



IMPERIAL HOLDINGS LIMITED

RISK APPETITE AND TOLERANCE  
FRAMEWORK

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## 1. PURPOSE

The purpose of this document is to communicate the Risk Appetite and Tolerance framework (FRAMEWORK) of the IMPERIAL Group (IMPERIAL) as revised periodically and the process and procedures that shall be pursued to implement the framework.

## 2. BACKGROUND

The Board remains ultimately accountable for the appropriateness of the risk management system, including:

- Accountability for formulating a clear overall risk appetite statement which is aligned with the GROUP's strategic thrusts
- Ensuring the suitability and effectiveness and proportionality of the risk management system.
- Approving the main risk management strategies and policies.

The Group risk appetite and tolerance framework apply to the entire organisation and will be adopted and customised within divisions based on their operating parameters..

A decision based on an agreed risk appetite and tolerance framework should take into account all of the IMPERIAL's strategic objectives, all its stakeholders' expectations and all the significant or material risks. In accordance with best practice recommendations the board, which remains accountable and subject to its approval, has delegated the responsibility to determine, implement and monitor risk appetite to its Risk Committee.

The IMPERIAL Risk Management Framework provides guidelines on implementing and performing the risk management activities in their area of work, and to also facilitate the consistent application of the risk management process throughout the group.

Principle 4.2 of the King III Code on Corporate Governance prescribes that the Board of an organisation shall determine the levels of risk appetite and risk tolerance applicable to such organisation.

## 3. APPLICATION OF RISK APPETITE AND TOLERANCE

IMPERIAL must take calculated and reasonable risks to generate the reward or return envisaged by its strategy. The measures intended by this Framework should be an input to strategic and operational decisions taken and link risk taking (based on comprehensive and forward-looking risk-based information) to the support and evaluation of sustainable strategic outcomes.

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Ultimately IMPERIAL should determine if any specific activity fits within its risk appetite or risk tolerance or not. This will be answered at a level commensurate with the level of risk in question.

## 4. DEFINITIONS AND ACRONYMS

The ISO 31000:2009 standard for risk management includes a set of definitions extracted from a guide for risk management terminology, the ISO Guide 73.

Both these documents define **risk appetite** as:

***“the amount and type of risk that an organisation is prepared to pursue, retain or take.”***

From this definition it is clear that risk appetite relates to both the kinds of risk (before treatment) the organisation prefers to take, as well as the level of risk to which it wants to expose itself. Indeed, for many organisations, some of the largest risks they face relate directly to their major sources of income and taking these risks underpins their business model. This definition is logical, generally applicable and aligns with our normal understanding of the word “appetite” – it is all about something we like or dislike and, if we are particularly keen about something, how much of it we require or desire?

**Risk tolerance**, on the other hand, although sometimes incorrectly used interchangeably with risk appetite, is defined in ISO 31000 as:

***“an organisation’s or stakeholder’s readiness to bear the risk after risk treatment in order to achieve its objectives.”***

From this definition it is clear that risk tolerance relates to an organisation’s willingness or capability to tolerate or retain risk after risk treatment has taken place.

This Framework combines a qualitative with a quantitative approach for setting risk appetite and tolerance levels which are then applied uniformly across the GROUP. This integrated approach allows for a practical determination of risk appetite and tolerance levels for finance, operations, reputation (corporate image, stakeholder perception and media coverage), legal and compliance (compliance to legislation, regulations and mandatory standards) or health, safety (number of fatalities or disabling injuries), to name but a few.

It is therefore accepted that an approach which accepts that the organisation will in fact have different levels of risk appetite and tolerance depending on the nature of the risk issue, is clearly the preferred option. This method recognises that an organisation will in fact have a different level of appetite and tolerance for different risks and ask the question “how much risk do we need to take in order to attain appropriate or sought after performance”? This question is asked in respect of different types of risk and, more importantly, risks that have an impact on different aspects of GROUP’s values, strategic thrusts, strategies and its culture.

