



HD FACULTY™

The S. M. A. R. T. Management People!™

MANIFESTO

The S.M.A.R.T. Management People!™



TABLE OF CONTENTS

Item	Topics	Page
	Message to Stakeholders	6
1.	Profile	7
2.	Products and Services	8
3.	Corporate Governance	9
	- Growth Strategy	
	- Risk Management Governance	
	- Internal Auditing	
	- Built-in Intelligence	
4.	Management Accountability	10-12
	- Audit Committee pre-approval of non-audit services	
	- Audit Committee Qualifying positions	
	- Adoption of Prevailing Policies and Participant Practices	
	- Quarterly Information	
5.	Fulfilling the Mission	13-18
	- Strategy	13
	- Achievements and Financial Results	13
	- Financing Policies and Practices	14-15
	- Line of Credit Policy	16
	- Investment Plans	17
	- Quality of Management	18
	- Control System	18
6.	Earning Protection	19-22
	- Compensation For Services	20
	- Expenditure Incurred	21
	- Payment Methods	22
	- Lien and Setoff	22
	- Rights to Assign/Transfer	22
	- Accounts Receivable Coverage	22
7.	Risk Management	23-28
	(1) Risk Factors	24
	(2) Risk Management	25-26
	- Mandate	25
	- Loss Prevention Program Criteria	25
	- Risk Management Strategy	26
	- Internal Audit	26
	(3) Risk Mitigation Strategies and Solutions	27-28
	- Risk Management Strategies	27
	- Mitigation Criteria	27
	- Risk Management Solutions	28
8.	Credit Rating Issues	30
9.	Corporate Disclosure	31
10.	Human Factor	32

SECTION 1

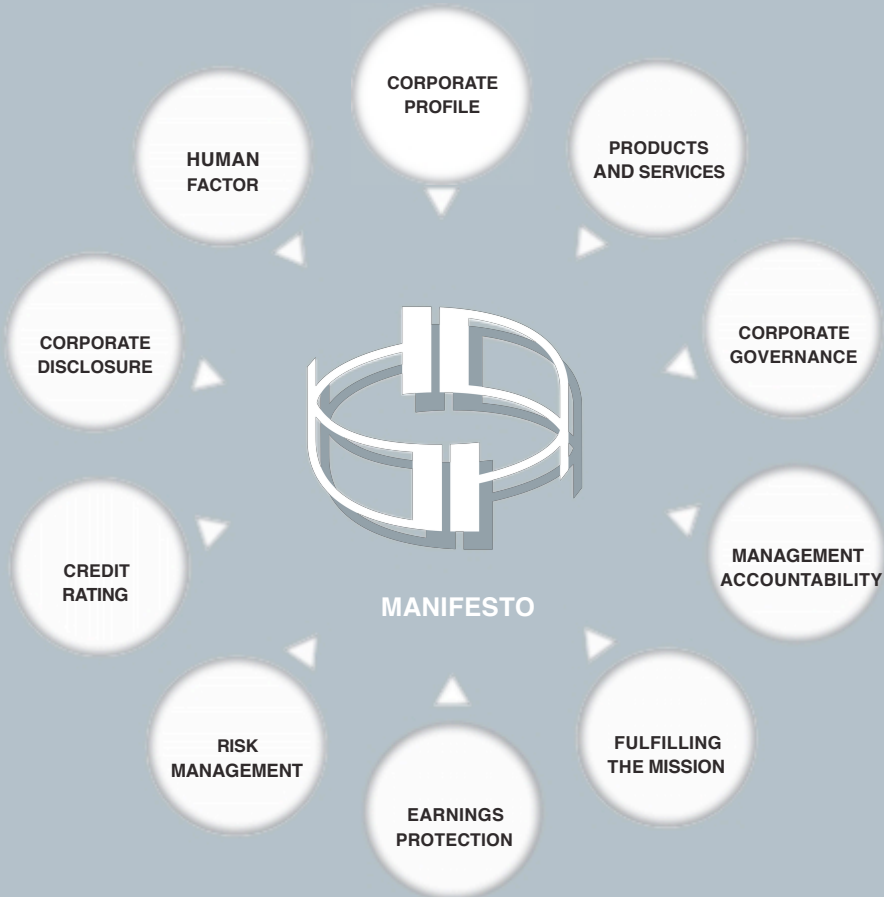
SECTION 2

ACHIEVING EXCELLENCE

HD Faculty™ will achieve excellence when:

its standards compare favourably with, or exceed, the best in the business; and its performance meet or exceed its standards.

The Goal is continuous improvement!

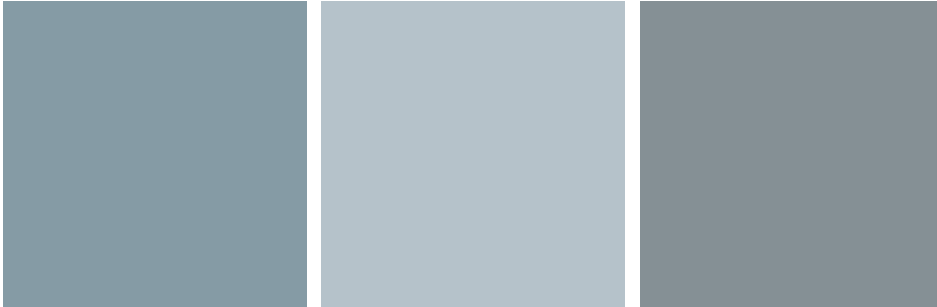


SECTION 01

SECTION 1



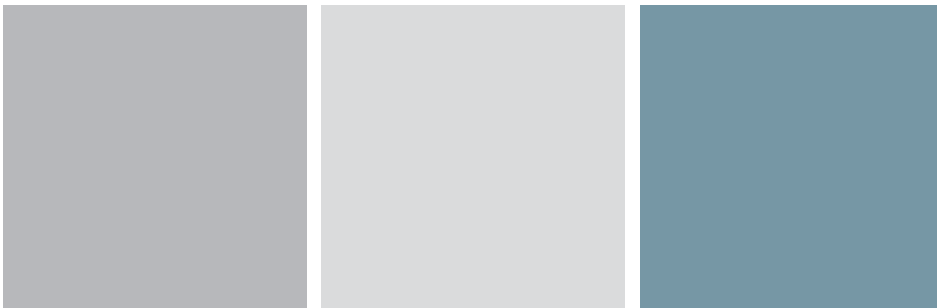
MESSAGE TO STAKEHOLDERS



Ownership. HD Faculty Inc. is a Canadian-controlled private corporation (CCPC)

As at the date hereof, HD Faculty Inc. is deemed a CCPC. HD Faculty Inc. meets all of the following requirements at the end of the tax year: -

- (a) it is a private corporation;
- (b) it is a corporation that was incorporated and is resident in Canada from the date of incorporation, to the end of the last tax year;
- (c) it is NOT controlled directly or indirectly by one or more non-resident persons;
- (d) it is NOT controlled directly or indirectly by one or more public corporations (nor any prescribed venture capital corporation, as defined in Regulation 6700 of the *Income Tax Regulations*);
- (e) it is not controlled by a Canadian resident corporation that lists its shares on a designated stock exchange outside of Canada;
- (f) it is not controlled directly or indirectly by any combination of persons described in the three previous conditions, namely (c), (d), and (e), above;
- (g) no class of its shares of capital stock is listed on a designated stock exchange; and,
- (h) no shares are owned by a non-resident person, or a public corporation (be it a prescribed venture capital corporation), or by any corporation with a class of shares listed on a designated stock exchange were owned by one person, whereby such person would own sufficient shares to control the corporation, be it directly or indirectly.



PROFILE

Establishment. HD Faculty Inc. (referred to as “HD Faculty” or HD Faculty™) received its charter on the 18th day of August 2007, in accordance with the Canada Business Corporations Act.

Restrictions. Pursuant to the Articles of Incorporation, there are no restrictions on the types of business activities HD Faculty™ may carry on or on powers that it may exercise. Notwithstanding, HD Faculty™ has chosen to limit its activities to providing a series of faculties that provide consulting, research and development, and the packaging of sophisticated business solutions.

