

## RISK MANAGEMENT POLICY – APPENDIX C – RISK SCORING SYSTEM

### INTRODUCTION TO THE RISK ASSESSMENT METHODOLOGY OF CREDIT GLORIOUS PROPERTY HOLDINGS LTD.

At Credit Glorious Property Holdings Ltd., we are committed to a comprehensive and systematic approach to risk management. Our Risk Assessment methodology is designed to quantify and prioritize risks, enabling us to make informed decisions and implement effective risk mitigation strategies. This methodology is integral to our commitment to safeguarding our operations, reputation, and stakeholders' interests.

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#### Method of Calculation

The core of our Risk Assessment process is a two-dimensional analysis, combining the Impact and Likelihood of potential risk events. This method allows us to evaluate risks in a structured and quantifiable manner.

- ❖ *Impact Assessment:* We assess the potential impact of each identified risk event across various dimensions, including financial, legal, reputational, project, and stakeholder impacts. Each dimension is scored on a scale from 1 (very low impact) to 5 (very high impact). The total impact score is the sum of these individual scores.
- ❖ *Likelihood Assessment:* Parallel to the impact, we evaluate the likelihood of each risk event occurring. This is also scored on a scale from 1 (very low likelihood) to 5 (very high likelihood).
- ❖ *Combined Risk Score:* The overall risk score for each event is calculated by adding the Impact score and the Likelihood score. This combined score provides a comprehensive view of the risk's severity.

#### Risk Evaluation Using RAG (Red, Amber, Green) Matrix

Upon calculating the combined risk score, we place each risk event within our RAG (Red, Amber, Green) Matrix. This matrix categorizes risks based on their severity and urgency:

- ❖ *Red:* High-risk events requiring immediate attention and action.
- ❖ *Amber:* Moderate risks that need careful monitoring and planned response strategies.
- ❖ *Green:* Low-level risks that are manageable within our standard operating procedures.

#### Consideration of External Factors

In our risk assessment, we recognize the importance of external factors. These include market trends, regulatory changes, geopolitical shifts, and technological advancements. Understanding these external elements is crucial as they can significantly influence the likelihood and impact of risk events. Our risk assessment is not static; it's a dynamic process that adapts to the changing external environment, ensuring that our risk management remains relevant and effective.