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This framework follows the preferred approach and is elaborated upon below.

## 5. DETERMINING RISK APPETITE AND TOLERANCE

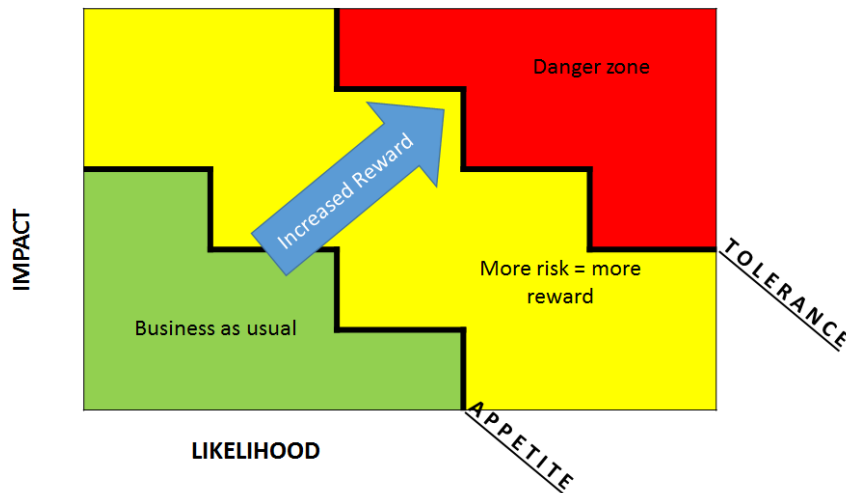
Risk appetite represents willingness to undertake risk in order to gain reward and has a direct link to strategy and growth ambitions. The true test of a successful risk appetite approach is to ensure that risk appetite and strategy are aligned and making sure that the organisation is not operating beyond its capacity to bear risks. Setting risk appetite and tolerance will assist in improving the board's risk oversight and communicates the board's risk taking expectations to senior management with regard to business and strategic decisions. This should encourage conscious and effective risk taking by management and improve the allocation of resources realising the best possible rewards commensurate with risk.

Risk appetite is used to set up boundaries for risk taking and plays a crucial role in corporate governance and should ensure that management:

- Do not make decisions that expose the organisation to an excessive amount of risk by investing in risky activities or reducing expenditure on risk control;
- Do not make conservative decisions that expose the organisation to too little risk and hence generating an insufficient return on its activities and effort.

The GROUP's risk appetite and risk tolerance levels have been linked to and derived from the organisation's strategic thrusts, long-term and short-term objectives. The relationship between these two metrics is shown schematically below.

Figure 1: Risk appetite and tolerance heat map



The heat map presented above depicts impact and likelihood levels, with the Y-axis being the impact scale and the X-axis, the likelihood scale.

The risk appetite curve reflects both the kinds of risk (before treatment) the organisation prefers to take, as well as the level of risk to which it wants to expose itself. The risk tolerance relates to the organisation’s willingness to tolerate or retain risk after risk treatment has taken place.

Both of these take “reward” into account – risk tolerance is viewed as the outer limit, beyond which no further increase in reward will justify further increase in risk. It is also accepted that the risk appetite and tolerance will be in different levels for each key area of business.

The risk appetite and tolerance levels is produced through consultation with Executive and Senior Management, who have expert knowledge of the nature of our business, for each consequence type of the impact rating scale, taking into account the level of impact, the likelihood of the level of severity occurring and the frequency of occurrence. For each impact type, risks are plotted on the heat map. Any risks positioned outside the risk tolerance curve for a specific impact type must be reported to the GRMC and escalated to the Board, for decision making on avoidance of the risk or other treatment options.

The initial development of the risk appetite and tolerance model followed a consolidation of divisional risk appetite and tolerance frameworks set within divisions that aimed to ensure that both the qualitative and quantitative aspects which define the risk taking behaviour of the GROUP are addressed.

