

**RHI MAGNESITA INDIA LIMITED
POLICY ON “RISK MANAGEMENT”**





RHI MAGNESITA

RHI MAGNESITA INDIA LTD.
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RISK MANAGEMENT POLICY

ELEMENTS OF RISK POLICY

- **RISK MANAGEMENT OBJECTIVES** : Which objectives do we want to achieve?
- **RISK PHILOSOPHY AND ATTITUDE** : Which principles do we want to follow?
- **RISK APPETITE** : Which risk are we prepared to accept and which not?
- **RISK ARCHITECTURE** : Risk management process, role & responsibilities, reporting etc.

OBJECTIVES

- Understand which are the main uncertainties
- Integrate risk and opportunities in management processes
- Comply with risk capabilities and appetite
- Increase risk management know how across RHIM
- Develop risk reaction capacity
- Comply with best practices

RISK LEVELS

A. MINIMAL

Only options with a very small portion of risk will be considered

- Human resources
- Health and safety
- Environment foot print
- Compliance
- Compliance and reliability of financial reporting
- Reputation
- Risk comprising the existence of the Company

B. MODERATE

If the likelihood of success remains predominant (70/30 or higher) a small portion of risk is acceptable in exchange for a possible return.

- Globalization risk (political, financial & regulatory)
- Margin over volume
- Operation and plant structure
- Product and service quality
- Project selection and realization

C. OPEN

A balanced portion of risk and opportunities (50/50) is acceptable in exchange for a higher return

- Innovation (product services and processes)

RISK REPORTING

- Four risk reporting per year, once in a year
- Any time if material change occurs



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ROLE & RESOPNSIBILITIES

A. MANAGEMENT COMMITTEE (BOARD)

- Define risk policy and risk appetite
- Allocate resources to projects with adequate risk/return profile

B. RISK OWNERS

- Identify and assess risk and opportunities in the areas of responsibility
- Suggest and supplement action

C. RISK CO-ORDINATORS/MANAGERS

- Validate risks, opportunities and associated action;
- Monitor risks and opportunities and co-ordinate them with their areas of responsibilities,
- Prepare risk reports to the management and board.

D. ACTIONS AND MEASURES

Risk owners identify actions to be implemented to:

- Treat the risks
- Seize the opportunities
- Actions to be defined for every risk/opportunities (or accept the risk)

E. REPORTING LIMIT

General reporting limit:

- All material and major risks
- All material and high opportunities
- **Accounting Limit** : Expected value (impact*likelihood of occurrence) higher than EURO 50,000.

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