

Timberland Services Ltd

RISK MANAGEMENT POLICY

DECEMBER 30, 2017

VERSION HISTORY

Updated On	Updated By	Summary of Changes
30.12.2017		Initial Setup

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1 POLICY STATEMENT

Risk management is in continuous evolution throughout the operations of Timberland Services Ltd (“**TS**” or the “**Company**”) and addresses the identification, analysis, monitoring and control of risks. This Risk Management Policy (this “**Policy**”) outlines the policy framework for TS’s risk management efforts for identifying and addressing risks that may compromise TS’s operations or market position as a securitisation repository.

The Company has established and maintained a sound risk culture within TS by creating a high-level of awareness for risk management (including through training).

2 POLICY OBJECTIVE

The purpose of this Policy is to provide the structural framework to effectively manage the risks involved in all TS activities in order to maximise opportunities and minimise adversity.

The exposure to these risks is managed through a proactive approach based on the principles of this risk management framework. Managing risk is the responsibility of everyone in the Company regardless of job function and seniority. This Policy outlines the Company’s risk management process and sets out the responsibilities of the Company’s Board and Employees within TS in relation to risk management as a benchmark provider.

The Policy will assist in the mapping of risks which may affect the accuracy, integrity and representativeness of the benchmark provided and will outline respective mitigation measures.

3 SCOPE

The scope of this Policy includes all risk categories relevant to TS and applies to:

1. Board members;
2. Employees.

4 DEFINITIONS

Capitalized terms not otherwise defined herein have the meaning given to them in the Glossary of Terms document. The following defined terms are set-out here for ease of reference of the reader.

“**Board member**” is a member of the Company’s board of directors

“**Contractor & Consultant**” is a person or firm who has been employed on a ‘work-for-hire’ or contract basis.

“**Employee**” is, regardless of jurisdiction and contractual terms, a person who is employed by TS, volunteers, interns, independent consultants and contractors and other authorised personnel offered access to the TS’s resources.

“**Risk**” is the effect of uncertainty upon TS meeting its agreed upon objectives.

“Risk Management” is the culture, processes and structures have been developed to effectively manage potential opportunities and mitigate adverse effects for any activity, function or process undertaken by TS. The process of managing risk is achieved through the systematic application of policies and procedures to identify, analyse, evaluate, treat, monitor and communicate risk.

“Risk probability” is the expected frequency of a risk occurring. Typically, a subjective judgement based on past experience and the insights of persons familiar with the activity.

5 GENERAL PRINCIPLES

The existing risk management process at TS comprises three steps from risk identification to risk treatment. The following figure 1 illustrates the three steps.

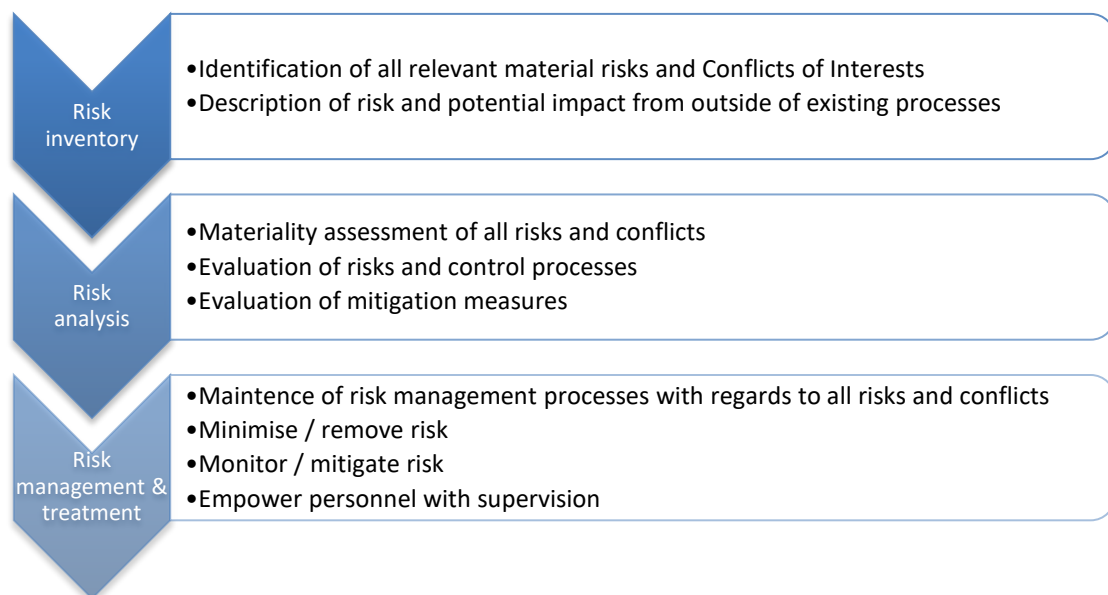


Figure 1: Risk management process at Timberland Services Ltd

6 CORPORATE RISK FRAMEWORK

To achieve an effective risk management TS has established a **“Risk Framework”** for the Company that provides for an overarching comprehensive structure for the management of risks. This Risk Framework provides a conceptual structure designed to guide decisions related to prudential risk management. There are two overarching categories of risks identified by the Company: Operational Risks and Strategic Risks.

Operational Risk which includes the following sub-categories:

- Processing & Operations Continuity Risk;
- Financial Reporting & Control Risk;
- Information Technology & Security Risk;

- Legal and Regulatory Compliance Risk;
- Business Continuity Management Risk;
- Human Capital / People Risk; and
- Outsourcing Risk.

Strategic Risk, which includes the following sub-categories:

- General Business Risk;
- Regulatory Change Risk; and
- New Initiatives and Products Risk.

7 ROLES AND RESPONSIBILITIES IN RESPECT OF THIS POLICY

STAKEHOLDER	RESPONSIBILITIES
Board members	<ul style="list-style-type: none"> • Board members set the rules for the corporate governance, approve policies (incl. risk management) and supervise the Employees • Board members endorse and are responsible for the procedures for the risk management framework, its effective implementation (e.g. clear definition and coordination of all processes) and maintenance as well as assuring the ongoing monitoring and control of risks. On a regular basis Board members provide a comprehensible and meaningful report incl. evaluation of the operational and strategic risks along with a forward-looking risk assessment.
All Users	<ul style="list-style-type: none"> • Risk awareness • Risk reporting
Human Resources	Present all Employees and Contractors & Consultants with the relevant policies along with the joining instructions and employment formalities.

8 EXCEPTIONS TO THE POLICY

Exceptions to the guiding principles in this Policy must be documented and formally approved by the Board members of the Company.

Policy exceptions must describe:

- a. The nature of the exception;
- b. Provide reasonable explanations for a Policy exception or where TS has deviated or will deviate from the Policy;
- c. Any risks created by the Policy exception; and
- d. Evidence of approval by Board members.

9 ENSURING AND MONITORING THE COMPLIANCE

Inquiries regarding this Policy can be directed to the Board members. The terms of compliance with this Policy as well as its contents and its adequacy to the business operating environment of the Company are reviewed on a periodic basis.

10 EFFECTIVE DATE

This Policy becomes effective 1 January 2018.