RISK MANAGEMENT POLICY

OF

MATRU-SMRITI TRADERS LIMITED

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 Organisation continuously manages risk. Formal and systematic approaches to managing risk 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.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources. The aim of this policy is not just to eliminate risk but to manage the risks, to maximise opportunities and minimise adversity.

Objective

This Risk Management Policy has been created in furtherance of our commitment to building a strong risk management culture. The objectives of Risk Management of the Company are to:-

- Better understand the risk profile;
- Understand and better manage the uncertainties which impact the Company's performance;
- Contribute to safeguarding company value and interest of various stakeholders;
- Ensure that sound business opportunities are identified and pursued without exposing the business to an unacceptable level of risk; and
- Improve compliance with good corporate governance guidelines and practices as well as laws & regulations.

Scope

This Policy Standard sets out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business. This policy facilitates management of risks associated with our activities and minimizes 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.

Key Definitions

The key definitions for this policy follow:-

- **Risk** - Any event non-event, the occurrence/ non-occurrence of which can adversely affect the objectives/ existence of the company. These threats may be internal/ external to the Company, may/ may not be directly influenced by the Company and may arise out of routine/ non routine actions of the Company.

- **Risk Assessment** - The systematic process of identifying and analysing risks.

- **Risk Management** - A structured, consistent and continuous process; for identifying, assessing, deciding on responses to and reporting on the opportunities and threats that may affect the achievement of our objectives.

Risk Factors

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

Internal Risk Factors	External Risk Factors
Economic, Environment and Market conditions	Financial Reporting risks
Fluctuations in Foreign Exchange	Contractual Compliance
Political Environment	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

Procedure

a. **Establish a context:** This is the strategic, organisational and risk management context against which the rest of the risk management process in the Organisation will take place. Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.

b. **Identify Risks:** This is the identification of what, why and how events arise as the basis for further analysis.

c. **Analyse 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.

d. **Evaluate Risks:** This is comparison of estimated risk levels against pre-established criteria. This enables risk to be ranked and prioritised.

e. **Treat Risks:** For higher priority risks, the Organisation is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.

f. **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.

g. **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 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.

There is legislation in place for the management of specific risks such as Occupational Health and Safety, Equal Opportunity. The Risk Management policy does not relieve the Organisation's responsibility to comply with other legislation. Training and facilitation will, in the first instance, be the responsibility of the Office of Internal Audit/Risk Manager in conjunction with the Office of Human Resources.

- **Chairman/ Director**

The Chairman / Directors are accountable for ensuring that a risk management system is established, implemented and maintained in accord with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the Chairman / Managing Director.

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

- **Chief Financial Officer and 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 plan is completed for each commercial venture. Advice will be sought, as required, from the Director Internal Audit/Risk Manager on risk management issues in relation to these matters.

- **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. Advice will be sought, as required, from the Director Internal Audit/Risk Manager on risk management issues in relation to these matters.

- **Internal Audit/ Risk Manager**

  The Internal Audit/Risk Manager will be accountable for the implementation of this policy in key areas of the Organisation, maintaining a programmer for risk reassessment and a Risk Registers for the Organisation. Key areas will flow from the risk management plan developed by Senior Executives. The Internal Audit/Risk Manager will provide advice to the relevant Directors on risk management matters pertaining to the Organisations' financial stability and to occupational health and safety and workers' compensation issues.

Compliance and Control

All the Senior Executives along with Internal Audit/Risk Managers under the guidance of the Chairman 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 along with Internal Audit/Risk Managers considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the 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 encompass all policies, processes, practices and procedures established by management and/or the Board to provide reasonable assurance 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.

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.