

# Risk Management Standard

People, property, earning capacity and reputation are key determinants of FTS' future. Their development, preservation and security are essential for growth and long-term survival. FTS Logistics seeks to protect and preserve both its tangible and intangible assets from loss or damage that could materially affect its ability to fulfil its commitments and discharge its responsibilities to its customers, employees and the communities in which it operates. FTS also seeks to assume and manage, risk associated with strategic business opportunities that may leverage its domain knowledge and its intellectual, technical and financial capital.

Effective implementation of the risk management process improves the quality of decision-making in the face of uncertainties. The risk management process should operate efficiently and consistently so that appropriate and reliable reporting of risk management practices can be made when so required.

FTS Logistics engages in a process of risk management to:

- Identify and assess risk and opportunities associated with FTS' business activities
- Identify & use appropriate risk management tools, training and techniques that facilitate & enhance the quality of decision – making
- Select and implement cost – effective risk control measures to avoid or reduce undesired exposure to loss or unwanted volatility
- Encourage a spirit of entrepreneurship, such that natural tendencies toward risk aversion are tempered by awareness that measured risk assumption is a significant component of improved profitability; and
- Implement appropriate risk financing & risk transfer strategies (including, but not limited to insurance) to offset the effects of any losses or unwanted volatility, so that the lowest sustainable cost of risk is obtained over the long term.

Commitments to acquire new business; to allocate resources to geographically or politically challenging zones; to launch new business activities; or to accept a typical or non – conventional contractual term & conditions must be supported by reasoned and reportable risk analyses – to support the appropriate management approval process.

Line Managers have the primary responsibility and accountability for identifying and assessing operational risk. They also have the primary responsibility for implementing appropriate risk control measures where the cost/benefit has been demonstrated. Evaluation of risk control options is performed in close liaison with the business support functions, notably HSE, Risk Management, and Legal & Contract Management. By Risk Management and the Finance function the responsibility shall be shared for designing, proposing and maintaining appropriate risk financing & risk transfer strategies.

**Faisal Tejani** - *Chief Executive*