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### IMPACT RATING

CATEGORY	EVENT	FINANCIAL IMPACT	REPUTATIONAL DAMAGE	STAKEHOLDER IMPACT	LEGAL IMPLICATIONS	PROJECT IMPACT	SCORE
MARKET FLUCTUATIONS	Significant shifts in London's real estate market, influenced by economic downturns or policy changes.	Market volatility can significantly affect investment values and profitability.	Poor market performance can erode client trust and company reputation.	Investors, shareholders, and clients are directly affected by market performance.	May lead to increased scrutiny and regulatory compliance requirements.	Market conditions can affect the viability and success of ongoing projects.	5
CREDIT RISK	High default rates in mortgage portfolios due to economic hardship among clients.	Defaults or non-payments can lead to significant financial losses.	Inability to manage credit risk can damage the company's credibility.	Affects lenders, investors, and other financial stakeholders.	Non-compliance with credit regulations can result in legal consequences.	Credit issues can disrupt project financing and execution.	5
LIQUIDITY RISK	Inability to quickly convert assets into cash without significant loss, impacting operational funding.	Inability to meet short-term obligations can lead to financial distress.	Signals financial instability, affecting client and investor confidence.	Impacts investors, creditors, and clients relying on the company's financial stability.	Could lead to regulatory issues if liquidity requirements are not met.	Affects the company's ability to fund ongoing and future projects.	4
INVESTMENT RISKS	Losses from investments in unstable markets or poorly performing assets.	Poor investment decisions can lead to substantial losses.	Affects the company's image as a reliable investment manager.	Directly affects investors and clients who trust the company with their assets.	Potential legal issues if investments are not managed according to regulatory standards.	Can influence the scope and direction of investment projects.	5
CURRENCY EXCHANGE RISK	Adverse effects of Brexit or other geopolitical events on currency exchange rates impacting international dealings.	Fluctuations in exchange rates can affect profitability and financial performance.	Can affect the perception of the company's financial management skills.	Impacts international clients and partners involved in cross-border transactions.	Generally, there are fewer direct legal implications.	Affects international projects and transactions.	4
SUPPLY CHAIN DISRUPTIONS	Delays in construction materials due to global supply chain issues.	Disruptions can lead to significant operational and financial setbacks.	Can damage the company's reputation for reliability and effective management.	Affects suppliers, clients, and partners involved in the supply chain.	Potential legal issues due to failure in meeting contractual obligations.	Directly affects the timeline and success of projects reliant on supply chains.	2
TECHNOLOGY FAILURES	System outages or software malfunctions disrupting daily operations.	Technology failures can lead to significant operational disruptions and financial losses.	Technology issues can damage the company's reputation for reliability and efficiency.	Affects clients, employees, and partners who rely on the company's technological infrastructure.	Potential legal issues due to breach of service agreements or data protection laws.	Can cause delays or failures in project delivery.	5
DATA BREACHES OR CYBERSECURITY INCIDENTS	Unauthorized access to sensitive client data due to inadequate cybersecurity measures.	-	-	-	-	-	5
OPERATIONAL INEFFICIENCIES	Delays in project completions due to inefficient internal processes.	Inefficiencies can lead to increased costs and reduced profitability.	Can affect the company's image as an efficient and effective service provider.	Impacts employees and clients who are involved in or affected by the company's operational processes.	Generally, fewer direct legal implications unless linked to regulatory non-compliance.	Inefficiencies can slow down project execution and delivery.	4
HEALTH AND SAFETY INCIDENTS	Construction site accidents leading to employee injury and legal liabilities.	Can lead to costs associated with accidents, legal fines, and compensation.	Safety incidents can severely damage the company's reputation.	Affects employees, clients, and the general public's perception of the company.	Strong legal implications due to health and safety regulations.	Can disrupt normal operations and project timelines.	2
HUMAN RESOURCE CHALLENGES	-	Issues such as high turnover can lead to increased recruitment and training costs.	Can affect the company's image as an employer and service provider.	Impacts employees, potential recruits, and clients who interact with the company's workforce.	Legal implications related to employment laws and regulations.	HR challenges can affect workforce availability and project execution.	2
REGULATORY CHANGES	New UK housing regulations impacting development projects.	New regulations can lead to increased compliance costs or fines for non-compliance.	Non-compliance can affect the company's reputation as a law-abiding entity.	Affects clients, investors, and partners who rely on the company's compliance with legal standards.	Direct implications due to the need to adhere to new legal standards.	Regulatory changes can affect ongoing and future projects, especially in terms of compliance requirements.	5
LEGAL DISPUTES	Disputes over property rights or contractual obligations with partners.	Legal disputes can result in significant legal fees and potential settlements.	Public legal disputes can significantly damage the company's reputation.	Affects clients, investors, and other stakeholders who may lose confidence in the company's legal standing.	Direct legal implications and potential for precedent-setting outcomes.	Legal disputes can divert resources away from ongoing projects.	4
NON-COMPLIANCE WITH EXISTING LAWS	Fines due to failure in adhering to AML or GDPR regulations or UK Data Protection.	Non-compliance can lead to heavy fines and penalties.	Very High. Non-compliance can severely damage the company's credibility and trustworthiness.	Affects all stakeholders, including employees, clients, and regulators.	Direct legal consequences including potential criminal charges.	Can lead to project delays or cancellations due to legal complications.	5
INTELLECTUAL PROPERTY VIOLATIONS	Legal consequences of not fulfilling agreements with contractors or clients.	Can result in legal costs and damages for infringement.	Can affect the company's image as an innovative and ethical entity.	Affects business partners and clients involved in projects with IP concerns.	Intellectual property laws carry significant legal implications.	IP violations can affect project development, especially if it relies on disputed IP.	4
DATA PROTECTION BREACHES	Unauthorized access to sensitive client data due to inadequate cybersecurity measures.	Breaches can lead to substantial fines, especially under GDPR.	Very High. Breaches can severely damage trust and credibility with clients and the public.	Affects clients, employees, and any individual whose data was compromised.	Direct implications due to non-compliance with data protection laws.	Can lead to a loss of client trust and project cancellations.	4
BUSINESS MODEL CHANGES	Changes in the business model can require significant investment and may impact revenue streams.	Changes in the business model can require significant investment and may impact revenue streams.	Stakeholders may view changes as positive or negative, affecting the company's reputation.	Affects employees, investors, clients, and partners who are directly involved with the company's operations.	Potential legal considerations depending on the nature of the change.	Could necessitate alterations in current projects or strategies.	4

