OVOBEL FOODS LIMITED

RISK MANAGEMENT POLICY

RISK MANAGEMENT POLICY

1. BACKGROUND

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

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 critical threats are realised.

2. SCOPE

This Policy is a formal representation of **Ovobel Foods Limited** (Herein after referred as "Company") commitment to Risk Management.

This Policy is applicable to all company businesses, all levels within the organization, all types and consequence categories. This Policy applies to company, its directors, and all its employees and contractors.

3. OBJECTIVE

The objective of Risk Management task at **Ovobel Foods Limited** is to preserve shareholder value to the extent practically feasible by identifying and mitigating major operating, and external business risk. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

4. PURPOSE

This policy establishes the process for the management of risks faced by the Company. The aim of risk management is to maximize opportunities in all activities and to minimize adversity.

RISK MANAGEMENT POLICY

The policy applies to all activities and processes associated with the normal operation of the company.

5. PRINCIPLES

Risk management is a key governance and management function.

Company is proactive in its approach to risk management, balances the cost of managing risk with anticipated benefits, and undertakes contingency planning in the event that critical risks are realised.

- To create and protect value.
- To integrate risk management to decision making & organizational processes.
- To be dynamic & responsive to change.

6. POLICY DETAILS

Company aims to achieve better practice in the management of risks that threaten to adversely impact on organization, its functions, objectives, operations, assets, staff, consumers or members of the public.
The Company does whatever it can (whatever is 'reasonably practicable') to ensure its workers, consumers and other people are not harmed by its activities.

The companies Risk management involves four steps:

Step-1 Identify hazards – find out what could cause harm
Step-2 Assess risks – understand the likelihood of a hazard causing harm and how serious it could be,
Step-3 Control risks – implement the most effective control measure that is reasonably practicable the circumstances, and
Step-4 review control measures to ensure they are working as planned.

Many hazards and their associated risks are well known and have well established and accepted control measures. In these situations, the second step to formally assess the risk is unnecessary.

If, after identifying a hazard, we already know the risk and how to control it effectively, management just implements the controls.

7. RESPONSIBILITY FOR RISK MANAGEMENT

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.

In order to identification and development of mitigation plan to reduced risk in all level of business Following are the ***risk factors*** (Not exhaustive) can be considered by the management.

- **External Risk factors**

  a) Economic Environment and Market conditions
  b) Political Environment
  c) Competition
  d) Inflation and Cost structure
  e) Technology Obsolescence
  f) Legal-
  Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

- **Internal Risk Factors**

  a) Project Execution
  b) Contractual Compliance
  c) Operational Efficiency
  d) Hurdles in optimum use of resources
  e) Quality Assurance
  f) Environmental Management
  g) Human Resource Management
  h) Culture and values

8. <u>OUTCOMES</u>

As far as is reasonably practicable, workers, consumers and other persons are not put at risk from work carried out by organization. The Company is protected from adverse incidents, reduces its exposures to loss, and mitigates and controls loss should it occur. The company has ongoing, unimpeded capacity to fulfil its mission, perform its key functions, meet its objectives and support its consumers.

9. <u>REVIEW</u>

The Board would review and may modify the policy from time to time.