



## **RISK MANAGEMENT POLICY AND PROCEDURE**

### **1 Introduction**

#### **Purpose of the Policy**

Activities undertaken by Rajnandini Metal Limited carry an element of risk. The exposure to these risks is managed through the practice of Risk Management. In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Company.

This policy outlines the Company's risk management process and sets out the responsibilities of the Board, senior management and others within the Company in relation to risk management.

### **2 Understanding Risk Management**

Risks have been described in terms of combination of the consequences of an event occurring and its likelihood of occurring.

Risk is the chance of something happening that will have an impact on objectives and risk management can be described as the culture, processes and structures that are directed towards realising potential opportunities whilst managing an adverse effect.

Company's risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to Company.

Board of directors have been assigned responsibility for the identified risks and to plan and implement the risk management measures. It takes into consideration the nature, scale and complexity of the business.

The risk management process consists of the following main elements:

**Identify:** identify a risk (threats or opportunities).

**Assess:** the primary goal is to identified threats and opportunities, by assessing:

- Likelihood of threats and opportunities (risks);
- Impact of each risk;
- Proximity of threats; and
- Prioritisation based on scales.

**Plan:** preparation of management responses to mitigate threats and maximise opportunities.

**Implement:** risk responses are actioned.

**Monitor and review:** monitor and review the performance of the risk management system and changes to business initiatives.



Risks are effectively managed by the company through the effective implementation of various controls, which include:

- Board approved risk management framework;
- Documented policies and procedures;
- Implementation of risk based systems and processes;
- Ongoing monitoring of regulatory obligations;
- Checklists to guide activities and project plans to record actions; and
- Internal and external reporting.

### **3 Responsibility**

#### **Board**

The Board of the Company, has responsibility to review and report to the Board that:

- (a) the Board has, at least annually, reviewed the companies risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
- (b) adequate policies and processes have been designed and implemented to manage identified risks;
- (c) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- (d) proper remedial action is undertaken to redress areas of weakness.

#### **Chief Financial Officer**

The Chief Financial Officer of the Company has responsibility under this policy for:

- Monitoring compliance with this policy;
- Reporting to the Board on compliance with this policy;
- Developing, implementing and monitoring systems, management of policies and procedures relevant to the business, including facilitating review by the executive on a regular basis;

#### **General responsibilities**

Every Rajnandini Metal Limited staff member is responsible for 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.

Where there is legislation in place for the management of specific risks (such as Occupational Health and Safety) this Risk Management policy does not relieve Company of its responsibility to comply with that legislation.

Managers are accountable for strategic risk management within areas under their control, including the promotion and training of the risk management process to staff.



#### **4 Risk management process**

The risk management system is dynamic and is designed to adapt to Company's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which takes into account Company's internal and external risks.

The main elements of the risk management process are as follows:

- **Communicate and consult** – communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.
- **Establish the context** – establish the external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.
- **Identify risks** – identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of Company's objectives.
- **Analyse risks** – identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk by analysing the range of potential consequences and how these could occur.
- **Evaluate risks** – compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
- **Treat risks** – develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
- **Monitor and review** – it is necessary to monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and effectiveness of treatment measures need to be monitored so that changing circumstances do not alter priorities.

#### **5 Review**

This policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of the Company.

#### **6 Amendment**

This policy can be modified at any time by the Board of Directors of the Company.