The following have also been considered:

1. whether all business risks have been fully considered and quantified and whether a thorough appreciation of the 'worst case scenario' exists;
2. whether the limits placed upon the strategic and operating parameters are an accurate reflection of management's attitude to risk;
3. whether the changes required in the management of the business reflect the overall attitude to risk (the 'true' risk appetite);
4. how management's attitude to risk (through the risk appetite) can be communicated and consistently managed at all levels of the organisation

This approach therefore not only enables the GROUP's risks to be graded relative to each other and relative to the risk appetite, it also ensures that management resources are directed towards those risks which have the greatest importance.

Since an organisation's risk appetite is described by the extent to which it tolerates risks as described by performance indicators, operational parameters and process controls. It is a complex concept which is also defined through informal 'custom and practice', risk appetite cannot be defined solely by a few simple metrics. It must be defined taking into account all of the above factors and modified as the organisation develops.

The FRAMEWORK is based on existing risk management tools and information and takes cognisance of:

- IMPERIALS' strategic thrusts and key performance areas;
- The approved insurance programme and philosophy in general;
- Expectations of stakeholders;
- The financial position of GROUP as reflected in the most recent statement of financial position/ balance sheet;
- GROUP Delegations of Authority; and
- Key risk impacts associated with the specific matter being considered.

## Strategic Thrusts

In determining risk appetite and tolerance for any specific issue, the evaluation of such issue must consider the potential influence thereof on all of the GROUP's strategic objectives, in other words will it have a positive, negative impact or no influence at all.

The group's current strategic objectives are:

1. Review and rebalance the group portfolio through focused merger and acquisition activity

2. Drive focused organic and acquisitive growth in our South African businesses
3. Drive focused international expansion through organic growth and accretive acquisitions
4. Implement transformational talent management structures and practices
5. Drive technology advantage
6. Simplify group structures and processes
7. Ensure superior governance and transparency, and improve corporate reputation
8. Closely monitor potential disruptors in our industries.

### Stakeholder expectations

In determining the risk appetite and tolerance level for a specific issue, the expectations of all of key stakeholders in relation to such issues must be considered and evaluated. Stakeholders should be determined at the time of reaching agreement on the risk appetite and tolerance levels including for example:

- Board
- Management and employees;
- Regulatory or Statutory bodies;
- Clients;
- General public/ communities; and
- Business partners/ service providers.

### Financial position

The GROUP's financial / balance sheet position, together with the risk transfer mechanisms in place, must be taken into account to determine financial levels of risk appetite and tolerance. The values at which certain events and specifically losses can be accommodated within stated financial budgets and financial performance parameters are valuable in determining the suggested risk appetite position. The financial values at risk, where serious and material compromise of the financial liquidity of GROUP would be experienced, are used to assist in defining the risk tolerance positions of specific risks, events or loss scenarios.



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## The GROUP Delegation of Authority

GROUP's Delegation of Authority, together with the financial information and insurance/ risk transfer information are also important considerations when determining risk appetite and tolerance positions of certain risks.

## Risk impacts

The impacts/consequences of all the key risks associated with the issue in question should be evaluated according to the GROUP's Impact Rating Scale ([Annexure 1](#)).

The risk appetite debate should take place within the Delegations of Authority, and the answer to the question "Does this fit within our risk appetite or not?" will take place at a level commensurate with the risk implied in the issue under debate.


## 6. RISK APPETITE AND TOLERANCE LEVELS

The GROUP risk appetite and tolerance levels are categorised according to the following consequence types:

- Finance
- Operations
- Legal and Compliance
- Information Technology
- Human Resources
- Corporate Image
- Health and Safety

The parameters for determining the risk appetite and risk tolerance levels have been based on these consequence types and are shown in a consolidated format in the spider web graph below.

