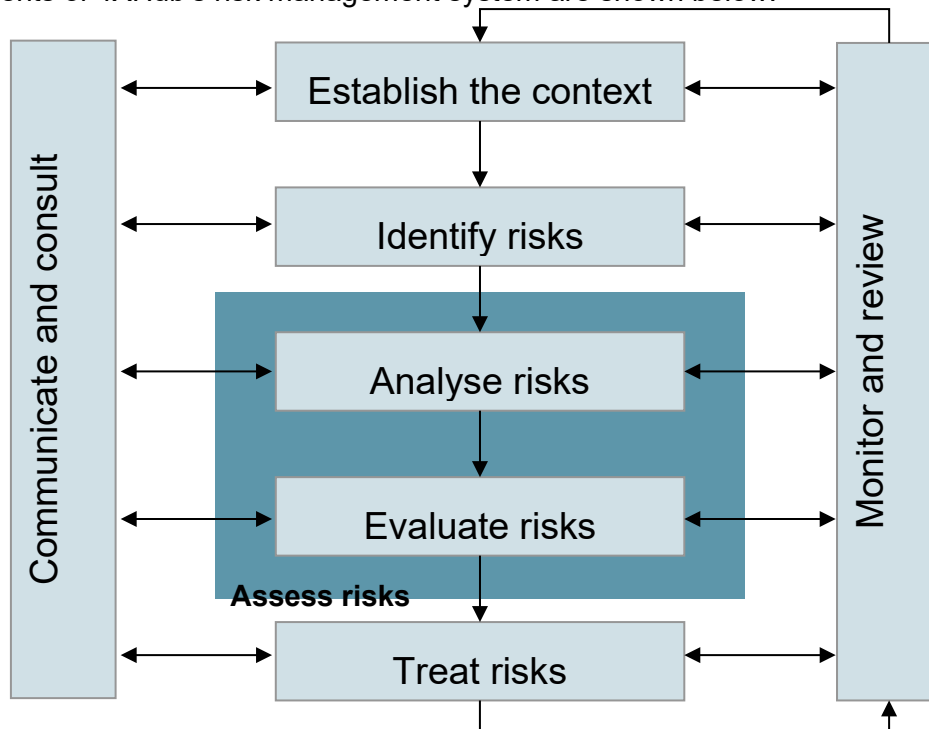
SECTION A – INTRODUCTION

1. INTRODUCTION

- 1.1 This Risk Management Statement (“**Statement**”) describes 4XHub Ltd’s (“**4XHub**”) risk management system as it relates to the operations of 4XHub. The risk management system refers to the systematic method of establishing the context, identifying, analysing, evaluating, treating, mitigating, monitoring, and communicating risks associated with the provision of financial advice and dealing in financial products to minimise losses and maximise opportunities by an authorised representative or itself.
- 1.2 The Board of Directors is committed to optimising this risk management system and to ensure that risks are adequately and appropriately addressed in a timely manner. 4XHub considers a broad range of external and internal aspects of the business when managing risk including, regulatory, social, economic, and cultural risks as well as 4XHub’s policies and processes for managing risk and 4XHub’s resources to do so.
- 1.3 It is the policy of 4XHub to operate its financial services business within a culture of risk management and a mindset of adherence to this Statement at all times.

2. OVERVIEW OF RISK MANAGEMENT SYSTEM

- 2.1 The methodology set out below has been used as a benchmark in preparing this Statement and may be used to assist in monitoring and implementing risk management measures. The key elements of 4XHub's risk management system are shown below.



- 2.2 4XHub’s Risk Assessment and Management Matrix sets out in detail the risks 4XHub has identified, analysed, evaluated and treated.

3. CONTEXT

Risk Management Context

3.1 The major aspects of risk management for 4XHub in terms of its own operations are:

- (a) **Identify** all the potential risks faced by 4XHub and use the appropriate tools in applying them to 4XHub's operations and processes.
- (b) **Analyse and measure** the risks in terms of likelihood and consequence and use this information to make decisions on the method for controlling the potential risk.
- (c) **Mitigate** risks (where possible) by implementing policies and procedures.
- (d) **Select and implement** appropriate steps to manage the unmitigated risks; and
- (e) **Monitor** the risk management program to ensure that the steps taken are working and continue to be appropriate in a dynamic operating environment.

3.2 This Statement addresses the following sources of risk identified by 4XHub:

- (a) **Financial Risk**
 - (i) Financial risk refers to 4XHub's ability to always maintain solvency and to meet the financial requirements of 4XHub. It also addresses the risks faced by 4XHub in failing to adequately plan its business operations resulting in revenue losses.
- (b) **Operational Risk (including Legal and Reputational Risk)**
 - (i) In this context, operational risk covers, but is not limited to, issues such as technology risk (including processing risks), reputational risk, fraud, compliance, outsourcing, business continuity planning, legal risk and key person risk. Specifically, the organisational structure of 4XHub assumes all business-related responsibility to the Board of Directors of 4XHub, which impacts on 4XHub's operational risk.
- (c) **Investment Risk (including Investment Risk, Liquidity Risk and Counterparty Risk)**
 - (i) Investment risk is derived from a number of sources, including marketing risk (e.g. equity, interest rate and foreign exchange risk), credit risk and investment concentration risk.