Management Structure. As at the date of preparation hereof, HD Faculty™ has a Board of Directors and six (6) committees, a Chairman, a Managing Director, CEO, President, Vice Presidents, General Manager, Secretary, and Treasurer.

Management and Direction. The Directors of HD Faculty™ are required to manage and supervise the business affairs of HD Faculty™, subject to the incorporated instrument, by-laws and ordinances of the country of domicile. The Directors, from time to time, appoint a President who holds office during his or her term of administration. The President has been empowered by the Board to manage and direct the business affairs of HD Faculty™ within both Canada and abroad, with the exception of policymaking, which is handled by the CEO.

Mission Statement. To do that which HD Faculty™ is in business to do, through the seeking of honour over wealth that leads to prosperity and honour.

Mandate. HD Faculty™ is mandated to provide a series of management and research faculties that are staffed by seasoned professionals and qualified support staff that are empowered and equipped to provide its commodities and packaged solutions to its clientele in over 160 countries.

Strategy. The strategy employed by HD Faculty™ permits it to benefit from the best names in: -

- the service industries and capital projects sector,
- information and communication technologies, and,
- scientific research and development business.

Strategic Partners. Both domestic and international strategic partners of HD Faculty™ provide the requisite skills and facilities required to perform advanced research, development, and deployment of its products in a timely manner, while providing its investors with investment opportunities, and enabling governmental clients to perform at their peak.

Creative Workforce. HD Faculty™ and its strategic partners are required to have the critical mass of a skilled workforce to provide its clients the required products, service, and solutions.

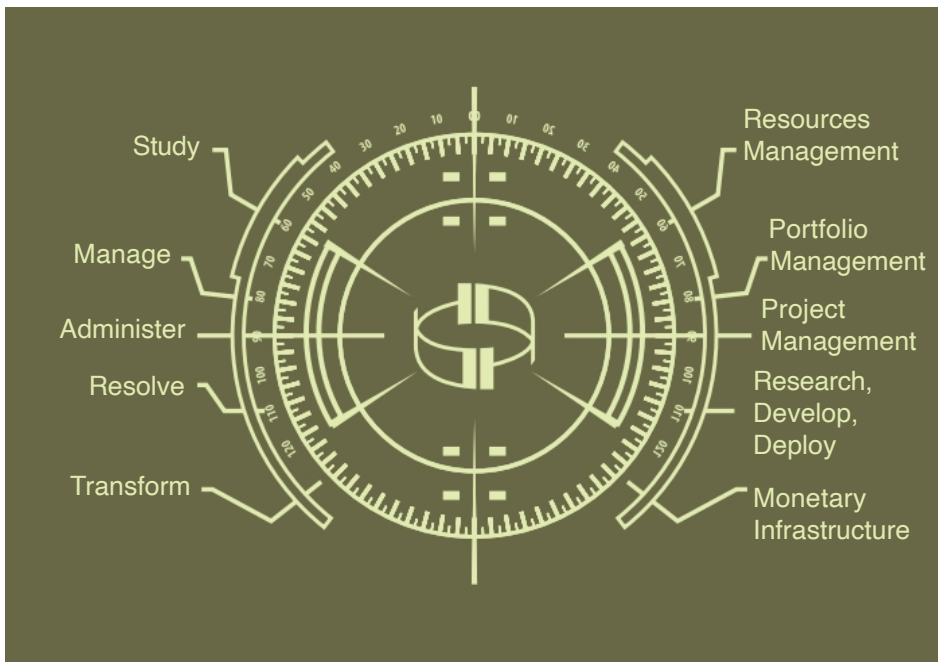
Ongoing Requirements. HD Faculty™ is required to study, manage, administer, research, develop, integrate, deploy, and maintain its business and affairs through its specialized faculties.



PRODUCTS AND SERVICES

The **S.M.A.R.T. Management People!**[™] products and services team of experts are empowered, authorized and equipped to:-

- study, manage, administer, resolve, transform, monetize, subsidize, coordinate, or assist any of its clients' company or companies;
- provide requisite administrative, technical, commercial, secretarial, and other essential services and facilities of all kinds for any such company or companies;
- make payments by way of subvention or otherwise and any other arrangements, which may seem desirable with respect to any business or operations of, or generally with respect to any such company or companies, and,
- to initiate investment and development with strategic partners in their respective host countries.



CORPORATE GOVERNANCE

In a complex and trying world, one must be vigilant in respect to one's action and inaction. Thus, the Board of Directors is required to establish and maintain committees and empower them to establish procedures and protocols for the receipt, retention, and treatment of complaints regarding personnel inappropriate behaviours, misconduct, accounting, internal controls, or auditing matters, as well as confidential, anonymous submissions by employees of concerns regarding questionable practices, behaviours, conducts, accounting, and auditing matters.

1. **Growth Strategy.** HD Faculty™ has adopted a growth strategy that includes identifying eligible companies that will enable it to achieve its strategic objectives in the shortest time possible. Therefore, its audit needs will continue to change and grow with each acquired enterprise. The reporting requirements of HD Faculty™ are very comprehensive. They require a detailed breakdown of the various activities of the targeted entity, which includes, but is not limited to, the facility, division, country, business cycle, identified control and compliance strengths and weaknesses, global market trends, their approach in developing and executing control procedures to address compliance issues, and so forth.
2. **Risk Management Governance.** A well structured risk management program enables HD Faculty™ to assess risks continuously, to identify the steps it can take and the resources it needs to allocate for it to overcome or mitigate a given risk, and to provide reasonable assurance about its objectives. To address the overall risk, the Risk Management Committee begins with an evaluation of the environment in which HD Faculty™ operates its strategy for achieving its objectives, the cultures, and acceptable risk. The committee members are required to ensure that a good control system is in place, which includes management's philosophy, integrity, ethical value, and oversight pertaining to human resources policies and practices, commitment to competence, assignment of authorities and responsibilities and organization structure. In addition, they are required to review with management specific risks and possible worst case scenarios at least once annually and develop regular review crisis management plans, in order to prepare HD Faculty™ to defend itself against the various risks through mitigation options, such as avoidance, assignment, transfer, or retention programs.
3. **Internal Auditing.** Subject to the provisions of By-law No. 7 — Reporting, Documenting, and Filing Requirements, under the supervision of the Audit Committee — internal auditing, be it in the form of interim audit: (i) quarterly, (ii) semi-annually, or (iii) annually has an important role to play in identifying issues, gathering a comprehensive understanding of the current internal control process, conducting fieldwork testing, and validating assessment of their preparedness for risk events of HD Faculty™.
4. **Built-in Intelligence.** The Board, in accordance with the adopted Risk Management Policy of HD Faculty™, is required to ensure that adequate systems organisms have been built in the central core of HD Faculty™, including, but not limited to its nerve system, which permits only accurate risks intelligence information to permeate throughout HD Faculty™ in a timely manner, and in the right useable format. The Risk Management policies and procedures, communication mechanisms employed by HD Faculty™, from time to time, enable HD Faculty™ to use built-in information tools, risk analysis and modelling, as well as management training capabilities to aid in its fight against risk.