Risk Appetite and Tolerance Framework

Legend			
	Proposed Risk Tolerance Level (for discussion purposes)		Proposed Risk Appetite Level (for discussion purposes)

Finance

FINANCIAL IMPACT			
Deviation of operating profit or revenue			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- More than R100m loss or gain Operating Profit in any one financial year.</li> <li>- More than 10% loss or gain in the Revenue.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- R50m to R100m loss or gain Operating Profit in any one financial year.</li> <li>- More than 7% loss or gain in the Revenue.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- R10m to R50m loss or gain in Operating Profit in any one financial year.</li> <li>- More than 5% loss or gain in the in the Revenue.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- R1m to R10m loss or gain in Operating Profit in any one financial year.</li> <li>- More than 3% loss or gain in the in the Revenue.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- Less than R1m loss or gain in Operating Profit in any one financial year.</li> <li>- Negligible impact on in the Revenue.</li> </ul>

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## Operations

OPERATIONAL IMPACT			
Additional unplanned budget costs or savings			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- More than R60m loss or gain in operating profit in any financial year.</li> <li>- More than 10% loss or gain in the Annual Operational Budget</li> <li>- An interruption to the entire operations for more than 40 business hours.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- R10m to R60m loss or gain in operating profit in any financial year.</li> <li>- More than 7% loss or gain in the Annual Operational Budget.</li> <li>- An interruption to critical business operations for more than 24 business hours.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- R5m to R10m loss or gain in operating profit in any financial year.</li> <li>- More than 5% loss or gain in the Annual Operational Budget.</li> <li>- An interruption to critical business operations for more than 16 business hours.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- R1m to R5m loss or gain in operating profit in any financial year.</li> <li>- More than 3% loss or gain in the Annual Operational Budget.</li> <li>- Limited and/or intermittent interruptions to business operations for more than 8 business hours.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- Less than R1m loss or gain in operating profit in any financial year.</li> <li>- Negligible impact on the Annual Operational Budget.</li> </ul>

## Legal and Compliance

LEGAL AND COMPLIANCE IMPACT			
Non-compliance to laws, regulations, and mandatory standards/rules			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	- Major litigation or prosecution with losses of more than R100m.
	<b>4</b>	<b>Major</b>	- Major litigation or prosecution with losses of R50m to R100m. - Investigation by court or tribunal resulting in 3-5 days of interruption. - Jail time for employees
	<b>3</b>	<b>Moderate</b>	- Major breach of regulation with punitive fine or litigation costing less than R50m. - Significant litigation involving less than 3 days of interruption.
	<b>2</b>	<b>Minor</b>	- Breach of regulation with investigation or report to authority with prosecution and/or moderate fine. - Significant litigation involving a 1 day interruption.
	<b>1</b>	<b>Insignificant</b>	- Minor legal issues, non-compliances and breaches of regulations.

## Information Technology

INFORMATION TECHNOLOGY IMPACT			
ICT's impact on the delivery of GROUP's mandate			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- A complete breakdown in all critical ICT services for more than 3 days.</li> <li>- A complete breakdown in critical client-facing services more than 8 hours.</li> <li>- Unrecoverable loss of significant data or configurable information that is crucial to operations.</li> <li>- Loss of secondary systems for a period of more than 1 week, however with no data loss.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 2 days.</li> <li>- A complete breakdown in critical client-facing services for more than 8 business hours.</li> <li>- Loss of significant data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 5 days, however with no data loss.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 1 day.</li> <li>- A complete breakdown in critical ICT services for more than 4 business hours.</li> <li>- Moderate loss of data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 3 days, however with no data loss.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 4 hours.</li> <li>- Minor loss of data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 1 day, however with no data loss.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- Loss of a critical system for a period of less than 4 hours, however with no data loss</li> <li>- Minor loss of secondary systems – no data loss.</li> </ul>

## Human Resources

HUMAN RESOURCES IMPACT			
People / HR impact on the delivery of GROUP's mandate			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- Loss of more than 80% of Senior Executives without replacement for more than 3 months.</li> <li>- Loss of more than 60% of Middle Managers without replacement for more than 2 months</li> <li>- Loss of more than 20% critical and core skills.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- Loss of more than 60% of Senior Executives or Middle Management without replacement for more than 1 month.</li> <li>- More than 15 % of critical/core skill unavailable.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- Loss of more than 33% of Senior Executives or Middle Management without replacement for more than 3 months.</li> <li>- More than 10 % of critical/core skill unavailable.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- Loss of more than 25% of Senior Executives or Middle Management without replacement for more than 3 months.</li> <li>- More than 5 % of critical/core skill unavailable.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- Sudden loss/resignation of a few staff in key positions.</li> </ul>

