

# **RISK MANAGEMENT POLICY**

## **DEFINITIONS**

This policy defines the following key terms:

Risk is defined as the chance of a future event or situation happening that will have an impact upon company's objective favourably or unfavourably. It is measured in terms of consequence and likelihood.

Risk Management encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

## **PURPOSE**

The Company recognizes the importance of managing risk in the business to sustain growth. It recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value

The purpose of this policy is to ensure that:

- (i) Appropriate systems are in place to identify the material risks facing the Company.
- (ii) The potential financial impact of identified risks is ascertained.
- (iii) Appropriate controls and strategies are adopted to manage exposure to those risks.
- (iv) Appropriate responsibilities are delegated to control identified risks effectively.
- (v) Any material changes to the Company's risk profile are disclosed in accordance with the Company's continuous disclosure policy.

## **PRINCIPLES OF RISK MANAGEMENT POLICY:**

The Company identifies the following principles of risk management:

Risk management should:

- Create value – resources expended to mitigate risk should be less than the consequence of inaction, or (as in value engineering), the gain should exceed the pain
- Be an integral part of organizational processes
- Be part of decision making process
- Explicitly address uncertainty and assumptions
- Be systematic and structured process
- Be based on the best available information
- Be tailor able
- Take human factors into account
- Be transparent and inclusive

- Be dynamic, iterative and responsive to change
- Be capable of continual improvement and enhancement
- Be continually or periodically re-assessed

## **SCOPE**

This policy applies to all team members, whether full time, part time or casual at any level of seniority within the business. The policy also applies to contractors and consultants working on behalf of the Company. The Company's Risk Management Policy and risk model has been developed to include the following key categories:

- Customers
- Employees
- Reputation
- Financial
- Business policy and processes
- Strategy
- Governance

## **RESPONSIBILITIES**

The Board is ultimately responsible for identifying and assessing internal and external risks that may impact the Company in achieving its strategic objectives. The Board is responsible for determining the company's risk appetite, overseeing the development and implementation of the risk management framework and maintaining an adequate monitoring and reporting mechanism.

The Board is also responsible for reviewing and approving the risk management framework and risk appetite on an annual basis.

Management is responsible for ensuring that risks are identified, analyzed, evaluated and mitigated. Management must develop a sustainable control environment to manage significant risks and champion the implementation of risk management processes within their business operations.

Management monitor and report on material risks identified through the Internal and external Audit process.

The Internal Audit program must be aligned to the company's risk profile and is responsible for providing independent assurance in relation to the effectiveness of processes to manage

particular areas of risk. The scope of internal audit's risk-based program is agreed to as part of an annual plan which is refined as necessary.

### **RISK MANAGEMENT FRAMEWORK**

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management

- The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.
- The Audit Committee's role, is to evaluate the risk management systems.
- This policy shall complement the other policies in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated

### **IDENTIFICATION AND RISK ANALYSIS**

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

### **COMPLIANCE AND CONTROL**

All the Senior Executives and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

### **REVIEW**

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

### **AMENDMENT**

This Policy can be modified at any time by the Board of Directors of the Company.