



Risk Management Policy
Bata Pakistan Limited

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1: Introduction

Bata Pakistan Limited is Public Limited Listed Company. It has to comply with Code of Corporate Governance 2017 applicable to Public Limited Listed Companies. Furthermore, Bata Pakistan is a multinational Company as well. It has also to ensure the compliance with BSO group policies.

Section 10 (2) of Chapter-III of Code of Corporate Governance 2017 narrates as under:

“The Board of Directors is responsible for the governance of risk and for determining the Company’s level of risk tolerance by establishing risk management policies. The Board shall undertake at least annually, an overall review of business risks to ensure that the management maintains a good system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and Shareholders”.

Furthermore, BSO FIN-TAC 15 relates to “Insurance Risk Management MUSTS”.

Detail guidance has been given in the above mentioned TAC about Risk Assessment, Risk Prevention, Risk Mitigation & Safety Measures and Insurance Coverage.

Hence keeping in view the requirements of above mentioned legal and BSO requirements, a Risk Management Policy has been prepared.

2: Objective & Scope

The main objective of this Policy document is to guide the users about process flow of risk identification, risk management and how to mitigate the risks. This Policy covers both internal and external business risks which Company may confront.

3: Risk Assessment Frequency

Although as per local law requirement, Risk Assessment should be done at least once in a year but BSO requires the same at least twice a year, i.e. Semi-Annual. Hence Bata Pakistan has the policy and practice of performing the Risk Assessment on Semi-Annual basis.

4: Risk Identification and Threshold

- The first step is to identify a risk. For this purpose, BSO has framed a Performa shown here under:



Company:

Department:

Manager:

Risk Assesment Form

Risk	Description	Potential effect on business	Actions to remediate or attenuate
EXTERNAL BUSINESS RISKS:			
1)			
2)			
3)			
4)			
5)			
INTERNAL BUSINESS RISKS:			
1)			
2)			
3)			
4)			
5)			

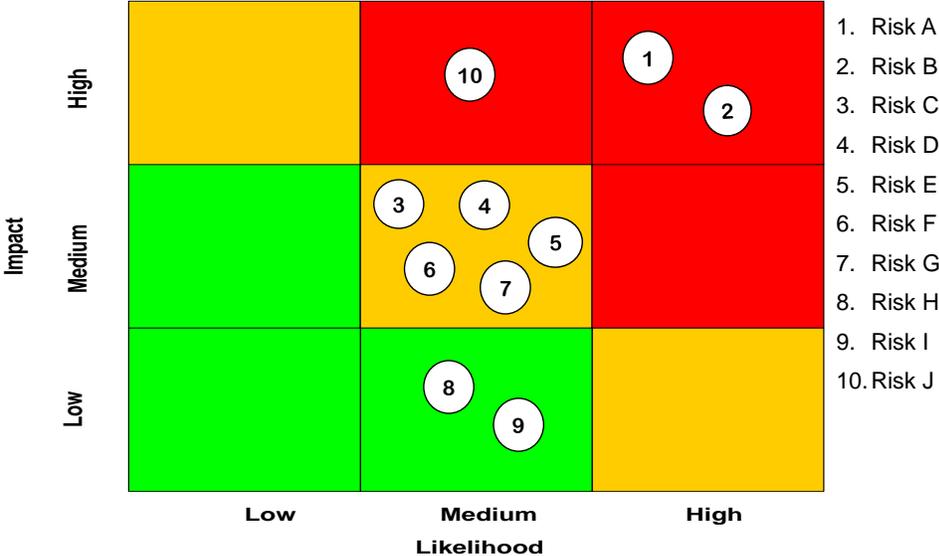
- The above Performa is distributed to all the Departmental Heads to enlisting top 5 internal as well as external risks, which they think most important and critical.
- The risk threshold criteria will be used as per BSO guidelines.

5: Risk Consolidation

- After receiving risk responses from all the Departmental Heads on the above-mentioned Performa.
- These risks are reviewed to see the overlapping risks identified by more than one Manager.
- The risks are consolidated in a Performa given here under:

Sr. No	Risk Category	Possibility – I		Possibility – II		Possibility – III	
		Likelihood	Impact	Likelihood	Impact	Likelihood	Impact
1	Tier - I	High	High	High	Medium	Medium	High
2	Tier – II	High	Low	Medium	Medium	Low	High
3	Tier - III	Low	Low	Medium	Low	Low	Medium

Risk Heat Map



Tier I – Most Critical Risks

Tier II – Medium Level Risks

Tier III – Low Level Risks

8: Risk Response / Treatment

- This is also referred to as Risk Response Planning.
- Risk mitigation strategies, preventive plans and contingency plans are created in this step.
- Responsible Persons are nominated and deadlines are set.

9: Risk Monitoring and Review for Compliance

- Compliance is checked time by time as per the set deadlines.
- Evidences for compliance are collected.
- Comparison is made with the previous year results to see shuffling of ranking.

10: Presentation in Audit Committee Meeting

- Risk Assessment Report is presented in Audit Committee at least twice a year.
- Audit Committee may instruct to work on a special risk highlighted by any one of the members.

SOP Review Committee

1. Director Supply Chain
2. Director HR
3. Finance Director
4. GM Internal Audit