

Principle 5 – Recognise and Manage Risk

BEST PRACTICE RECOMMENDATIONS

5.1 Internal Control

The Board is committed to maintain a sound system of internal controls to safeguard shareholders' investment and the company's assets.

5.1.1 The Board will ensure annually, to conduct a review of the effectiveness of the group's system of internal controls and report to shareholders that they have done so. The review will cover all material controls, including financial, operational and compliance controls and risk management systems

5.2 Risk management, Compliance & Control

5.2.1 The Board has established policies on risk oversight and management clearly describing the roles and respective accountabilities of the Board, the Board Audit Committee, management and the internal audit function.

5.2.2 Management has established and implemented an Enterprise Risk Management System (ERM) for identifying, assessing, monitoring and managing material risk throughout the organization. This system includes the following components:

- (i) oversight of the risk management system;
- (ii) risk profile - a description of the material risks facing the company including financial and non-financial matters;
- (iii) risk management, compliance & control; and
- (iv) assessment of effectiveness - mechanism to review quarterly the effectiveness of the company's implementation of that system and update the risk profile of the company.

5.3 Internal audit function

- The Board [Audit Committee](#) has described in its Terms of Reference & the Internal Audit Charter, the manner in which the internal audit function of the company is organized;
- The Board [Audit Committee](#) will recommend to the Board the appointment and dismissal of the chief internal auditor;
- The internal audit function is independent of the external auditor;
- The internal audit function reports to the Board [Audit Committee](#) and have all necessary access to management and the right to seek information and explanations;
- The Board [Audit Committee](#) oversee the scope of the internal audit and have access to the internal audit function without the presence of management;

5.4 The chief executive officer and the chief financial officer will state to the Board in writing that:

- The statement given in accordance with best practice recommendation 3.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board;
- The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Risk Management Policy

Enterprise Risk Management at Dialog