



Function and Policy on Risk Management

The Risk Management function is part of CLSA's corporate governance structure.

Our mandate is the identification, oversight, management and control of certain risks, namely - Market Risk, Credit Risk, Operational Risk and Technology Risk:

- **Market Risk:** the impact to CLSA's revenues due to change in stock prices, foreign exchange rates and interest rates, credit spreads and commodity prices.
- **Credit Risk:** the impact to CLSA's bottom line due to failure of a client or counterparty to pay contracted amounts due to CLSA.
- **Operational Risk:** the impact to CLSA's bottom line and/or our ability to continue operating part or all of our businesses due to compromise of internal processes (e.g. IT systems failures, fraud, operational workflow failures, or operational errors) or from external forces (such as power outages, flooding, earthquakes etc).
- **Technology Risk:** the impact on CLSA's technology infrastructure due to malicious or erroneous actions that may cause infiltration of cyber viruses, loss of confidential information and intellectual property, destruction or corruption of data or systems failures.