

RISK MANAGEMENT

Effective risk management and internal control systems are 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 structured approach to identifying and managing risks across the organisation with on-going monitoring and review in place.

Governance & Oversight

The Group is committed to fostering a risk aware and control conscious environment. Responsibility for risk management resides at all levels within the organisation. The Board, through the Audit Committee, oversees the overall management of risks. The Risk Management Committee, supported by Internal Audit, assists the Board and Audit Committee to review and monitor key risks facing the Group. Management is responsible for identifying and assessing risks of a strategic nature. Business units are responsible for the identification and management of risks in their activities. The top-down and bottom-up approaches complement each other and enable us to identify and manage the Group's key risks in an effective manner, including material emerging risks at corporate and business unit levels.



THE BOARD

(Through Audit Committee)

The Board/Audit Committee Oversight

- Has overall responsibility for the Group's risk management and internal control systems
- Determine and evaluate the nature and extent of the risks that the Group is willing to accept in pursuit of the Group's strategic and business objectives.
- Discuss the risk management and internal control systems with management to ensure management has performed its duty to have effective systems

RISK MANAGEMENT COMMITTEE

(Chaired by the Chief Executive Officer)

Risk Review, Communication & Confirmation to Board/Audit Committee

- Oversee the Group's risk profile and assess if key risks are appropriately mitigated
- Ensure that an ongoing review of the effectiveness of the risk management and internal control systems have been conducted and provide such confirmation to the Board, via the Audit Committee

MANAGEMENT

Risk & Control Monitoring

- Responsible for designing, implementing and monitoring the risk management and internal control systems
- Identify and monitor key corporate risks
- Provide confirmation to the Risk Management Committee on the effectiveness of the systems

BUSINESS UNITS

Front-Line Risk & Control Ownership

- Design, implement and monitor risks at business unit level, escalate promptly on relevant risk issues
- Provide assurance to the Risk Management Committee on the effectiveness of risk management and internal control activities at business unit level
- Seek continuous process improvement and re-assessment

Risk Management Process

The risk management process is integrated into our day-to-day activities and is an ongoing process involving all parts of the Group from the Board down to individual employees.

The risk identification process takes 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 in accordance with the risk appetite 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, which is updated and monitored on an ongoing basis, taking into account emerging risks which may have a material impact on the Group.

A risk management report that highlights key corporate and business level risks and action plans is reviewed by the Risk Management Committee half-yearly and presented to the Audit Committee for reporting to the Board. Significant changes in key risks on a day-to-day basis are handled as they arise 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 these risk factors is shown on pages 72 to 74 of this Annual Report. The Group works to continually improve its risk management framework in order to keep pace with the changing business environment.