5. ORGANISATIONAL STRUCTURE

- 5.1 4XHub has established a functional organisational structure to support its risk management processes and the Compliance Officer and Director are responsible for risk management matters relating to the operation of 4XHub.
- 5.2 External consultation on risk management practice is engaged frequently.
- 5.3 4XHub recognises that risk management is an integral part of good management practice and assists with informed decision making. Risk management is integrated into 4XHub's philosophy, practices and business plan and a culture of compliance is promoted.
- 5.4 4XHub's Compliance Program and Calendar further outlines the specific roles and responsibilities of 4XHub's key staff in relation to risk management.

6. RISK IDENTIFICATION

- 6.1 4XHub has undertaken a process to identify risks impacting on its operations that need to be managed. Certain material risks and business continuity risks have been identified and these are set out in 4XHub's Risk Assessment and Management Matrix.

7. RISK ANALYSIS

- 7.1 4XHub analyses the risks identified. This assessment process involves a consideration of the following:
 - (a) the causes and sources of a risk;
 - (b) the likelihood of the event occurring; and
 - (c) the positive or negative impact of the identified risk on 4XHub if it occurred.
- 7.2 The likelihood and impact are then combined to determine the overall level of risk.

8. RISK EVALUATION

- 8.1 4XHub has adopted qualitative criteria to evaluate levels of risk - this criterion takes account of the fact that certain risks are unquantifiable.
- 8.2 4XHub evaluates each risk and prioritises the assessed risk in order to establish which risks need to be treated. 4XHub also considers the existing risk control procedures and assesses what (if any) further action is required.

9. RISK TREATMENT

- 9.1 4XHub has appropriate control mechanisms in place to ensure that the risks identified and assessed are appropriately and adequately managed. 4XHub has selected the most appropriate risk treatment option for each risk by balancing the cost and efforts of each treatment against its benefits, having regard to other considerations including legal and regulatory requirements. These control mechanisms are set out for each identified material risk in 4XHub's Risk Assessment and Management Matrix. Business continuity procedures are also outlined in this matrix.

9.2 4XHub monitors the risk treatment for the introduction of secondary risks caused by the risk treatment. The secondary risk is assessed, treated, monitored, and reviewed in the same treatment plan as the original risk.

10. RESIDUAL RISK

10.1 4XHub monitors the effectiveness of the risk treatment to determine the level of residual risk. Where residual risk is identified 4XHub decides whether the residual risk level is tolerable.

10.2 Where the residual risk levels are not tolerable 4XHub generates an additional or alternative risk treatment to address the risk. 4XHub monitors and assesses whether this treatment is more effective at reducing the residual risk. These control mechanisms are set out for each identified material risk in 4XHub's Risk Assessment and Management Matrix.

11. IDENTIFICATION, ANALYSIS AND EVALUATION OF COMPLIANCE RISKS

11.1 4XHub identifies situations where there is a risk of non-compliance.

11.2 4XHub analyses compliance risks by considering:

- (a) the causes and sources of non-compliance;
- (b) the severity of the consequences of non-compliance; and
- (c) the likelihood that non-compliance and associated consequences will occur.

11.3 4XHub has identified instances of non-compliance in the Risk Assessment and Management Matrix.

11.4 4XHub's Compliance Officer assesses compliance risks on an annual basis or when:

- (a) 4XHub commences or changes business activities or provides new products or services;
- (b) changes to the structure or strategy of 4XHub occur;
- (c) significant external changes occur e.g. changes to financial or economic circumstances, market conditions, liabilities or client relationships;
- (d) there are changes to compliance obligations under relevant legislation and regulations; and
- (e) breaches or incidents occur.

11.5 Appropriate personnel are provided with a copy of or access to this Statement and receive any necessary training in respect of relevant risk management systems.

11.6 The Compliance Officer provides quarterly compliance declarations which highlight any issues detected in the performance of the risk management system of 4XHub. This includes the identification, evaluation and management of further potential risks affecting 4XHub.

13. OUTSOURCING RISKS

13.1 Providers:

- (a) 4XHub engages the services of the firms listed on its External Services Provider Register.

13.2 Meetings and Exchange of Information:

- (a) Meetings are held a minimum of every twelve (12) months, or as requested.

13.3 Changes of Policies and Procedures:

- (a) Changes of procedures are discussed at meetings and reviewed in accordance with 4XHub's Compliance Calendar.

13.4 Communication to the Board of Directors:

- (a) Any changes to the service or breaches of Service Level Agreements are communicated to the Board of Directors of 4XHub quarterly.

13.5 Conflicts:

- (a) None known.

14. RECORD KEEPING

- 14.1 The Compliance Officer is responsible for ensuring that adequate records are kept of the risk management system to enable the process to be reviewed.

15. POLICY REVIEW

- 15.1 This Policy is reviewed on at least an annual basis by the Compliance Officer having regard to the changing circumstances of 4XHub. The Compliance Officer then reports to the Board of Directors on compliance with this Policy.

Issued by 4XHub Ltd

November 2022

APPENDIX 1 – CUSTOMER SERVICE BACK-UP AND RECOVERY STRATEGY

It is critical for 4XHub to be able to continue to provide an adequate level of service to customers throughout an emergency. This is an especially important area, which should be given a high level of priority.

Record the details of each customer, who contractually specify that they should be contacted in the event that the system is down for a certain period of time.

CUSTOMER	PRODUCT	CONTRACT TERMS	CONTACT PERSON	CONTACT DETAILS