MANAGEMENT ACCOUNTABILITY

To achieve its commitment, HD Faculty™ establishes and maintains fixed paradigms, in respect to its management philosophy. Therefore, the presiding Board of Directors are required to: -

1. **Establish, adopt, and implement internal and external audit** programmes appropriate to the nature and scope of the business activities of HD Faculty™ that, at minimum, provide for: -
 - (a) adequate monitoring of internal controls through an audit function appropriate to the size, structure and scope of operations of HD Faculty™;
 - (b) independence audit functions;
 - (c) qualified professionals and management for the conduct and review of audit functions;
 - (d) adequate testing and review of audited areas together with adequate documentation of findings and of any recommendations and corrective actions; and,
 - (e) verification and review of measures and actions undertaken to address identified material weaknesses.
2. **Implement and maintain internal controls** appropriate to the nature, scope, and risk of the business activities of HD Faculty™ that, at a minimum, provide for: -
 - (a) HD Faculty™ structure and assignment of responsibility for management, employees, consultants, sub-consultants, contractors, and sub-contractors that provide for accountability and controls, including adherence to policies and procedures;
 - (b) a control framework commensurate with the risks of HD Faculty™;
 - (c) policies and procedures adequate to safeguard and to manage assets and liquidity; and,
 - (d) compliance with the prevailing laws, regulations, and policies of applicable jurisdictions.
3. **Establish and maintain committees, advisory boards, agencies, and/or trust: -**
 - (a) The Board shall ensure that HD Faculty™ has at least: (i) a research and development committee; (ii) a trade and commerce committee, (iii) an investment committee, (iv) a risk management committee, (v) an audit committee, (vi) a corporate governance committee; and/or, (vii) a nomination and remuneration committee;
 - (b) where deemed fit and proper, the Directors may, from time to time, establish and maintain additional committees, as well as special committees, advisory boards, agencies and/or trusts as it views necessary or appropriate to assist it in carrying out the prescribed duties and responsibilities;
 - (c) the Board shall ensure that a majority of the directors of each such committee are deemed independent; thus, composition of all committees shall meet all applicable independence and other legal and regulatory requirements, and,
 - (d) the Board may delegate to the committees any of the powers of the Directors, whose mandate shall be determined by the Directors, and be placed in the respective section of the Corporate By-laws of HD Faculty™.
4. **Establish and implement policies and procedures** for generating and retaining reports and documents that enable: -
 - (a) the board of directors, or a committee or committees thereof, to make informed decisions and to exercise its oversight function, by providing all such relevant information of an appropriate level of detail as necessary;
 - (b) the managers to make informed business decisions and to assess risks for all aspects of the business and affairs of HD Faculty™ on an ongoing basis, by providing sufficient relevant information of an appropriate level of detail as necessary in a timely and prudent manner;

- (c) the decision-makers to have appropriate and necessary information about particular transactions and business operations;
 - (d) HD Faculty™ to administer and supervise all assets, liabilities, commitments, and other financial obligations appropriately;
 - (e) HD Faculty™ to enforce legal claims against borrowers, counterparties and other obligors;
 - (f) HD Faculty™ to ensure that taxation compliance, along with the finance and accounting functions are established and maintained as cost containment and cost reduction; and,
 - (g) HD Faculty™ to ensure the timely and complete submissions of reports of the financial condition and operations, as well as annual and other periodic reports and special reports whenever requested or required by the respective By-laws
5. **Ensure that the Board, as well as the appropriate committees**, works with the executive management to establish strategies and goals of HD Faculty™ in an informed manner, and that the executive managers and other managers, as appropriate, implement such strategies, by ensuring at a minimum that: -
- (a) the Board oversees the development of strategies in key areas and exercises oversight necessary to ensure that management sets policies and controls to implement such strategies effectively in accordance with the Constitution and By-laws of HD Faculty™;
 - (b) the Board hires qualified executive management, and exercises oversight to hold management accountable for meeting the goals and objectives of HD Faculty™;
 - (c) the Board is provided with accurate information about the operations and financial condition of HD Faculty™ in a timely manner, and is sufficient to enable the Board to effect its oversight duties and responsibilities, in accordance with the By-laws of HD Faculty™;
 - (d) executive management of HD Faculty™ sets policies and controls to ensure that the strategies are implemented effectively, and that the organisation structure and assignment of responsibilities provide clear accountability and controls; and,
 - (e) executive management of HD Faculty™ establishes and maintains an effective risk management framework, including a review of such framework to monitor its effectiveness and taking appropriate action to correct any weaknesses in a timely manner.
6. **Establish or adopt safety and soundness standards** for information: -
- (a) to maintain its books, records, documents and other evidence in accordance with the generally accepted accounting procedures and practices, which sufficiently and properly reflect all costs attributable to each product, service, system and/or programme provided as well as to establish and maintain all forms of relevant records and statistical reports and regulations for such period and duration that are required by law;
 - (b) to segregate, track, maintain, and report on all liquidity facilities, non-commingled accounts, self-insured programmes and reserves, retirement, fidelity and sinking funds apart and separate from all other funds, and submit financial reports;
 - (c) to create or adopt and implement a comprehensive written information security programme that includes administrative, technical, and physical safeguards appropriate to the nature and scope of its activities; and,
 - (d) to provide information security programmes that are designed to: -
 - ensure the security and confidentiality of information;
 - (ii) protect against any anticipated threats or hazards to the security or integrity of such information; and,
 - (iii) protect against unauthorized access to or use of such information.

7. Manage and control risk:-

- (a) to manage and control the identified risks, commensurate with the sensitivity of the information, as well as the complexity and scope of the activities of HD Faculty™: -
 - (i) access controls over information systems, including controls to authenticate and permit access only to authorized individuals and controls to prevent employees from providing information to unauthorized individuals who may seek to obtain this information through fraudulent means;
 - (ii) access restrictions at physical locations containing information, such as buildings, computer facilities, and records storage facilities to permit access only to authorized individuals;
 - (iii) encryption of electronic information, including while in transit or in storage on networks or systems to which unauthorized individuals may have access;
 - (iv) procedures designed to ensure that information system modifications are consistent with the prevailing information security programme of HD Faculty™;
 - (v) dual control procedures, segregation of duties, and employee background checks, for employees with responsibilities for, or access to privileged information;
 - (vi) monitoring systems and procedures to detect actual and attempted attacks on or intrusion into the information systems HD Faculty™;
 - (vii) response programmes that specify actions to be taken when HD Faculty™ suspects or detects that unauthorized individuals have gained access to any of the information systems, including appropriate reports to regulatory and law enforcement agencies; and;
 - (viii) measures to protect against destruction, loss, or damage of information due to potential environmental hazards, such as fire, water, age, or technological failures;
- (b) to train staff to implement the information security programme of HD Faculty™; and,
- (c) to regularly test the key controls, systems, and procedures of the information security programme.

8. Oversee service provider arrangements:-

- (a) to exercise appropriate due diligence in selecting and appointing its service providers;
- (b) to require its service providers by contract to implement appropriate measures designed to meet the set objectives of guidelines of HD Faculty™, which include, but are not limited to:-
 - (i) risk assessment;
 - (ii) risk management and control decisions;
 - (iii) service providers arrangements;
 - (iv) results of testing;
 - (v) security breaches or violations and management's responses; and,
 - (vi) recommendations for changes in the information security programme
- (c) to confirm that the service providers have satisfied their obligations as required by HD Faculty™,
- (d) to review audits, summaries of test results, or other equivalent evaluations of its service providers;
- (e) to ensure that the service provider have filed at least its annual report with the Board or an appropriate committee thereof;
- (f) to ensure that the report describes the overall status of the information security programme and the service provider's compliance with the prevailing requirements of HD Faculty™; and,
- (g) ensure that each service provider implements an information security programme pursuant to the provisions of the approved Guidance.

FULLFILLING THE MISSION

To meet the specific needs of each clients with professional and personal care; HD Faculty™ presiding Directors and management of are required to address the objects and compliance issues set out in the Charter (Constitution), in a timely, prudent, and transparent manner.

In addition, the Board of Directors of HD Faculty™ is required to ensure that the prevailing corporate governance, from time to time, takes into consideration the following issues and ensures that they are addressed thoroughly within the annual financial statements that are proposed or delivered by HD Faculty™: -

- (a) Strategy;
- (b) Achievements and Financial Results;
- (c) Financing Policies and Practices;
- (d) Lines of Credit Policy;
- (e) Investment Plans;
- (f) Quality of Management in respect to succession plans, strength of middle management, performance vs. peers; and,
- (g) Controls in respect to management, financial, internal auditing, information system.

A. Strategy

To provide the products and services of HD Faculty™ effectively, the strategy employed by it involves major commitment of human resources, financial resources, physical resources, and organizational resources through strategic partnerships with reputable American, British, Canadian, European, Malaysian, and multinational firms. Therefore, HD Faculty™ utilizes strategic partnerships to enable it to provide and sustain a skilled workforce that is equipped to or exceed the total quality requirements in a competitive marketplace. HD Faculty™ will continue to seek to form new strategic partnership alliances with firms around the world, in order to increase its coverage whilst fostering new products and services development. In addition, where the need arises, HD Faculty™ has made it their policy to employ eligible registered members of Conscribe Network!™, as prime contractor or the Canadian Commercial Corporation for all foreign projects; thus, providing the necessary comfort to the Client and the participating financial institutions and foreign partners that the required services or products will most assuredly be delivered or completed as intended, on course, and on time.

