

# RISK MANAGEMENT

Effective risk management is fundamental to the achievement of our strategic objectives.

## Risk Management Framework

The Group has in place an Enterprise Risk Management (ERM) framework to effectively identify, assess, mitigate and monitor key business, financial, operational and compliance risks. The framework enables us to adopt a proactive and systematic approach to identifying and managing risks across the organisation to evaluate risk severity and likelihood of occurrence. Risk workshops are conducted and an ERM Implementation Pack and ERM System Manual are in place so that the framework and process are understood throughout the Group.



### Structure

Management is committed to fostering a risk aware and control conscious environment. Responsibility for risk management resides at all levels within the Group, from the Board down through the organisation to each manager and employee. The Board oversees the overall management of risks. The Risk Management Committee assists the Board and Audit Committee to review and monitor key risks. Operating units are responsible for the identification and management of risks in their operations and a comprehensive approach is adopted for enterprise-wide risk.

### Risk Management Process

The risk management process is integrated into our day-to-day activities and is an ongoing process that flows through the organisation.

When performing risk identification, we take into account internal and external factors including economic, political, social, technological, environmental and new or updated Group strategy and new regulations, as well as our stakeholders' expectations in these aspects. Risks are grouped into different categories to facilitate analysis. Each risk identified is analysed on the basis of likelihood and impact consistent with risk parameters set by the Board. Action plans are in place to manage risks. The risk assessment process also includes a review of the control mechanisms for each risk and a rating of the effectiveness of each control. The Group compiles a risk register and updates and monitors it on an ongoing basis by taking into account emerging issues.

A risk management report that highlights key risks and action plans is reviewed by the Risk Management Committee half-yearly and presented to the Audit Committee and the Board at least annually. Significant changes in key risks on a day-to-day basis are handled and reported to management.

Fundamental to the achievement of our business goals is how we can effectively manage existing and emerging risks in different economic, social and political environments. A description of the Group's risk factors is shown on pages 54 to 55 of the Annual Report. The Group continually works to improve its risk management framework in order to keep pace with the changing dynamics of its businesses.

