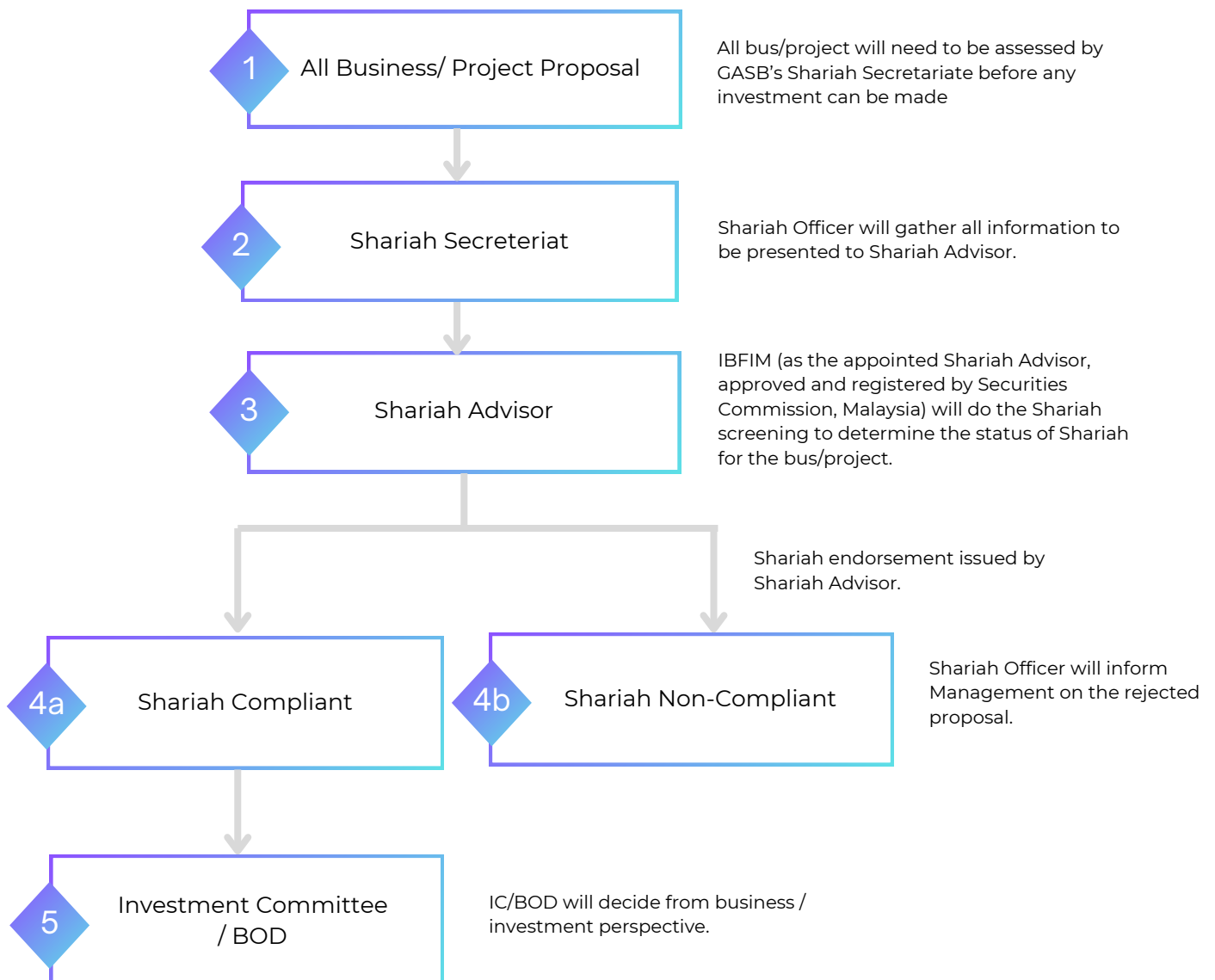


COMPLIANCE & SHARIAH NEWSLETTER

Compliance & Shariah Department of GA Skylight Berhad

SHARIAH ENDORSEMENT PROCESS

Hi all, the new newsletter is updated now! Let's share about Shariah Endorsement Process. Did you know Shariah endorsement ensures that financial products and transactions are structured in a way that complies with the tenets of Islam. This involves avoiding certain prohibited elements such as interest (usury), gambling, uncertainty (gharar), and investments in sectors that are considered unethical or morally questionable in Islamic ethics (e.g., alcohol, pork, gambling, etc.).