B. Achievements and Financial Results

HD Faculty™ is required to document its achievements and financial results. Therefore, please consult the quarterly, semi-annual, or annual financial statements for the subject matter, wherein the Internal Auditors are required to deal with this topic.





C. Financing Policies and Practices

The following set out the financing policies and practices pertaining to the use of proceeds by HD Faculty™: -

- (1) **Purpose.** HD Faculty™ requires that allocated portfolio investment funds be kept intact, for the duration of a given loan, free, and clear of all liens and encumbrances, save as maybe allowed By-law No. 2.
- (2) **Use of Proceeds.** Where HD Faculty™ or its designated Investment Management Team **employs a trustee** in a given transaction, it is required to establish or cause to be established a non-commingled account at the institution wherein the said sum is required to be deposited and remain therein until maturity and/or be dealt with in the mutually agreed upon prescribed manner. The Investment Team is required to use the said sum to establish a liquid account, known as **"Secondary Reserve, being "cash on deposit"** in the designated account, which may be required to **facilitate the liquidity reserve requirements** of HD Faculty™.
- (3) **Fluctuations.** Where HD Faculty™ obtains portfolio proceeds for the purposes stated in paragraph (2), Use of Proceeds, above, it is, and shall be, prohibited from fluctuation. It is the duty and responsibility of the Investment Management Team to **ensure that the said sums are kept intact for the duration** prescribed by HD Faculty™.
- (4) **Security Interest.** Where HD Faculty™ or its subsidiary (or their respective nominee) is in possession of proceeds that are derived from a given transaction in respect to the **issuance of a promissory note, a debt instrument, investment instrument, commercial paper, bond, or loan**, it shall undertake or cause to be undertaken the **issuance of security interest to the creditor in order to secure the creditor or investor from exposure to unnecessary risks**. The security interest granted, be it direct or indirect, **shall secure the payment and satisfaction of any and all obligations**, indebtedness, and liability to the creditor or investor of the proceeds, be it present or future, direct or indirect, absolute or contingent, matured or not, extenuated or renewed, and howsoever incurred, and any ultimate unpaid balance thereof, and whether the same, from time to time is reduced and thereafter increased or entirely extinguished and thereafter incurred again, in one (1) or more of the following: -
 - (a) Portfolio securities;
 - (b) Marketable securities; or,
 - (c) Designated accounts receivable, by way of registration.
- (5) **Payment. The due and punctual payment of the principal amount**, in respect of an investment instrument, commercial paper, or a loan shall be **unconditionally and irrevocably undertaken by the Investment Manager via the Trustee** who is **required to pay the debt directly** to the respective creditor or investor, or the financial institution acting on their behalf.
- (6) **Portfolio Manager.** In conjunction with the aforementioned, HD Faculty™ is required to appoint an **independent portfolio manager (the "Manager") who shall establish a sinking fund account for accretion and the retirement of debt obligations**. The Manager is required to **manage the incoming cash flows into separate payment streams in order to service the debt**, pursuant to the provisions of paragraph (4) — Security Interest, and paragraph (5) — Payment, above.
- (7) **Trustee/Custodian.** Where HD Faculty™ employs a **trust company or its finance subsidiary**, or a **sub-custodian** thereof, such trust, finance, subsidiary, or sub-custodian is required to be passive and merely hold the trust property and to protect and conserve it for the benefit of the respective beneficial.

- (8) **Restrictions.** The Portfolio/Investment Manager is **prohibited from using any proceeds or assets of HD Faculty™ to engage in, or undertake any investment activity not directly related to the objectives of HD Faculty™** (or considered speculative), to the generally accepted principles of conservative investment management.
- (9) **Deed of Covenant.** Where HD Faculty™ or its subsidiary issues a Deed of Covenant, such covenant shall be placed in the care of the **Trustee who is required to hold the original Deed of Covenant until maturity** thereof.
- (10) **Risk Factors.** Where HD Faculty™ or its subsidiary issues any form of debt instrument or obtains a loan, it shall ensure that the **creditor or investor**, as the case maybe, is **properly informed in respect to the risk factors**. The risk factors section of the Information Document shall state which part of the interest payment is, or maybe secured by account receivables, including foreign governments' entities and foreign enterprises, be it direct or indirect. Where there is no accounts receivable coverage or enhancement facility in place, such receivable is subject to certain risks; therefore, it must be so declared.
- (11) **Reducing the Risks.** Without any conflict to the foregoing provisions, where HD Faculty™ or its subsidiary draws down the proceeds or any portion thereof for investment, it shall ensure that the Portfolio/Investment Management Team **establishes self-insured retention levels and alternative risk financing assurance programs for the assets, including the interest payments**. The said retention level that is required to be established and be in place must ensure that the required portion of the income generated from the income program is allocated in the right manner, time, and place as prescribed by HD Faculty™.





D. Lines of Credit Policy

Where HD Faculty™ establishes or causes to be established a “**Revolving Line of Credit**,” the Board of Directors shall ensure that the credit facility is **used in the manner prescribed herein**. The presiding Management shall **state the purpose, duration, and plan for repayment, fluctuation, and security being offered, in accordance with the following provisions**:-

- (1) **Illiquid Investment**. This portion, so deemed, shall be allocated for illiquid investment activities, such as acquisition of a private or public enterprise, facility acquisition, including engineering and equipment, vehicles, computer hardware and software, communication systems, printing, and miscellaneous equipment. Nonetheless, at no time shall the **“illiquid investment” portion of proceeds be permitted to be drawn down in excess of fifty-percent (50%) of the face value of the line of credit**, unless adequate arrangements are made and put in place.
- (2) **Working Capital**. This portion of the proceeds, so deemed shall be used for the **general administrative expenditure**, such as insurance, utilities, legal, and professional fees, and all general costs associated therewith, but at **no time shall the working capital portion of the line of credit be drawn down or be permitted to exceed twenty-percent (20%)** of the face value of the credit line.
- (3) **Reserve/Sinking Fund**. This portion of the **proceeds**, so deemed (includes surplus capital from all sources, secured investments, and marketable securities), is required to be **credited to a Sinking Fund Account**, and be **managed by qualified Investment Portfolio Managers, for its accretion** and be used to make interest payments, or towards the retirement of outstanding obligations. But at no time shall the reserve be less than thirty percent (30%) of the proceeds.
- (4) **Term of the Line**. Where HD Faculty™ seeks to establish a credit facility, the term of the Line of Credit requested shall be for the period of three (3) years from issuance, and **renewable on an annual basis, subject to performance**. Notwithstanding, HD Faculty™ or its nominee, until maturity, shall collect, use, invest and reinvest, and deal with collateral, or security, or cause to be collected, used, invested and reinvested and deal with the collateral or security in the ordinary course of the business, under the guidance of the Portfolio Manager, only in a manner consistent with the provisions of the covenant, and the applicable securities regulations.
- (5) **Plans for Repayment**. The due and punctual payment of the principal and interest due in respect to the Loan shall be made pursuant to the terms and conditions of the Covenant, duly executed between the parties. The Compliance Committee shall undertake to ensure compliance thereof.
- (6) **Fluctuations**. Where HD Faculty™ approaches an institution to establish a credit facility, the respective Management shall **state the expected level of fluctuation** in respect thereto.
- (7) **Security**. For value received, HD Faculty™ may provide or cause to be provided a specific security or portion thereof for a specific payment and performance of an outstanding obligation when due; notwithstanding, HD Faculty™ shall NOT give or cause to give blanket security interest nor shall it excuse or cause to be executed a general security agreement.
- (8) **Restriction**. Notwithstanding the generality of clause (7), above, **HD Faculty™ shall NOT give or cause to be given blanket security interest on any of the below cited**, whether now owned or hereafter acquired: (i) all inventory, equipment, receivables, and general intangibles; (ii) on all deposit accounts; (iii) on all money; (iv) on all property now or at any time in the future; (v) on all claims and credit balances; (vi) on all proceeds (including proceeds of any assurance and/or insurance policies, proceeds of proceeds and claims against third-parties); (vii) on all products or services; and, (viii) on all books and records related to any of the foregoing.