## Corporate Image / Brand

CORPORATE IMAGE IMPACT			
Reputational impact on the delivery of GROUP's mandate			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 2 days.</li> <li>- Sustained adverse and irreversible national media reporting for more than 5 days.</li> <li>- All media queries are not responded to within 48 hours.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 36 hours.</li> <li>- Sustained adverse national press reporting for more than 3 days.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 24 hours.</li> <li>- Major event that causes adverse regional press for less than a month.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- Communication failure causing some employees and stakeholders to be uninformed for more than 1 week.</li> <li>- Local adverse press coverage for more than 2 weeks.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- Communication failure causing some employees and stakeholders to be uninformed for less than 1 month.</li> <li>- No press reporting or external interest.</li> </ul>

## Health and Safety

HEALTH AND SAFETY IMPACT			
Impact on life or welfare of GROUP's staff/other stakeholders			
<b>Consequences</b>	<b>5</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- Fatality.</li> <li>- Significant permanent disability to more than 10 persons.</li> <li>- Access to offices or workplaces restricted/off-limits for more than 3 days.</li> </ul>
	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>- Single fatality.</li> <li>- Significant permanent disability to more than 10 people.</li> <li>- Access to offices or workplace restricted for more than 48 hours.</li> </ul>
	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>- Incident investigation – extensive injuries or irreversible disability to one or more people.</li> <li>- Lost time injury up to one month.</li> <li>- Access to offices or workplace restricted for more than 36 hours.</li> </ul>
	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>- Incident report – medium term reversible disability to one or more people.</li> <li>- Medical treatment by qualified medical personnel.</li> <li>- Lost time injury of less than 1 week.</li> <li>- Access to offices or workplace restricted for more than 24 hours.</li> </ul>
	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>- First aid treatment.</li> <li>- No lost time injury.</li> </ul>



## 7. MONITOR AND EVALUATE

The approach to risk appetite and tolerance contained in this Framework provides a capability for the continuous management of risk appetite within the GROUP:

- Firstly by assisting businesses with their decision making. In other words risk appetite and the change in the target risk profile should be considered at all times when business decisions are made.
- Secondly, by monitoring operational performance against targets to ensure that operations are ultimately in line with the risk appetite.

The key activities required to be performed during evaluation and monitoring include:

- Regularly monitor as-is risk profile against risk tolerances; and
- Treatment of risks to an acceptable level.

## 8. FREQUENCY OF REVIEW

This Framework shall be reviewed at least annually and the review process requires that it shall be reviewed in light of:

- Changing business and economic conditions;
- Evolving organisational, stakeholder and strategic thrusts; and
- Changing industry and socio-political conditions.

On an annual basis, the appropriateness of risk appetite statements and associated tolerance levels will be reviewed. This review exercise will involve the senior management of GROUP and the business areas/operating divisions.

## 9. REFERENCES

Enterprise Risk Management – Integrated Framework - COSO  
AS/NZS 4360 – 2004: Australian / New Zealand Standard: Risk Management  
ISO 31000:2009(E) / SANS 31000:2009 Edition 1: Risk management — Principles and guidelines  
ISO GUIDE 73:2009 Edition 1 / ARP 070:2009 Edition 2: Risk management — Vocabulary

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## 10. DOCUMENT AND VERSION CONTROL

Version	Last Amended	Date Approved	Approved by	Brief description
001				

## 11. DOCUMENT RETENTION

Record Name	Storage Location	Record Number	Responsible Person	Retention Time
Imperial Holdings Limited Risk Appetite and Tolerance Framework		N/A	Group Commercial Executive	5

