

## **RISK MANAGEMENT POLICY**

### **Preamble:**

Risk is inherent in all business activities. Every employee of the Company in one way or the other, and in varying degrees manages risk. It is well accepted that the adoption of a strategic and formal approach to risk management will improve decision-making, enhance outputs and fix accountability.

The policy aim is not to eliminate risk, rather to manage the risks involved in most business activities, to maximize opportunities and to minimize adversity. Effective risk management requires:

- A strategic focus and clear planning,
- Forward thinking and active approaches to management,
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event of critical threats and realise Company mission.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

A risk management policy statement is a formal acknowledgment of the commitment of the Board to risk management within the organization.

### **Policy Statement:**

- To use the best practices in risk management to support and enhance Company's activities, in all areas of the organisation.
- To ensure that risk management is an integral part of all decision-making processes.
- To use the risk management programme to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property.
- To train people to implement risk management programme effectively.

### **Responsibilities:**

- The Managing Director is accountable to the Board for the implementation of the risk management process and ultimately responsible for the management of risks in business.
- All personnel are responsible for managing risks in their areas and are ultimately accountable to the Managing Director.

## **Process:**

Risk Management process will be as under –

- Identify Risks – This is the identification of what, why and how adverse events arise as the basis for further analysis.
- Analyse Risks – This is the determination of existing controls and the analysis of risks for business. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequence and likelihood are combined to produce an estimated level of risk.
- Evaluate Risks – This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritized.
- Treat Risks – For higher priority risks, the Company is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be monitored to eliminate in the first instance. Ignoring a lower priority risk may develop into a major one.
- Monitor and Review – This is the oversight and review of the risk management system and any changes that might be required. Monitoring and reviewing occurs concurrently throughout the risk management process.
- Communication and Consultation – Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as for the process as a whole.

Everyone involved with the application of risk management should use this process for guidance.

## **Monitoring & Review:**

- The Board will monitor and review the implementation of the risk management programme.
- The Managing Director will facilitate the development of a common risk management programme across all areas of business by:
  - Implementing the risk management programme;
  - Sharing information with broad applicability across all areas;
  - Reporting on the progress of implementing the risk management programme to the Board.

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