

FENNER GROUP

RISK MANAGEMENT POLICY

1. The Group recognises and accepts that effective and efficient management of risk is integral and fundamental to the delivery of the Group's corporate business strategy. Risk is defined as anything that could prevent the Group from achieving its business objectives.
2. The Chief Executive Officer through the Board has specific responsibility for ensuring the development of policy and management systems. Responsibility for risk management in each Operating Division is delegated via the Divisional Managing Director to a senior manager at each Unit. Each Divisional Managing Director will be required to provide assurance to the Board about material risks on a regular basis and to advise the Board immediately of any changes to risks or significant control failings likely to be material to the business.
3. The Group also recognises that risk management encompasses potential exposures and opportunities inherent in the Group's activities, control activities, and assurance. The objective of risk management is to:
 - a) Maximise opportunities;
 - b) Manage exposure; and,
 - c) Provide a common approach to the identification, assessment and response to risks.
4. The Group seeks to manage risk through a consistent definition, assessment and response to risks at Group, Divisional and Unit level. A response to risk can take the form of:
 - a) Avoidance of risk;
 - b) Management, monitoring and mitigation of risk;
 - c) Acceptance of risk; and,
 - d) Transfer of risk to third parties.
5. The Group Business Risk Manager is responsible for Group level risk management activities, harnessing available expertise, both internally and externally, and for directing actions agreed through the Executive Committee. The Group Business Risk Manager reports to the Board on these matters.
6. Support in these activities is provided by the Group's risk management advisors and insurance brokers whose advice is communicated via the Group Business Risk Manager to the Group Executive Committee on the following:
 - Risk Management philosophy, objectives and standards;
 - Uninsured exposures;
 - Potential cost of risk;
 - Loss control measures;
 - Assurance; and,
 - Risk financing strategies.
7. The use of third party insurance to transfer risk will only be implemented in consultation with the Group Business Risk Manager enabling executive oversight of the level of self-insurance carried by the Group. Insurance should only be used to protect the Group against catastrophic risks. All risk needs to be effectively managed regardless of whether or not insurance is in place.
8. Additional risk management systems should exist at the Unit level to manage specific risks (e.g. H&S, operational and environmental risks). These should be consistent with this Group Policy and be fully reflected in Group reporting.
9. Risk management is a continuous process which demands awareness and action at all levels in the Group to enhance the probability and benefits of opportunities and reduce the possibility and impact of losses.
10. This policy will be subject to review by the Audit Committee to evaluate its effectiveness at least annually or whenever considered necessary by the Group Business Risk Manager due to changes in the business or legislation.



M Abrahams
Chief Executive Officer
Fenner PLC
16th August 2017