## 12. APPROVALS

Activity	Responsible Person	Signature	Date
<b>Prepared by</b>	Group Commercial Executive		
<b>Approval</b>	Imperial Executive Committee		
<b>Authorisation</b>	Group Risk Committee Chairperson		

**APPENDIX 1: IMPACT RATING TABLE (amendments to be discussed with divisions)**

	Finance	Operations	Legal and Compliance	Information Technology	Human Resources	Corporate Image	Health and Safety
	Over- or underspend or loss of Revenue	Additional Budget costs or savings	Non-compliance to laws, regulations, and mandatory standards	ICT's impact on the delivery of services	People / HR impact	Reputational impact	Impact on life of employees or other stakeholders
<b>5. Critical</b>	<ul style="list-style-type: none"> <li>- More than R100m loss or gain in operating profit in any financial year.</li> <li>- More than 10% loss or gain in the Revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- More than R60m loss or gain in operating profit in any financial year.</li> <li>- More than 10% loss or gain in the Annual Operational Budget</li> <li>- An interruption to the entire operations for more than 40 business hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Major litigation or prosecution with losses of more than R100m.</li> <li>- Jail time for the employees.</li> </ul>	<ul style="list-style-type: none"> <li>- A complete breakdown in all critical ICT services for more than 3 days.</li> <li>- A complete breakdown in critical client-facing services more than 8 hours.</li> <li>- Unrecoverable loss of significant data or configurable information that is crucial to operations.</li> <li>- Loss of secondary systems for a period of more than 1 week, however with no data loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of more than 80% of Senior Executives without replacement for more than 3 months.</li> <li>- Loss of more than 60% of Middle Managers without replacement for more than 2 months</li> <li>- Loss of more than 20% critical and core skills.</li> </ul>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 2 days.</li> <li>- Sustained adverse and irreversible national media reporting for more than 5 days.</li> <li>- All media queries are not responded to within 48 hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Single Fatality.</li> <li>- Significant permanent disability to more than 10 persons.</li> <li>- Access to offices or workplaces restricted/of f-limits for more than 3 days.</li> </ul>

	Finance	Operations	Legal and Compliance	Information Technology	Human Resources	Corporate Image	Health and Safety
	Over- or underspend or loss of Revenue	Additional Budget costs or savings	Non-compliance to laws, regulations, and mandatory standards	ICT's impact on the delivery of services	People / HR impact	Reputational impact	Impact on life of employees or other stakeholders
<b>4. Major</b>	<ul style="list-style-type: none"> <li>- R50m to R100m loss or gain in operating profit in any financial year.</li> <li>- More than 7% loss or gain in the Revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- R10m to R60m loss or gain in operating profit in any financial year.</li> <li>- More than 7% loss or gain in the Annual Operational Budget.</li> <li>- An interruption to critical business operations for more than 24 business hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Major litigation or prosecution with losses of R50m to R100m.</li> <li>- Investigation by court or tribunal resulting in 3-5 days of interruption.</li> <li>- Jail time for employees</li> </ul>	<ul style="list-style-type: none"> <li>- A complete breakdown in all critical ICT services for more than 3 days.</li> <li>- A complete breakdown in critical client-facing services more than 8 hours.</li> <li>- Unrecoverable loss of significant data or configurable information that is crucial to operations.</li> <li>- Loss of secondary systems for a period of more than 1 week, however with no data loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of more than 60% of Senior Executives or Middle Management without replacement for more than 1 month.</li> <li>- More than 15 % of critical/core skill unavailable.</li> </ul>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 36 hours.</li> <li>- Sustained adverse national press reporting for more than 3 days.</li> </ul>	<ul style="list-style-type: none"> <li>- Single fatality.</li> <li>- Significant permanent disability to more than 10 people.</li> <li>- Access to offices or workplace restricted for more than 48 hours.</li> </ul>
<b>3. Moderate</b>	<ul style="list-style-type: none"> <li>- R10m to R50m loss or gain in operating profit in any financial year.</li> <li>- More than 5% loss or gain in the Revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- R5m to R10m loss or gain in operating profit in any financial year.</li> <li>- More than 5% loss or gain in the Annual Operational Budget.</li> <li>- An interruption to critical business operations for more than 16 business hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Major breach of regulation with punitive fine or litigation costing less than R50m.</li> <li>- Significant litigation involving less than 3 days of interruption.</li> </ul>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 2 days.</li> <li>- A complete breakdown in critical client-facing services for more than 8 business hours.</li> <li>- Loss of significant data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 5 days, however with no data loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of more than 33% of Senior Executives or Middle Management without replacement for more than 3 months.</li> <li>- More than 10 % of critical/core skill unavailable.</li> </ul>	<ul style="list-style-type: none"> <li>- Complete failure of critical communication issues with key stakeholders for more than 24 hours.</li> <li>- Major event that causes adverse regional press for less than a month.</li> </ul>	<ul style="list-style-type: none"> <li>- Incident investigation – extensive injuries or irreversible disability to one or more people.</li> <li>- Lost time injury up to one month.</li> <li>- Access to offices or workplace restricted for more than 36 hours.</li> </ul>

