

Risk can be defined as the combination of the probability of an event and its consequences. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside).

In the safety field, it is generally recognized that consequences are only negative and therefore the management of safety risk is focused on prevention and mitigation of harm.

The focus of good risk management is the identification and treatment of these risks. Its objective is to add maximum sustainable value to all the activities of the organisation. It marshals the understanding of the potential upside and downside of all those factors which can affect the organisation. It increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the organisation's overall objectives. Risk management is a continuous and developing process which runs throughout the organisation's strategy and the implementation of that strategy. It should address methodically all the risks surrounding the organisation's activities.

It must be integrated into the culture of the organisation with an effective policy and a programme led by the most senior management. It must translate the strategy into tactical and operational objectives, assigning responsibility throughout the organisation with each manager and employee responsible for the management of risk as part of their job description. It supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels.

### **Our Policy**

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The primary objectives of the risk management system at the Company are to monitor and review on behalf of the Board the system of risk management which the Company has established. This system should identify, assess, monitor and manage operational and compliance risks.

The Risk Management system should determine the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system.

The Company is committed to risk management to help protect its:

- business partners and stakeholders/shareholders;
- employees, contractors and their skills;
- environment;
- assets and intellectual property;
- contractual and statutory obligations; and
- image and reputation

The Policy covers the Company and its subsidiaries (the “Group”).

The following list provides details of the types of business risks that the Policy covers:

- operational;
- environmental;
- compliance;
- strategic;
- technological;
- human capital; and
- financial.

Risk management will involve risk identification and risk evaluation linked to practical and cost-effective risk control measures commensurate with our business.

Risk management systems will be reviewed by the Board at least annually.