NEWSLETTER

Shariah Newsletter of GA Skylight Berhad

RISK FACTORS IN INVESTMENT

Written by Fatin Filzah

Assalamualaikum everyone and Hi! How's your August? Hope everyone doing well. Last month we shared about differences between conventional bank and Islamic bank. Hope all of you have a good understanding about the topic we discussed. So, this month, we will talk about Risk Factors in Investment. Risk factors in investment refer to elements that can potentially lead to losses or reduced returns.

As private capital firms and our portfolio companies continue to perform well, we strive to continue to deliver investor returns and competitive value. In this heightened atmosphere, unique responsibilities and wide-ranging liability challenges fester, from cyber threats to increased compliance. That's why it's essential for us to identify and closely monitor the many strategic, operational, and external risks that can potentially impact our investments. Here, we outline six main factors that are part of our risk management framework.

RISK FACTORS

1. CONSUMER PRIVACY PROTECTION

We must ensure compliance with legal regulations to protect investors' information by:

- Disclosing the collection and use of personal information
- Allowing investors to opt-out of information sharing
- Informing consumers about their right to request data deletion

2. COMPLIANCE RISK

The Securities Commission is prioritizing growth in 2021, focusing on climate and ESG risks, business continuity, disaster recovery, and fiduciary responsibilities. Increased government oversight on capital investments may elevate compliance risks. Therefore, we must:

- Scrutinize potential partners, acquisitions, and investors more closely
- Ensure our portfolio companies comply with regulatory requirements in all operations.

3. FRAUD AND MISCONDUCT RISKS

Fraud and misconduct risks are increasing. PwC reports 47% of U.S. companies experienced fraud in the past 24 months, costing \$42 billion, with common types being customer fraud, cybercrime, and asset misappropriation.

Private capital firms are especially vulnerable due to:

- Complex transactions
- Lean operations
- Intense investment competition
- Third-party intermediaries
- Lack of transparency
- Rising investor activism

NEWSLETTER

Shariah Newsletter of GA Skylight Berhad

RISK FACTORS

4. CRISIS MANAGEMENT

Crises can strike any company at any time, whether from cybercrime, fraud, natural disasters, safety issues, or supply chain disruptions. For private capital firms, quick recovery and restoring confidence is crucial.

To manage risks and consequences, we:

- Develop and regularly update a comprehensive response plan
- Test and simulate scenarios to refine the plan
- Apply the plan at the portfolio company level
- Analyze potential impacts and explore additional protections or insurance products

5. THIRD PARTY OVERSIGHT

Crises can strike any company at any time, whether from cybercrime, fraud, natural disasters, safety issues, or supply chain disruptions. For private capital firms, quick recovery and restoring confidence is crucial.

To manage risks and consequences, we:

- Develop and regularly update a comprehensive response plan
- Test and simulate scenarios to refine the plan
- Apply the plan at the portfolio company level
- Analyze potential impacts and explore additional protections or insurance products

6. CYBER AND TECHNOLOGIES RISK

Our diverse portfolio exposes us to numerous cyber risks, often overshadowed by financial growth. Inconsistent security across GASB creates vulnerabilities. We must establish consistent security controls across GASB and our portfolio companies.

Expansion increases risks related to:

- Employees
- Third parties
- External partners
- Cloud software
- Identity and access
- Email security
- Intellectual property
- Investor information

- In conclusion, understanding and managing risk factors in investment is crucial for safeguarding returns and ensuring the stability of a portfolio. By being aware of market, credit, liquidity, operational, and other risks, investors can make informed decisions, diversify appropriately, and implement strategies to mitigate potential losses. Balancing risk and return is key to successful investing, and a proactive approach to risk management can help navigate uncertainties and achieve long-term financial goals.