	Finance	Operations	Legal and Compliance	Information Technology	Human Resources	Corporate Image	Health and Safety
	Over- or underspend or loss of Revenue	Additional Budget costs or savings	Non-compliance to laws, regulations, and mandatory standards	ICT's impact on the delivery of services	People / HR impact	Reputational impact	Impact on life of employees or other stakeholders
<b>2. Minor</b>	<ul style="list-style-type: none"> <li>- R1m to R10m loss or gain in operating profit in any financial year.</li> <li>- More than 3% loss or gain in the Revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- R1m to R5m loss or gain in operating profit in any financial year.</li> <li>- More than 3% loss or gain in the Annual Operational Budget.</li> <li>- Limited and/or intermittent interruptions to business operations for more than 8 business hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Breach of regulation with investigation or report to authority with prosecution and/or moderate fine.</li> <li>- Significant litigation involving a 1 day interruption.</li> </ul>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 1 day.</li> <li>- A complete breakdown in critical ICT services for more than 4 business hours.</li> <li>- Moderate loss of data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 3 days, however with no data loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of more than 25% of Senior Executives or Middle Management without replacement for more than 3 months.</li> <li>- More than 5 % of critical/core skill unavailable.</li> </ul>	<ul style="list-style-type: none"> <li>- Communication failure causing some employees and stakeholders to be uninformed for more than 1 week.</li> <li>- Local adverse press coverage for more than 2 weeks.</li> </ul>	<ul style="list-style-type: none"> <li>- Incident report – medium term reversible disability to one or more people.</li> <li>- Medical treatment by qualified medical personnel.</li> <li>- Lost time injury of less than 1 week.</li> <li>- Access to offices or workplace restricted for more than 24 hours.</li> </ul>
<b>1. Insignificant</b>	<ul style="list-style-type: none"> <li>- Less than R1m loss or gain in operating profit in any financial year.</li> <li>- Negligible impact on Revenue.</li> </ul>	<ul style="list-style-type: none"> <li>- Less than R1m loss or gain in operating profit in any financial year.</li> <li>- Negligible impact on the Annual Operational Budget.</li> </ul>	<ul style="list-style-type: none"> <li>- Minor legal issues, non-compliances and breaches of regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- A complete breakdown in critical ICT services for more than 4 hours.</li> <li>- Minor loss of data requiring a restore from backups.</li> <li>- Loss of secondary systems for a period of more than 1 day, however with no data loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Sudden loss/resignation of a few staff in key positions.</li> </ul>	<ul style="list-style-type: none"> <li>- Communication failure causing some employees and stakeholders to be uninformed for less than 1 month.</li> <li>- No press reporting or external interest.</li> </ul>	<ul style="list-style-type: none"> <li>- First aid treatment.</li> <li>- No lost time injury.</li> </ul>