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<b>TECHNOLOGY FAILURES</b>	Technology failures can lead to operational disruptions and loss of revenue.	Technology failures can lead to operational disruptions and loss of revenue.	Technology reliability is crucial for client trust and business efficiency.	Affects all stakeholders reliant on the company's technological infrastructure.	Depends on the nature of the failure and any resultant breaches of contract or law.	Can cause significant delays or failures in project delivery.	2
<b>SUPPLY CHAIN DISRUPTIONS</b>	Disruptions can lead to increased costs and lost revenue.	Disruptions can lead to increased costs and lost revenue.	Can affect the company's reputation for reliability and efficiency.	Affects suppliers, clients, and internal operations.	Potential contractual breaches with suppliers or clients.	Can cause delays or failures in project execution.	1
<b>KEY PERSONNEL LOSS</b>	The loss of key personnel can disrupt operations and incur costs for recruitment and training.	The loss of key personnel can disrupt operations and incur costs for recruitment and training.	Can affect the company's image, especially if the personnel are high-profile.	Affects internal teams and potentially clients who have direct interactions with these key individuals.	Generally, no direct legal implications unless related to contractual obligations.	Key personnel often play crucial roles in project success.	2
<b>STRATEGIC MISALIGNMENT</b>	Misaligned strategies can lead to ineffective use of resources and lost opportunities.	Misaligned strategies can lead to ineffective use of resources and lost opportunities.	Indicates poor management and planning capabilities.	Affects investors, employees, and clients who rely on the company's strategic direction.	Indirect legal implications unless the misalignment leads to legal non-compliance.	Misalignment can derail project objectives and outcomes.	3
<b>ENVIRONMENTAL COMPLIANCE FAILURES</b>	Penalties or reputational damage due to non-compliance with environmental regulations.	Non-compliance can lead to significant fines and remediation costs.	Environmental non-compliance can severely damage the company's public image.	Affects investors, clients, and the public who are increasingly conscious of environmental issues.	Legal consequences for violating environmental laws and regulations.	Projects may be delayed or altered to meet compliance standards.	2
<b>SOCIAL RESPONSIBILITY BREACHES</b>	Community backlash over projects perceived as harmful to local areas.	Breaches can lead to boycotts, loss of clients, and financial penalties.	Social responsibility is critical for maintaining public trust and client loyalty.	Impacts clients, investors, and the wider community.	Legal implications depending on the nature of the breach.	Projects may be affected by public perception and stakeholder trust.	3
<b>CLIMATE CHANGE RISKS</b>	Property damage or project delays due to extreme weather events.	Climate change can lead to increased operational costs and insurance premiums.	Companies are expected to actively manage and mitigate climate-related risks.	Affects a broad range of stakeholders, including investors, clients, and communities.	Emerging regulations related to climate change could have legal implications.	Climate change can affect the feasibility and sustainability of projects.	1
<b>COMMUNITY RELATIONS ISSUES</b>	-	Poor community relations can lead to project delays and increased costs.	Community relations are key to maintaining a positive public image.	Directly affects local communities and indirectly impacts clients and investors.	Legal issues may arise in cases of significant community disputes.	Community support is often essential for project success.	1
<b>LABOR AND HUMAN RIGHTS VIOLATIONS</b>	-	Violations can lead to fines, legal settlements, and boycotts.	Violations can irreparably damage a company's reputation.	Affects employees, clients, investors, and the public.	Labor and human rights are heavily regulated with significant legal consequences for violations.	Labor issues can lead to project delays and increased scrutiny.	3
<b>TALENT ACQUISITION AND RETENTION CHALLENGES</b>	Difficulty in hiring skilled workers in a competitive market.	Recruiting and training new staff is costly.	May affect the company's image as an employer.	Affects team dynamics and client relationships.	Legal implications are minimal unless involving discriminatory hiring practices.	Staff shortages can delay or hinder projects.	3
<b>EMPLOYEE MISCONDUCT</b>	Internal fraud or unethical behavior impacting company integrity.	Misconduct can lead to legal settlements and fines.	Employee misconduct can severely tarnish the company's reputation.	Affects clients, investors, and public perception.	Legal consequences, especially if misconduct violates laws or regulations.	Can disrupt project workflow and team morale.	4
<b>LACK OF EMPLOYEE TRAINING AND DEVELOPMENT</b>	-	Affects long-term productivity and innovation.	Reflects on the company's commitment to employee growth.	Impacts employee satisfaction and client service quality.	Indirect legal implications if it leads to non-compliance in other areas.	Untrained staff can lead to project inefficiencies.	3
<b>WORKPLACE SAFETY INCIDENTS</b>	-	Includes costs of compensation, legal fees, and potential fines.	Safety incidents can damage the company's image as a responsible employer.	Affects employees, regulatory bodies, and public perception.	Workplace safety is heavily regulated.	Can cause project delays and lower morale.	5
<b>MARKET VOLATILITY</b>	Instability in international markets affecting investments or partnerships.	Directly affects investment performance and financial stability.	Market performance can influence client trust and company reputation.	Impacts investors, clients, and the broader financial market.	Generally, no direct legal implications unless it leads to regulatory breaches.	Affects funding and feasibility of ongoing projects.	3
<b>REGULATORY CHANGES</b>	Leadership gaps due to unplanned departures of key executives.	Compliance with new regulations can be costly.	Compliance is key to maintaining regulatory trust and client confidence.	Affects clients, investors, and regulatory bodies.	Non-compliance can result in significant legal consequences.	Regulatory changes can necessitate project adjustments.	2
<b>POLITICAL INSTABILITY</b>	-	Can affect market conditions and investment climates.	The company's response to political events can affect its image.	Affects clients, investors, and international partnerships.	Indirect implications through changes in trade laws and regulations.	Political instability can disrupt business operations and project execution.	3
<b>NATURAL DISASTERS</b>	Damage to properties or disruption of operations due to floods, earthquakes, etc.	Can lead to significant operational and infrastructure costs.	Depends on the company's response and preparedness.	Affects employees, clients, and local communities.	Generally, no direct legal implications unless it affects regulatory compliance.	Can cause major disruptions to business operations.	2
<b>PANDEMIC OUTBREAKS</b>	Business interruptions or workforce challenges due to health crises.	-	-	-	-	-	4

