

**KRU OVERSEAS LIMITED**

**RISK MANAGEMENT POLICY**

**KRU Overseas Limited** aims to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability.

### **1. General Provisions.**

1.1. The Risk Management Policy (hereinafter - the Policy) defines the terms and definitions, goals and objectives, principles, restrictions, requirements for the infrastructure and the risk management process in the Company.

1.2. The policy is binding upon all the employees of the Company

### **2. Terms and definitions.**

2.1. The Company – KRU Overseas Limited

2.2. Risk is the effect of uncertainty on achievement the objectives of the Company.

2.3. Risk management - coordinated actions to manage the organization based on risk.

2.4. Risk management infrastructure - a set of components that provide organizational measures and a structure for the development, implementation, monitoring, review and continuous improvement of risk management on a Company-wide basis.

2.5. Risk management process - the systematic application of the Company's policies, procedures and practices to information exchange and consulting activities, analysis of the external and internal environment, identification, analysis, assessment, impact on risk, monitoring and review of risk.

### **3. Functions of risk management.**

3.1. Formation of a risk management infrastructure.

3.2. Creation and maintenance of a risk management process to insurance of achievement of the objectives of the Company.

#### **4. Limitations of the present Policy.**

4.1. The risk management policy is aimed to provide reasonable, but not absolute guarantee of achieving the goals of risk management, for the following reasons:

4.1.1. identification and assessment of risks cannot be absolutely accurate due to the uncertainty of future events;

4.1.2. some risks are beyond the impact of the Company, and therefore cannot be completely eliminated;

4.1.3. the effectiveness of some control procedures implemented to manage risk may not be achieved due to the human factor.

#### **5. Principles of risk management.**

5.1. Using best practices. The Company's risk management uses ISO31000 standards. At the same time, incomplete adherence to best practices is possible if this is in line with the interests of the Company.

5.2. Efficiency. Risk management creates and protects the value of the Company.

5.3. Continuity. Risk management is carried out on an ongoing basis.

5.4. Complexity. Risk management covers all the activities of the Company.

5.5. Engagement. The management of the Company at all levels considers risk management essential for achieving the objectives of the Company.

5.6. Integration. Risk management is an integral part of all organizational processes and is used in decision-making.

5.7. Responsibility. Responsibility for risks means the existence of a comprehensive, fully defined and accepted responsibility for the risks.

5.8. Using the best information. In the risk management process, all available information is taken into account: historical data, experience, feedback from interested parties, observations, forecasts, expert assessments, etc.

5.9. Continuous improvement. There is a continuous improvement in risk management processes.

## **6. Infrastructure of the risk management process.**

6.1. In accordance with the principle of involvement in risk management, all company management bodies are involved.

6.1.1. The responsibilities of the Board of Directors include:

6.1.1.1. definition of risk criteria;

6.1.1.2. definition of criteria for the effectiveness of risk management;

6.1.1.3. consideration of the results of monitoring risk management;

6.1.1.4. assessment of the effectiveness of risk management.

6.2. For the functioning of risk management, the following documents are developed and supported:

6.2.1. The present Policy.

6.2.2. Other applicable regulations of the Company.

6.2.3. Risk Management Regulations.

6.3. In accordance with the principle of integration:

6.3.1. Risk management is necessarily integrated into the processes of strategic planning, budgeting, investment planning, procurement and changes in activities.

6.3.2. Integration means the continuous use of risk management results in processes, including in process documents (strategies, budgets, plans).

## **7. The risk management process.**

7.1. The risk management process consists of:

7.1.1. risk analysis (identification, calculation, risk assessment);

7.1.2. exposure to risks (determination of the method of exposure, development, determination of sources of financing and implementation of the program of measures with subsequent monitoring of implementation);

7.1.3. risk reporting;

7.1.4. monitoring and changing the infrastructure and risk management process.

7.2. The principles of risk management in the Company during the execution of the process:

7.2.1. The priority is to identify risks at an early stage of their occurrence.

7.2.2. When identifying risks, the broadest possible range of consequences is considered, however, the potential impact on the Company's reputation and image, capitalization, compliance with regulatory requirements, production and sales costs, and production continuity, which can be estimated in terms of money, are priority.

7.2.3. Risk management measures can be influencing the causes (factors) of risks for their prevention (preventive) and aimed at eliminating the consequences of the realized risk. Preferred measures should be preventive measures.

7.2.4. Risk management monitoring.

7.2.4.1. The risk committee at each meeting monitors risk management, incl. evaluates:

7.2.5.1.1. achievement of results;

7.2.5.1.2. adequacy of the procedures used;

7.2.5.1.3. the adequacy of the information used.

7.2.5.2. Monitoring results are input to identify risks.

7.2.6. Monitoring infrastructure and risk management process.

7.2.6.1. The Risk Committee at least once a year evaluates the infrastructure and risk management process.

7.2.6.2. Based on the monitoring results, if necessary, the changes may be made both to the infrastructure and to the risk management process.

7.3. The risk management process is described in detail in the Risk Management Regulation, which reflects the principles of this Policy.

## **8. Other provisions.**

8.1. The present Policy is approved by the Board of Directors.

8.2. The present Policy shall be reviewed at least once every three years.