

# **MMP Industries Ltd.**

## **RISK MANAGEMENT POLICY**

### **Purpose of this document**

1. The policy forms part of MMP's internal control arrangements.
2. The policy explains MMP's underlying approach to risk management, documents the roles and responsibilities of the Board and the senior Management Staff. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

### **Underlying approach to risk management**

3. The following important principles outline MMP's approach to risk management and internal control:
  - the Board and the top management has responsibility for overseeing risk management within MMP
  - a transparent and receptive approach to solving risk problems is adopted by the Board and top management.
  - Management staff support, advise and implement policies approved by the Board
  - MMP makes prudent recognition and disclosure of the financial and non-financial implications of risks
  - all staff are responsible for encouraging good risk management practice within their areas of work
  - key risks will be identified by the Board and closely monitored on a regular basis.

### **Role of the Board**

4. The Board has a fundamental role to play in the management of risk. Its role is to:
  - a. Set the tone and influence the culture of risk management within MMP. This includes
    - communicating MMP's approach to risk
    - determining what types of risk are acceptable and which are not

- setting the standards and expectations of staff with respect to conduct and probity.
- b. Approve major decisions affecting MMP's risk profile or exposure.
- c. Identify risks and monitor the management of fundamental risks
- d. Satisfy itself that the less fundamental risks are being actively managed with the controls in place and working effectively.

### **Role of Key Staff**

5. Roles of key staff and volunteers are to:
- a. Implement policies on risk management and internal control effectively.
  - b. Provide adequate information in a timely manner to the Top Management on the status of risks and controls.
  - c. Undertake a need based review of effectiveness of the system of internal control and provide a report to the Board.

### **Risk management as part of the system of internal control**

6. The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, MMP to respond to a variety of operational, financial, and commercial risks. These elements include:
- a. Policies and procedures

Attached to fundamental risks are a series of policies that underpin the internal control process. Written procedures support the policies where appropriate. Regular communication to staff is maintained.

- b. Reporting

Monthly review is carried out to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the top management.

- c. Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

d. Third party reports

From time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources.

e. Risk Management Process.

MMP operates a risk management process/framework as follows:

- A review of the previous year's risk management report
- A 'risk identification' exercise for the year ahead is carried out
- Record and monitor risks
- Assigning responsibility for risks to appropriate personnel.

Risk identification is not an annual process. Board/Staff members are encouraged to report and update risk registers and carry out assessments throughout the year.

### **Annual review of effectiveness**

7. The Board is responsible for reviewing the effectiveness of internal control of MMP, based on information provided by the senior employees. Its approach is outlined below.

8. For each fundamental risk identified, the board will:

- review the previous year and examine the Goalball UK's track record on risk management and internal control
- consider the internal and external risk profile of the coming year
- In making its decision the Board will consider the following aspects.

a. Control environment:

- MMP's objectives and its financial and non-financial targets
- organisational structure and calibre of the staff
- culture, approach, and resources with respect to the management of risk

b. On-going identification and evaluation of fundamental risks:

- timely identification and assessment of fundamental risks
- c. Information and communication:
- quality and timeliness of information on fundamental risks
  - time it takes for control breakdowns to be recognised.
- d. Monitoring and corrective action:
- ability of MMP to learn from its problems
  - commitment and speed with which corrective actions are implemented.
9. The delegated member of staff responsible for risk management will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board.
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