E. Investment Plans

- (1) **Prime Emphasis.** The prime emphasis of the Investment Plan of HD Faculty™ is on producing growth through secured capital appreciation, strategic work through, buy-in, or buyout. Thus, income is of less importance, and **surplus income generated shall be reinvested.** Therefore, investment may be made in permitted eligible small capitalized companies that are positioned to enable HD Faculty™ to achieve its goals. The percentage of equity investments may **range between thirty percent (30%) to fifty-one percent (51%),** dependent upon market conditions, as well as the strategic value being added to HD Faculty™.
- (2) **Objective.** The designated Investment Team is required first to process (entails assessing) the investment objectives, portfolio constraints, and risk preferences of HD Faculty™. A clear understanding is then reached as to the long-term goals, strategy to be utilized and the parameters that are required for the portfolio. Next, the Investment Team integrates the objectives into the context of their own outlook for the economy, capital markets, and potential of the targeted entity with respect to HD Faculty™. Expected returns for bonds, stocks, and cash are generated and the asset mix for each sector portfolio is aligned to realize a maximum total return for a given level of risk. As economic conditions and the capital market outlook change, the **Investment Team is required to realign the portfolio to be more defensive or aggressive,** as the case may be.
- (3) **Equity Profile.** HD Faculty™ seeks to gain domestic, regional, and international exposure through an incremental investment strategy in high-quality equity issues over time. Since HD Faculty™ prefers to exercise a gradual purchasing strategy, the equity component will be constructed over time.
- (4) **Characteristics.** The Investment Team is required to gain domestic, regional, and international exposure, **through high-quality equity issues.** Concentration on markets, segments, and companies within them displaying the characteristics identified below, would be undertaken: -
 - Fundamentals consistent with the current economic outlook;
 - Superior management;
 - Strong balance sheet/solid financial health;
 - Stable dividend/earnings record;
 - Undervalued securities; and,
 - Unique competitive advantage: low-cost production/technological edge, and the like.
- (5) **Capitalizing on International Opportunities.** HD Faculty™ seeks to capitalize on international opportunities and diversifies its asset base by foreign investment exposure through: -
 - Domestic corporations with significant international operations;
 - Domestic and regional corporations with sizeable export markets; and,
 - Segregated foreign corporations.
- (6) **Investment Strategy Employed.** HD Faculty™ requires that the investment strategy employed by the Investment Team, from time to time, is designed to produce superior capital growth results over time. In addition to the equity allocation set out above, HD Faculty™ seeks to **spread the investment risk by a strategy of geographic equity asset allocation to achieve the following mix,** which will be updated from time to time to reflect prevailing market conditions: -

• Canada equity	10%
• Europe equity	10%
• United Kingdom equity	10%
• United States equity	10%
• Malaysian and regional equity	30%
• All other eligible countries equity	30%

Remark: For the purposes of this document, the Portfolio Manager/Investment Team must ensure that they fully understand the investment objectives as outlined in Section E Investment Plans-and Section G – Control Systems, below.



F. Quality of Management

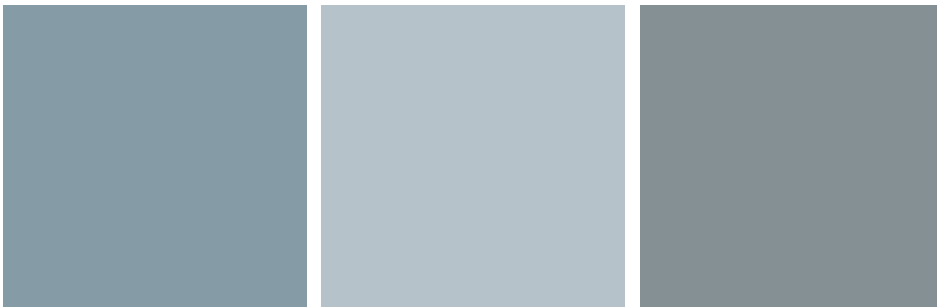
HD Faculty™ value quality of Management, in respect to its succession plans, strength of middle management, and performance vs. peers: -

- (1) **Succession Plans.** HD Faculty™ believes that it is imperative to establish and maintain succession plans in respect to leadership, skilled workforce, advanced infrastructure, leading edge technological research and development, and strategic partners and alliances. Therefore, HD Faculty™ has mandated the human resource department and empowered it to continually seek out the best minds in the industry, in order to pursue its set goals and objectives, in respect to its succession plans and continuance.
- (2) **Strength of Middle Management.** HD Faculty™ is of the opinion that quality and knowledge cannot be separated; they are an integral part of financial literacy and performance, in respect to risk management, risk mitigation, and control. Thus, the Board of Directors are required to ensure that an interactive and customized education program be put in place to ensure that HD Faculty™ helps to strengthen its middle management to improve their knowledge in respect to their duties and responsibilities; thereby, enhancing the overall value to HD Faculty™ and its stakeholders.
- (3) **Performance vs. Peers.** The Board must be clear on its responsibilities in situations such as catastrophic events, significant changes in corporate financial position, mergers, and acquisitions, amongst others. Therefore, it is **required to maintain performance monitoring** in respect to the performance of each person employed vs. their respective peers.

G. Control Systems

From time to time, the control systems in place pertaining to management, financials, internal auditing, and information systems require that the Board of Directors: -

- (a) establishes and/or **adopts formal implementation plan(s)**;
- (b) establishes and **maintains communication channels** among management, the Board of Directors, and the various committees thereof to ensure a timely **discussion of the status and issues** related thereto;
- (c) establishes and maintains control and risk management programs in which controls and procedures are documented and **continuously evaluated and adopted** in respect to processes or changes; and,
- (d) Incorporates steps within their formal implementation plan that address the foregoing, **such as control activities, information, communication, and monitoring**.



EARNINGS PROTECTION

Subject to the prevailing rules and regulations, under the supervision of the Audit Committee, the designated Financial Officers and Internal Auditors are required to maintain the “Earnings Protection” key measurement indicators of the basic earnings power of HD Faculty™, from time to time, the items identified below, (A) to (P) are required to be covered inside the financial statements of HD Faculty™, and as such are not elaborated upon in this section. However, the statement of cash flows, footnote disclosures, including results of operations, liquidity and capital resources, capital requirements, and disclosures about market risks pertaining to HD Faculty™, are prepared in such a manner to address items (A) to (P), in light of items (Q) to (V), below: -

- (A) Measurement of profitability;
- (B) Returns on capital;
- (C) Pre-tax coverage ratio;
- (D) Profit margins;
- (E) Earnings on asset segments;
- (F) Source of future earnings growth;
- (G) Consistency of core earnings;
- (H) Exceptional or extraordinary items;
- (I) Pension service coverage;
- (J) Ability to finance growth internally;
- (K) Inflation-adjusted earning capacity;
- (L) Tax environment;
- (M) Dividend cover;
- (N) Dividend and payout ratios;
- (O) Restrictions on profit repatriation;
- (P) Provision in respect of smoothing of profits
- (Q) Compensation for services;
- (R) Expenditure incurred;
- (S) Payment methods;
- (T) Lien and setoff;
- (U) Right to assign or transfer; and,
- (V) Accounts receivable coverage.



