ENTERPRISE RISK MANAGEMENT POLICY

JANUARY 2026

POLICY NUMBER: TMG-SEC-043
APPROVAL AUTHORITY: BOARD OF DIRECTORS

THE MAZI GROUP

1. PURPOSE

This Enterprise Risk Management (ERM) Policy establishes The Mazi Group's framework for identifying, assessing, and managing risks across the organization. Effective risk management protects our business, stakeholders, and reputation while enabling informed decision-making across all brands: Mazi Beauty, Glam Switch, On The Go Mists, and Upvendo.

2. SCOPE

This policy applies to:

- All types of risks facing the organization
- All business units and subsidiaries
- All employees involved in risk management
- All geographic locations
- Strategic, operational, financial, and compliance risks

3. RISK MANAGEMENT PRINCIPLES

- **Integration:** Risk management embedded in all activities
- **Structured:** Systematic and consistent approach
- **Customized:** Tailored to organizational context
- **Inclusive:** Stakeholder involvement
- **Dynamic:** Responsive to change
- **Continuous Improvement:** Learning and evolving

4. RISK CATEGORIES

4.1 Strategic Risks

- Market and competitive risks
- Brand and reputation risks
- Business model risks
- M&A and partnership risks
- Innovation and technology disruption

4.2 Operational Risks

- Supply chain disruption
- Product quality and safety
- Manufacturing and operations
- IT and cybersecurity
- Human resources

4.3 Financial Risks

- Liquidity and cash flow
- Credit and counterparty
- Currency and interest rate
- Financial reporting
- Tax

4.4 Compliance Risks

- Regulatory compliance
- Legal and litigation
- Data privacy
- Environmental
- Ethics and conduct

4.5 External Risks

- Economic conditions
- Political and geopolitical
- Natural disasters
- Pandemic and health
- Climate change

5. RISK MANAGEMENT PROCESS

5.1 Risk Identification

- Systematic identification of risks

- Multiple sources: workshops, interviews, analysis
- Consider internal and external factors
- Document identified risks

5.2 Risk Assessment

- Assess likelihood of occurrence
- Assess potential impact
- Consider velocity (speed of onset)
- Evaluate existing controls
- Determine residual risk

5.3 Risk Rating

Rating	Likelihood	Impact
Critical	Almost certain	Severe/catastrophic
High	Likely	Major
Medium	Possible	Moderate
Low	Unlikely	Minor

5.4 Risk Response

- **Avoid:** Eliminate the risk by not engaging in activity
- **Mitigate:** Reduce likelihood or impact through controls
- **Transfer:** Share risk through insurance or contracts
- **Accept:** Acknowledge and monitor the risk

5.5 Risk Monitoring

- Ongoing monitoring of risks
- Key risk indicators (KRIs)
- Regular risk reviews
- Emerging risk identification

6. RISK APPETITE AND TOLERANCE

6.1 Risk Appetite Statement

The Mazi Group accepts measured risks in pursuit of strategic objectives while maintaining:

- Zero tolerance for safety and compliance violations
- Low tolerance for reputational damage
- Moderate tolerance for operational risks with controls
- Higher tolerance for strategic growth initiatives

6.2 Risk Tolerance Levels

- Defined thresholds for risk categories
- Escalation when thresholds exceeded
- Board approval for risks outside tolerance

7. RISK GOVERNANCE

7.1 Board of Directors

- Oversee risk management framework
- Approve risk appetite
- Review top risks
- Ensure adequate resources

7.2 Audit Committee

- Oversee financial and compliance risks
- Review internal controls
- Monitor audit findings

7.3 Executive Leadership

- Implement risk management
- Own enterprise risks
- Allocate resources
- Report to Board

7.4 Risk Management Function

- Coordinate ERM program
- Facilitate risk assessments
- Maintain risk register
- Report on risk status

7.5 Business Units

- Identify and manage operational risks
- Implement controls
- Report risks to leadership
- Participate in risk assessments

8. RISK REGISTER

- Central repository of identified risks
- Risk descriptions and categories
- Assessment ratings
- Risk owners
- Mitigation actions and status
- Regular updates

9. RISK REPORTING

9.1 Internal Reporting

- Regular risk reports to leadership
- Quarterly Board risk updates
- Immediate escalation of critical risks
- Key risk indicator dashboards

9.2 External Reporting

- Risk disclosures in financial statements
- Regulatory reporting as required

10. INSURANCE

- Appropriate insurance coverage
- Regular coverage review
- Claims management
- Coordination with risk management

11. BUSINESS CONTINUITY

- Business continuity plans for critical risks
- Disaster recovery capabilities
- Regular testing
- See TMG-SEC-015 for detailed policy

12. TRAINING AND AWARENESS

- Risk management training
- Risk awareness culture
- Role-specific training
- Regular communication

13. CONTINUOUS IMPROVEMENT

- Regular review of ERM program
- Learn from incidents and near-misses
- Benchmark against best practices
- Update processes and tools

14. RELATED POLICIES

This policy should be read in conjunction with:

- TMG-SEC-015: Business Continuity and Disaster Recovery Plan
- TMG-SEC-017: Cybersecurity and IT Security Policy
- TMG-SEC-033: Financial Controls and Internal Audit Policy
- TMG-SEC-044: Crisis Management and Communication Plan

- TMG-SEC-045: Insurance and Liability Management Policy

15. POLICY REVIEW

This policy shall be:

- Reviewed annually by Risk Management and leadership
- Updated for business and regulatory changes
- Approved by the Board of Directors
- Communicated to relevant personnel

16. DEFINITIONS

- **Risk:** Effect of uncertainty on objectives.
- **Risk Appetite:** Amount of risk willing to accept in pursuit of objectives.
- **Risk Tolerance:** Acceptable variation in outcomes.
- **Inherent Risk:** Risk before controls.
- **Residual Risk:** Risk remaining after controls.
- **KRI:** Key Risk Indicator - metric signaling risk level.

For questions about this policy, contact:
Finance Department
finance@mazigroup.us