

# **RISK MANAGEMENT POLICY**

## **PREAMBLE**

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the corporate environment. Risk is inherent in all administrative and business activities. Every member of the Organization continuously manages risk. Formal and systematic approaches to managing and mitigating risks have evolved and they are now regarded as good management practice. As a consequence we acknowledge that the adoption of a strategic and formal approach to risk management will improve decision making, enhance outcomes and accountability.

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

- A strategic focus;
- Forward thinking and active approaches to management;
- Balance between the cost of managing risk and the anticipated benefits; and
- Contingency planning in the event that mission critical threats are realized.

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

## **SCOPE**

This Policy sets out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business.

This policy facilitates management/ mitigation measures of risks associated with our activities and minimize the impact of undesired and unexpected events.

Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management, performed rigorously and comprehensively, creates stability, indirectly contributes to profit and is a key element of reputation management.

## **DEFINITIONS**

“Board” means Board of Directors of Orient Bell Limited.

“Company” means Orient Bell Limited.

“Risk” means the chance of something happening that will have an impact on the achievement of the Organization’s objectives. Risk is measured in terms of consequences and likelihood.

“Risk Assessment” means the systematic process of identifying and analyzing risks.

“Risk Management” means the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

“Risk Management Process” means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

## RISK FACTORS

The objectives of the Company are subject to risks that are external and internal as enumerated below:

External Risk Factors	Internal Risk Factors
Economic Environment and Industry/Market Conditions	Financial Reporting Risks
Fluctuations in Foreign Exchange	Contractual Compliance
Customer Attrition	Compliance with Local laws
Competition	Quality and Project Management
Revenue Concentration	Environmental Management
Inflation and Cost structure	Human Resource Management
Technology Obsolescence	Culture and values

## POLICY STATEMENT

The Company will maintain procedures to provide the Organization with a systematic view of the risks faced in the course of administrative and business activities. This will require the Company to:

- **Establish a context:** This is the strategic, organizational and risk management context against which the rest of the risk management process in the Organization will take place. Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.
- **Identify Risks:** This is the identification of what, why and how events arise as the basis for further analysis.
- **Analyze Risks:** This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. 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 i.e. High, Medium or Low. This enables risks to be ranked and prioritized.
- **Treat Risks:** For higher priority risks, the Organization is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
- **Monitor and Review:** This is the oversight and review of the risk management system and any changes that might affect it. 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 on the process as a whole.

## **RESPONSIBILITY FOR RISK MANAGEMENT**

### **General**

Every staff member of the Organization 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 plan should be integrated with other planning processes and management activities.

### **Senior Executives**

Senior Executives are accountable for strategic risk management within areas under their control including the devolution of the risk management process to operational managers. Collectively the Senior Executives are responsible for:

- The formal identification of risks that impact upon the Company's Operations;
- Allocation of priorities;
- The development of strategic risk management plans; and

Senior Executives will review progress against agreed risk management plans and will communicate this to the Board of Directors.

### **Presidents, Vice-Presidents, General Managers, Senior Managers and Operation Heads-Locations:**

Presidents, Vice-Presidents, General Managers, Senior Managers and Operation Heads-Locations are accountable to the Chairman / Directors for:

- Implementation of this policy within their respective areas of responsibility;
- Annual reporting on the status of the risk register, in so far as it impacts on their respective responsibilities, as part of the annual planning and review cycle;
- Ongoing maintenance of the risk register in so far as it impacts on their respective responsibilities; and
- Ensuring compliance with risk assessment procedures.

### **Accounting & Finance Head**

In addition to the functions as an Office Head, this officer will be accountable for the Organisation financial stability and will ensure that a risk management process is completed for each commercial venture.

### **Human Resources-Head**

In addition to the functions as an Office Head, this officer will remain accountable for the occupational health and safety and workers compensation portfolio, procedures and administration.

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

## **COMPLIANCE AND CONTROL**

All the Senior Executives under the guidance of the 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 Executives considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the internal as well as external Auditor's report to management on internal control and action taken or proposed resulting from those reports.

The risk management and internal control systems within organization should ensure that:

- Established corporate and business strategies and objectives are achieved;
- Risk exposure is identified and adequately monitored and managed;
- Resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out the business;
- Significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- There is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

## **GENERAL**

The decision of the Board of Directors of the Company with regard to any or all matters relating to this policy shall be final and binding on all concerned. The Board of Directors of the Company shall have the power to modify, amend or replace this policy in part or full as may be thought fit from time to time in their absolute discretion.