Q. Compensation for Services

In consideration of HD Faculty™ performing the respective task for a given client, and subject to the set terms and in the fulfilment of the stated conditions of the respective or the Statement of Work thereof: -

- (1) **Management Consulting Services.** Where HD Faculty™ performs consulting activities for a client, the Client agrees to pay the respective rate set out in the "Fee Schedule," which sums are normally included in the project cost.
- (2) **Customized Service Unless otherwise stated,** where HD Faculty™ performs customized services for a client, the Client agrees that all labour cost, both direct and indirect, deemed necessary to successfully introduce its customize service will be provided at its expense, which includes that which is necessary to study, manage, administer, resolve, transform, and implement, and whatever else is necessary.
- (3) **Investment Program's Fees.** Where there are investment program fees, the Client agrees to pay all the fees and charges associated therewith, more specifically, research, development, supply, and deployment of the product.
- (4) **Commission and Fee.** Where HD Faculty™ charges registered member a commission or success fee, the Member is required to agree to pay HD Faculty™ a success fee in the amount prescribed within the "Agreement", on the successful placement. The said is due on demand, of the face value of the Project undertaken, which may be included in the Project cost, including all charges for legal services, paid or incurred by the Member in connection with the Project, together with the correspondents' charges, if any, and interest when chargeable.
- (5) **Training Services.** In the event that the Client desires and it is mutually agreed to, HD Faculty™ provides training services, which may be used to conduct training and/or consulting programs not specifically identified in the respective agreement. In such case, the Client is required to pay the prevailing rate per hour for each consultant that is appointed and assigned and to undertake or provide the required service(s), with an increase of three percent (3%) per annum for the duration of the Agreement, unless otherwise agreed in writing between HD Faculty™ and the Client.
- (6) **Special Circumstances.** In the event of special circumstances, variations to the fees outlined within the respective "Fee Schedule " are normally allowed as mutually agreed to in writing by HD Faculty™ and the Client.
- (7) **Out of Pocket Costs.** The Client agrees to pay HD Faculty™, on demand, all reasonable expenses and out-of-pocket costs that HD Faculty™ may have incurred and paid in respect to the respective agreement or the Project, without limitation.
- (8) **Late charges.** The Client agrees to pay to HD Faculty™ (or its successor or assign), on demand (or as mutually agreed to in writing), late charges on all amounts outstanding or that have become due under the Agreement. The late charges and commissions that are deemed payable under the Agreement are computed on the basis of a year of three hundred and sixty (360) days and actual days elapsed.
- (9) **Interest.** The Client agrees to pay to HD Faculty™ (or its successor or assign), on demand (or as mutually agreed to in writing), interest on all amounts outstanding or that have become due under the Agreement, but are unpaid at a daily fluctuating interest rate per annum equal to the prescribed percentage above the higher of: (i) the Participating Institution overnight cost of the respective currency [funds] or (ii) the rate of interest from time to time announced by the Participating Institution as its prime rate for the respective currency facility. The interest and commissions that are deemed payable under the Agreement shall be computed on the basis of a year of three hundred and sixty (360) days and actual days elapsed.

R. Expenditure Incurred

Pursuant to the provisions of the approved agreement, the Client agrees to reimburse HD Faculty™: (i) immediately and without demand, for any payment HD Faculty™ makes under the “Appointment Letter” and/or the Agreement in respect to the Project; and, (ii) on demand, for any payment HD Faculty™ makes in connection with the Agreement to satisfy the Client's obligation under, or otherwise benefited the Client in a transaction underlying Project.

- (1) **Maximum Out-of-pocket Expense.** Without limiting paragraph (2), Independent Contractor, below, in accordance with the provisions of the Agreement, the Client shall reimburse HD Faculty™ to a maximum prescribed in the Agreement in the lawful currency of Canada, the United States of America, or any leading countries' currency in tCurrency (tC) pertaining to out-of-pocket expense reasonably incurred in respect to facilities provided, travel expenses, imailx™, telex, fax, telephone, postage, and supplies, on a project-by-project or transaction-by-transaction basis.

Independent Contractor. Where HD Faculty™ is required to engage the service(s) of a registered member or participant of Conscribe Network!™, Commercial Bank, and/or its personnel and/or independent contractor(s) to facilitate a project or assignment, the Client undertakes to pay all related expenses, which sum incurs a mark-up of twenty percent (20%).

- (3) **Bank and Institutional Charges.** Where HD Faculty™ incurs bank and institutional related charges, the Client is required to undertake to pay all bank and institutional fees and charges for their participation, be it by way of issuance by wire, payment, authorization, advising, confirming, negotiating, issuing, or undertaking any transaction(s), with and without a demand deposit at the bank, reimbursement request, approval to negotiate, amendment, transfer, discrepancy, and for the return of documents. In addition, any transaction arising under credit in favour of the Client or its project, may be subject to the respective bank's fee schedule for movement of money, be it in the form of collections, incoming and outgoing wire transfers, foreign currency payment, or receipt, telecommunication, tracers, or any form of research in respect to the financial products.
- (4) **Interpretation.** For the purpose of Section R, paragraph (3), (Bank and Institutional Related Charges), above, the expression “Telecommunication” means any form of electronic communication and electronic banking transaction, which includes telephone line or wireless transmission of a document to produce a “teletype”, telefax, all manner of electronic banking transactions and interbank transmissions through automated fund clearing systems, domestic and international wire transfer, and payment systems.
- (5) **Assurance Charges.** In the event HD Faculty™ engages the services of a trade financial institution, governmental agency or otherwise appointed such entity to provide “Assurance Coverage” for its accounts receivable in respect to the services that are rendered under the Agreement, the Client agrees that it shall pay all fees and charges, including but not limited to attorney and bank charges, and comply with the set terms and in the fulfilment of the stated conditions of the respective insurer or underwriter. Notwithstanding, such payment may be required to be included in the Project overall cost.
- (6) **Interpretation.** For the purposes of Section R, paragraph (5), (Assurance Coverage), above, the expression “Assurance Coverage” means the credit enhancement and risk reduction facility or facilities set-up to prevent HD Faculty™ and its participating financial institution, providing financial assistance to undertake interim expenditure, from exposure that is structured to protect the balance sheet of HD Faculty™ from sudden loss, whilst removing the responsibility of the participating financial institution or creditor from continuously monitoring and determining the status or value of the given receivable.



S. Payment Methods

Unless otherwise stated in the respective agreement, all payments that the Client makes to HD Faculty™ under the Agreement, are required to be made in immediately available funds at its designated trustee's office or institution without any withholding, deductions, or set off. In addition,

- (1) **Claim for Service.** HD Faculty™ shall be reimbursed as provided for in the Agreement, on the basis of a properly executed "Claim for Service" form.
- (2) **Claim for Service Arrangement.** The "Claim for Service" form is required to be submitted no later than the end of the calendar month during which services are performed. Exceptions to this arrangement may be permitted upon receipt of written request from the Client to HD Faculty™.
- (3) **Payment Instrument.** With exception of Globcred® and Conscribe-It!™ related transaction, payment to HD Faculty™ is required to be made by bank transfer, cheque [check], or money order. Where payments are made by cheque [check] or money order, it is required to be delivered by certified mail postmarked no later than thirty (30) days subsequent to receipt of the claim for service.

T. Lien and Setoff

Pursuant to the typical Agreement the Client agrees that the balance of every account that they have with HD Faculty™ and each claim that HD Faculty™ has, from time to time, is subject to a lien in favour of HD Faculty™, and subject to its right of setoff against payment(s) of any of the Client's obligations, and the Client remains liable for any deficiency. The provisions within the Agreement permit that HD Faculty™ shall be paid as provided for, based on a properly executed "Claim for Service" form.

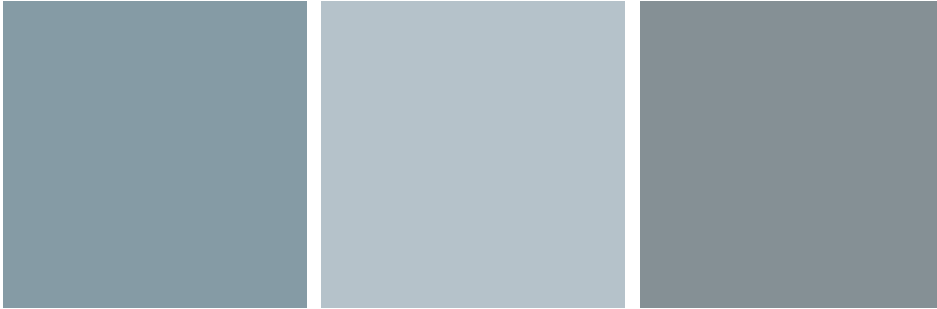
U. Rights to Assign or Transfer

HD Faculty™ reserves the right to transfer and/or assign its agreement and/or the proceeds that derive therefrom. The Client is required to accept all such assignments and/or transfers as binding, in accordance with the provisions of the Agreement.

