

CRESCENT COTTON MILLS LIMITED

RISK MANAGEMENT POLICY

It is company's policy to identify and reduce or eliminate risks to its property, interests and employees, to minimize and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks and to provide for adequate and timely compensation restoration and recovery.

OBJECTIVE

To safeguard the company's properties, assets and work force against losses which could deplete company's resources, impair the company's ability to meet its obligations and provide products and services to its customers.

TERMS USED & THEIR MEANINGS

The key terms for this policy are as under :

- Risk

The occurrence of something that will have an adverse impact on the achievement of company's objective. Risk is measured in terms of consequence and likelihood.

- Risk Assessment

The overall process of risk analysis and evaluation of risk management.

- Risk Management

Risk management is a logical step by step process to protect and consequently minimize risk to company's property, interests and employees.



- Risk Management Process

The systematic application of management policies to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

RESPONSIBILITY

Every employee of the company is responsible for the effective management of risk including identification of potential risks. Management is responsible for the development of risk mitigation plans and implementation of risk reduction strategies. Risk management process shall be integrated with other planning processes and management activities.

PROCEDURE

a). Risk Identification.

- The potential perils, factors and types of risk that impact upon assets, programmed activities, revenue and entitlements shall be identified.

b). Risk Minimization.

- To minimize the risk it will be analyzed, assessed and identified. Then such reduction, avoidance control measures will be implemented which are cost effective, risk preventive.
- Plan and budget for containment, compensation, restoration and disaster recovery etc.
- Investigate incidents to determine their causes to deter their incurrence.
- Assess the extent and value of damages and determine potential liability.
- Make incident reports.



- Establish improved measures to prevent the recurrence of incidents and to recover from disaster.

GENERIC SOURCES OF RISK AND THEIR AREA OF IMPACT

- i). Commercial and legal relationship including but not limited to contractual risk, product liability, professional liability and public liability.
- ii). Economic circumstances that may include such resources as currency fluctuations, interest rate changes, taxation changes in fiscal policy.
- iii). Human behaviour such as riots, strikes etc.
- iv). Natural events these include fire, water damage, earthquakes, etc.
- v). Political circumstances such as legislative changes that may influence other sources of risks.
- vi). Technology and technical issues include innovation, obsolescence and reliability.
- vii). Management activity and control such as poor safety management, the absence of control and inadequate security.
- viii). Individual activity including misappropriation of funds, fraud, illegal entry, information misappropriation and human error.

AREAS OF IMPACT

A source of risk may impact on one area only or several areas. Areas of impact include.

- i). Assets and resource base including personnel.
- ii). Revenue entitlements.



- iii). Costs both direct and indirect.
- iv). People
- v). The community
- vi). Performance
- vii). Timing and schedule of activities
- viii). The environment
- ix). Intangible such as reputation, goodwill and quality of life
- x). Organizational behaviour
- xi). Technical controls

PROCEDURES TO REDUCE OR CONTROL CONSEQUENCES

These include :

- i). Contingency planning
- ii). Contractual arrangements
- iii). Contract conditions
- iv). Design features
- v). Business continuity and disaster recovery plan
- vi). Engineering and structural barriers
- vii). Fraud control planning



- viii). Minimizing exposure to source of risk
- ix). Pricing control policy
- x). Separation or relocation of activities and resources
- xi). Successful planning
- xii). Insurance
- xiii). Public relations
- xiv). Ex-gratia payments

SPECIAL EXCEPTION

The Chief Executive Officer may override policy guidelines as thought expedient in the interest of the company.

APPLICABILITY OF POLICY

This policy shall be adopted and be applicable at once and on all offices/sub-offices/branches of the company.

DOCUMENT HISTORY

Approvals

This policy requires the following approvals :

| Name | Title |
|------------------|-------------------------|
| Mr. Abid Mahmood | Chief Executive Officer |



Revisions

| Revision Number | Revision Date | Summary of changes |
|------------------------|----------------------|---------------------------|
| | | |

Review Committee

The review committee comprises of the following members :

- Chief Executive Officer/Director/Executive
- Technical Director
- Chief Financial Officer

SIGNATURES OF APPROVING AUTHORITY

Date :-