

## **Risk Management Policy**

Key to the sustainable development of each of our companies is risk assessment and management. This process involves the identification, evaluation and prioritisation of risks alongside the maximisation of opportunities. Each of our companies is asked to assess and be prepared for potential risks to their success on an annual basis or more regularly if necessary. The reputation of the entire Group is potentially damaged if these processes are not followed, reported on and if necessary rectified.

In line with ISO guidelines, we implement a methodology that the Group and each of our companies are required to follow:

1. Identify risks
2. Assess Group/company vulnerability
3. Assess potential impacts of events/scenarios
4. Identify pre-planned ways to reduce risks
5. Formulate action plans for managing problems
6. Urgently report incidents to Group HQ and seek advice as required

Across the KBZ Group, risks (and opportunities) are multifold and include:

- Competitor Risk – falling behind the competition
- Economic Risks – taxation, market prices, etc.
- Operational Risks – failures in processes
- Legal Risks – changes in legislation or legal disputes
- Strategic Risks – making poor strategic decisions
- Reputational Risks – allegations of malpractice (health & safety, corruption, bribery, etc.)
- Political Risks – government instability, international perceptions of Myanmar (sanctions, bi-lateral regional and global relations, etc.)
- Quality Risks – failing to meet product and service standards
- Credit Risks – the failure of debtors to make timely repayments of loans or dues
- Exchange Rate Risks – Volatility in exchange rates between the US dollar, Kyats and other foreign currencies

- Interest Rate Risks – changes of rates impacting on business models and profitability
- Process Risks – problems arising from underperforming process structures such as training, management, communications, etc.
- Resource Risks – insufficient resources in terms of staff or finance
- Force Majeure Risks - natural disasters, war, terrorism, robbery, etc.
- Infrastructure Risks – power cuts, transport, communications, etc.