V. Accounts Receivable Coverage

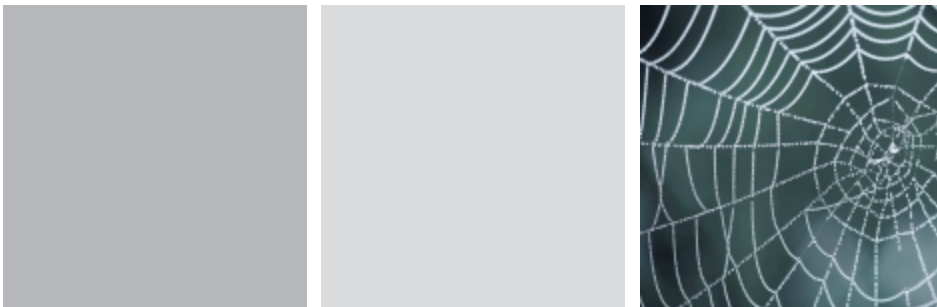
- (1) **General.** Accounts receivables are a critical component of the balance sheet of HD Faculty™ — they directly affect its cash flow and profitability. Therefore, HD Faculty™ has made it a policy not to leave its most vulnerable assets open to loss and taking risks on bad debt write-off.
- (2) **Objective.** The objective of HD Faculty™ in this regard is to strengthen its business accounts receivable margining, through the acquisition or subscription of credit assurance coverage.
- (3) **Credit Enhancement.** An accounts receivable credit enhancement facility prevents HD Faculty™ from overtrading with any specific client or customer, as the participating institutions or insurer may require approving potential major exposures. In addition, credit enhancement protects HD Faculty™ from sudden losses, and it ensures that HD Faculty™ has proper in-house credit and collection procedures in place. HD Faculty™ uses credit enhancement mechanisms to provide early detection of credit deterioration. It is employed as a monitoring mechanism to constantly probe prevailing situations of, and statutes of the respective Client, thereby relieving participating creditor or investor from trying to continuously determine the current value of a given receivable derived from HD Faculty™.
- (4) **Policy Administration.** Where HD Faculty™ undertakes to establish an accounts receivable assurance coverage in respect to a given creditor, banker, or investor, it shall ensure that once the assurance is in place, a copy of the policy is delivered to the respective creditor, banker, or investor, as the case maybe.
- (5) **Benefits.** Some of the noticeable benefits are: -
 - (a) Protect accounts receivable of HD Faculty™ from an unexpected loss;
 - (b) Increase cash-flow dependability; and,
 - (c) Increase the borrowing capacity of HD Faculty™.

RISK MANAGEMENT



Key Topic

1. Risk Factors
2. Risk Management
3. Risk Mitigation Strategies and Solutions





1. Risk Factors

In dealing with the risk management issues of HD Faculty™, it is required to address transaction risk, revenue risk, counterparty risk, country risk, industry risk, credit, market, and work-in-progress risk in respect to contractual obligations: -

- 1.1 **Transaction Risk.** Transaction risk is a risk factor that HD Faculty™ is confronted with in connection with a transaction that it has agreed to undertake pertaining to the development of a HD-SPIV™ for, and on behalf of its foreign clients. In such case, HD Faculty™ is faced with various counterparty related risk factors, such as foreign client credit risk; political risk; travel and terrorism risk; foreign exchange risk; and technology risk.
- 1.2 **Revenue Risk.** Revenue risk is a risk factor that HD Faculty™ is faced with in the market pertaining to its fees and charges; the demand for its products and services; the ability to meet the demand of the target market in a timely manner due to the lack of essential revenue; and any factors or events that restrain or inhibit HD Faculty™ from generating the required revenue to meet its commitments.
- 1.3 **Counterparty Risk.** Counterparty risk is risk relating to the Client's or counterparties' validity, credibility, authority to act and fulfill one's commitment on time.
- 1.4 **Country Risk.** On a country-by-country basis, the Risk Management Team of HD Faculty™ is required to examine the environment in which the firm operates in respect to the host country. Their tactical plan involves the performance of sectors and economic indicators assessment, and relevant political considerations of the sovereign risk of the countries of domicile.
- 1.5 **Industry Risk.** On a country-by-country basis, the Risk Management Team is required to define the strengths weaknesses, opportunities, threats and issues of the industry within the economy and relative to the economic trends. Their primary focus is on the domestic industry: (a) characteristics; (b) barriers to entry; (c) demand factors; (d) business cyclicality; (e) regulatory regime; (f) potential legislation; (g) economic forces impacts; (h) impact of technological changes; (i) supply and distribution factors; and, (j) basic financial characteristics of the business.
- 1.6 **Credit, Market and Work-in-progress Risk.** In addition to the foregoing, the Risk Management Team is required to make it their priority to manage the credit, market, and work-in-progress [operational] risk exposure, in accordance with the prevailing internationally accepted risk management policies and prevention procedures, and those of HD Faculty™.
- 1.7 **Priority of Claims Risk.** Unless otherwise exempt, the assets of HD Faculty™ are subject to the Canadian Income Tax Act, as well as the government in right of the host [domicile] country, wherein it is conducting its business and affairs have priority claim.
- 1.8 **Receivables Risk.** HD Faculty™ is subject to a number of external risks in respect to its account receivables. Some of the possible receivables risks HD Faculty™ are: -
 - (a) third party non-performance;
 - (b) delayed payment due to bureaucracy;
 - (c) political; and,
 - (d) liquidity risk.

Therefore, it has undertaken to protect itself from unexpected loss by insuring its accounts receivable, on a case-per-case basis.

2. Risk Management

2.1 Mandate

The Risk Management Team has been mandated to: -

- (a) establish key elements;
- (b) prioritize objectives (Reward Realization);
- (c) identify threats and opportunities;
- (d) separate and reorganize acceptable risk;
- (e) establish set priorities in line with the risk mitigation programs designed to avoid HD Faculty™ from risk exposures;
- (f) develop sustainable capability through alliances with governmental and institutional entities that will increase confidence in the ability of HD Faculty™ to fulfil its business objectives and purposes, on time, each and every time;
- (g) improve the execution plans of HD Faculty™ through informed persons that understand the nature and extent of the respective risk and impact that it would have on HD Faculty™;
- (h) establish and maintain risk monitor gauges that will identify, quantify, and demonstrate their understanding, of the risk mitigation and control requirements of HD Faculty™;
- (i) provide the Board of Directors with demonstrated assurance about the risk management achievements of HD Faculty™ pertaining to its goals, purposes, and objectives; and,
- (j) establish, maintain, and update its policies, procedural guidelines and information system regularly in respect to the: -
 - (i) objectives of the Risk Management Program;
 - (ii) identification and classification of risk factors;
 - (iii) prioritization of the risk factors;
 - (iv) assessment and evaluation of the respective risk;
 - (v) quantifying of the risk in a concise format;
 - (vi) development and/or redevelopment of a risk mitigation and control system;
 - (vii) development and/or redevelopment of a risk monitoring and performance indication system; and,
 - (viii) establishment and maintenance of a risk management system that enables HD Faculty™ and its clients to continuously improve the risk exposure through the exploitation of items (v), (vi), and (vii), above.

2.2 Loss Prevention Program Criteria

The criteria for determining whether a participation action in the loss prevention program HD Faculty™ should be taken are divided into monetary and non-monetary.



2.3 Risk Management Strategy

In its quest to reduce its risk exposure, HD Faculty™ has mandated the Board of Directors to establish and maintain a dedicated Risk Management Committee, which has been mandated to create, manage, monitor, update, create benchmarks, adopt, and implement the most effective risk management policies and prevention procedures in respect to HD Faculty™ and its stakeholders' exposure. The Committee and its team of expert are required to enable HD Faculty™ to assess risks continuously, to identify the requisite steps to take and resources to be allocated to mitigate risk factors and provide necessary assurances.