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### LIKELIHOOD RATING

DESCRIPTION	PROBABILITY	SCORE
RARE	<20%	1
POSSIBLE	20 to 40%	2
LIKELY	21% to 60%	3
VERY LIKELY	61% to 80%	4
ALMOST CERTAIN	>80%	5

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### RAG RATING AND OVERALL ASSESSMENTS

Once the likelihood of a risk occurring and its potential impact have been assessed, an overall score can be assigned to the risk. The overall score is effectively a RAG rating, and can be identified by locating the relevant square in the risk map below:

LIKELIHOOD	Rare 1	Low risk. No further action	Low risk. No further action	Low risk. No further action	Low risk. No further action	Medium risk. Further action optional
	Possible 2	Low risk. No further action	Low risk. No further action	Medium risk. Further action optional	Medium risk. Further action optional	High risk. Further action necessary
	Likely 3	Low risk. No further action	Medium risk. Further action optional	Medium risk. Further action optional	High risk. Further action necessary	Extreme risk. Act now
	Very Likely 4	Medium risk. Further action optional	Medium risk. Further action optional	High risk. Further action necessary	Extreme risk. Act now	Extreme risk. Act now
	Almost Certain 5	Medium risk. Further action optional	High risk. Further action necessary	Extreme risk. Act now	Extreme risk. Act now	Extreme risk. Act now
		Minor 1	Moderate 2	Serious 3	Major 4	Catastrophic 5
		IMPACT				