



Steamships Trading Company: Enterprise Risk Management (ERM) Policy

Context

Steamships Trading Company Limited 'Steamships' recognises that understanding risk is fundamental to our long term success and sustainability. Enterprise Risk Management (ERM) is a systematic process that enables us to identify, assess and manage factors that threaten our ability to achieve our long-term strategic objectives. Understanding how much risk is acceptable and how this risk is managed is therefore an integral part of sound management, enhancing decision making and maximising business returns. This ERM policy statement declares and affirms Steamships commitment to sound risk management.

Objective

To embed an ERM process throughout Steamships which fosters a risk aware culture and in so doing to:

- Enhance disclosure
- Demonstrate due diligence
- Provide a more explicit link between business objectives and key risks
- Improve business resilience and response effectiveness
- Enable effective management of risks
- Promote decision-making that supports the sustainability of our businesses.

The process should promote the identification and effective treatment of risk at multiple levels, and at varying ranges of severity and likelihood. At the same time it should enhance the identification & understanding of business opportunities.

Policy

Steamships require:

1. Each operating company/division to continually annually assess, prioritize, mitigate and/or manage its existing risks and the emerging risks which it faces. This process should also be carried out prior to significant business changes.
2. The GM of each company/division to be the primary owner of the organisation's risks/risk assessment ("the corporate risk register"), and for this register (or at least a summary register of key/emerging risks) to be annually presented to/reviewed by the board.
3. A copy of the risk registers to be provided to JSS Group Risk.

Implementation

In order to achieve this each operating company/division should:

Standardisation

- Draw up a company/division level 'corporate risk register' and mitigation plans on an annual basis as a minimum.
- Adopt consistent ERM tools, templates and definitions. As a minimum this should include standard severity criteria, likelihood criteria, and ranking criteria, and a standard summary (board level) register. Templates for these are included with this policy.

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Embedding

- Set severity levels, particularly financial and operational severity levels, that are truly meaningful to the organisation
- Implement methodologies and strategies to monitor, mitigate and/or manage risk. To include:
 - Encourage discussion of risks and accept risk concerns at multiple levels within the organization
 - “Brainstorm” all potential risk areas (the “risk universe”)
 - External (political, social, competition, business partners)
 - Strategic/Corporate Governance
 - Compliance/Ethics
 - Financial (currency, interest rate, tax, cash flow, commodity price shocks)
 - Operational (technology, production, HR, HSSE, IT, supply chain)
- Consider both current and potential emerging risks
- Rigorously review/test/monitor risk mitigation effectiveness
- Where possible monitor risk status through “key risk indicators” (generally using existing management measures)
- Always explicitly risk assess major projects/investments.
- Ensure each risk is assigned a responsible party to own/manage that particular risk.
- Ensure there is a regular forum at which owners of risks update status and invite input.
- Hold periodic risk workshops and “deep dive” risk assessments/reviews (on particular risk areas/concerns) with management and the Board.
- Ensure that there is suitable risk management capability and experience within the company/division.
- Incorporate risk reporting into regular reporting processes.
- Promote risk management training.
- Encourage/support sound risk management with business partners

Communications

- Disseminate ERM information and best practices for the benefit of the entire organization.
- Communicate to key stakeholders relevant information about the ERM process.
- Incorporate, as warranted, risk concerns of stakeholders

Quality Assurance & Governance

Sufficient emphasis is to be placed on the establishment of effective risk governance processes:

- Ensure the company/division’s various risks are subject to regular monitoring supported by appropriate meetings and relevant data.
- Seek independent assurance on the effectiveness of the ERM process (through internal audit, controlled self-assessment, JSS Group Risk review).
- Conduct regular Board reviews of corporate risk registers and the ERM process.

Scope of Companies

This policy applies to all companies in which Steamships has a controlling interest. The Boards of all operating companies are required to adopt this policy and to establish procedures to ensure compliance with it. Associates and joint ventures not controlled by Steamships will be encouraged to adopt this policy locally.

All decisions on risk management are the responsibility of the board and management of each limited liability company/division.

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