The Risk Management Team is permitted, from time to time, to undertake risk trade-off activities, whereby one type of risk is substituted for another. In the event that HD Faculty™ authorizes a risk-trade-off, when the degree of risk is not reduced by the trade-off, the Risk Management Team is required to make sure that the mitigation strategy is the one that prompts the trade, especially if certain mitigation tactics may be better performed by HD Faculty™ than others, or vice versa.

The following are two examples of permitted risk tradeoffs in respect to HD Faculty™: -

- (1) Outsourcing transfers to a qualified member or participant of Conscribe Network!™, shifts from operational risk to counterparty and reputation risk, and thereby reduces operational risks.
- (2) In selecting an assurance company to administer its product, HD Faculty™ shifts the actuarial and operational risks from HD Faculty™, and as such accepts counterparty and reputation risks. In this instance, C-RISK or its nominee can easily mitigate counterparty and reputation risk in the selection process of HD Faculty™ than it can mitigate actuarial and operations risks in which it may not have any expertise.

2.4 Internal Audit

The presiding management is required to ensure that it addresses current issues that affect both short and long-term profitability in respect to process and performance improvements of HD Faculty™. The focus is on the importance of internal audit's role in effectively identifying, implementing and managing relevant risks.

In addition, HD Faculty™ has established in-house procedures that provide early detection of credit deteriorations; thus, providing comfort to the participating financing institution and insurers or enhancement facility providers.



3. Risk Mitigation Strategies and Solutions

3.1 Risk Management Strategies

Having identified and prioritized all the risks relating to a given transaction, typically, HD Faculty™ chooses one of four strategies, being: (1) acceptance, (2) avoidance, (3) transfer, or (4) mitigation (control) of risk.

- (1) **Risk Acceptance.** Where the probability of occurrence and the impact of a particular risk are insignificant in comparison to the cost of controlling it, HD Faculty™ may choose to accept such a risk.
- (2) **Risk Avoidance.** If the consequences of a particular risk could be devastating, and HD Faculty™ does not have the resources to mitigate it sufficiently, HD Faculty™ may choose to avoid such a risk.
- (3) **Risk Transfer.** If the consequences of a risk can be severe, but the occurrence is very unlikely (for instance, in the case of a fire on premises belonging to HD Faculty™), it only makes sense to transfer the risk to a third party, rather than bearing the cost of controlling such risk.
- (4) **Risk Mitigation (Control).** When risks relate to the core business of HD Faculty™, they are controlled internally. The risk mitigation strategies and solutions, in this regard for risk events that have a high possibility of occurrence, are dealt with in a cost-effective manner under the watchful eyes of the Risk Management Team HD Faculty™.

3.2 Mitigation Criteria

Where the Risk Management Team intends to mitigate a risk factor, the following is the set criteria, adopted by HD Faculty™ in this regard: -

- (a) Establish fix paradigms and make actions specific;
- (b) Define and delineate trigger points that start preparations and actions;
- (c) Calculate approximately the timeframe and resources required to support tactics;
- (d) Calculate approximately how much, and the frequency of the risk event and impact by which it will decrease, if the plans are successful;
- (e) Assess cost efficacy of proposed risk reduction tactic, and its consequence;
Assign a Risk title-holder to implement tactic; and,
- (g) Decide how to monitor plan to know whether it is achieving its objective;

As part of the process of identifying mitigation tactics or internal controls, HD Faculty™ is required to ensure that the controls it chooses are not more costly than the potential cost to HD Faculty™, if no controls were put in place.

The steps and calculation cited below, in Section 3.3, below, assist HD Faculty™ in balancing the anticipated benefits of reducing identified risks with the cost of controlling them.



3.3 **Relevant Steps.** Steps HD Faculty™ uses in selecting cost-effective controls for each risk event, undertaken by the Risk Management Team: -

- (a) Evaluates the potential losses to HD Faculty™;
- (b) Identify potential mitigation tactics and techniques to reduce or eliminate the identified risk;
- (c) Assess direct costs, as well as indirect costs to implement tactic plan;
- (d) Compare costs of implementing controls with the anticipated benefits (the object is to identify the cost/benefit of the mitigation tactical plan/proposal, by calculating the risk reduction leverage); and,
- (e) Select and implement tactical plans that add the most value relative to the composite costs.

3.4 **Risk Management Solutions**

- (1) **Investor's Security Interest.** The policy HD Faculty™ requires, from time to time, that the security interest granted, be it direct or indirect, secures the payment and satisfaction of any and all obligations, indebtedness, and liability to the respective creditor, be it present or future, direct or indirect, absolute or contingent, matured or not, extenuated or renewed, and howsoever incurred, and any ultimate unpaid balance thereof, and whether the same, from time to time, is reduced and thereafter increased or entirely extinguished and thereafter incurred again.
- (2) **Governmental Risk Mitigation.** To address the risks identified under items 1.1 through 1.8 of the Risk Factors, above, amongst others, HD Faculty™ looks to its Risk Management Team for solutions, which include, but not limited to, the utilization of the Government of Canada platforms and/or its Crown-owned entities, having acceptable credit rating.



SECTION 02

SECTION 2

CREDIT RATING ISSUES

The rating issues of HD Faculty™, if any, is available at:
<https://hdfaculty.ca/biz/Credit-rating>



CORPORATE DISCLOSURE



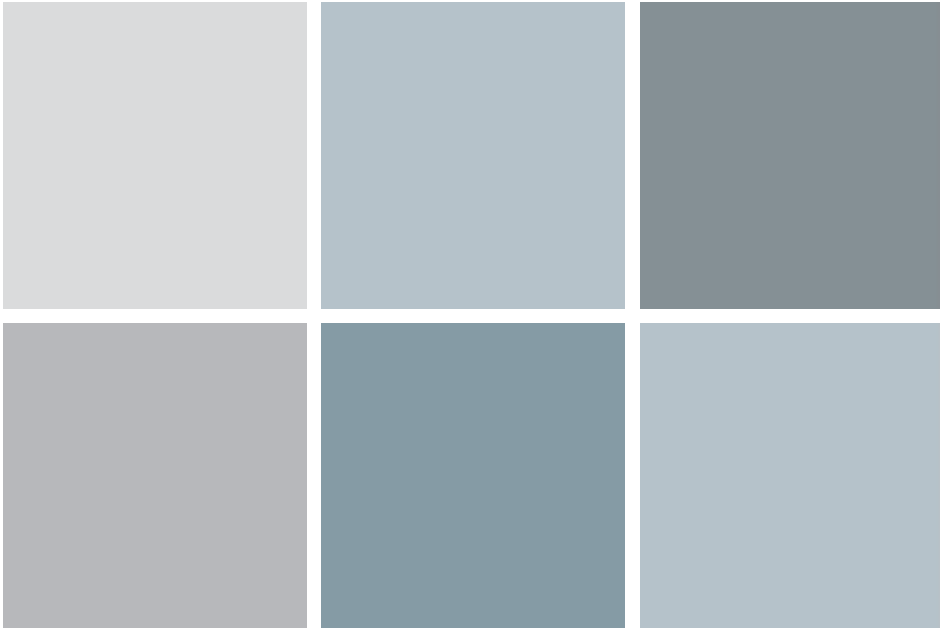
The corporate disclosure of HD Faculty™, if any, is available at:-
<https://hdfaculty.ca/biz/Disclsoure>



HUMAN FACTOR

The human factor requirements of HD Faculty™ makes it essential to hire the best people within the industry that are motivated and empowered to carry out their assigned tasks. To achieve its stated goals and objectives, HD Faculty™ is required to utilize a tailored internal audit competency system that seamlessly integrates competency into all its people's activities in respect to internal and external clients, which includes the requisite systems and implementation guidelines for directors, management, and participating governmental officials.

<https://hdfaculty.ca/biz/Human-factor>



SMART MAN ALWAYS RESPECTS TIME!™

HD FACULTY INC.

The S. M. A. R. T. Management People!™

<https://hdfaculty.ca>

hdfaculty@hdfaculty.ca