



MURREE BREWERY COMPANY LIMITED

RISK MANAGEMENT POLICY

Recommended by : Board Audit Committee
Approved by : Board of Directors
on 24th October, 2019

Introduction

Murree Brewery Company Limited considers ongoing risk management is a core component of the management of the Company and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

The Company's Risk Management Policy outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Chapter III Section 10 (2) which states that "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 policy". The Audit Committee (hereinafter referred to as "Committee") who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined framework.

The CEO / Divisional Heads / department heads shall be responsible for implementation of the Risk Management System as may be applicable to their respective areas of functioning and report to the Board and the Committee from time to time.

Risk Management Program



The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors and of the Committee, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the

Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

Key elements of the Company's Risk Management Program:

i Risk Identification

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company's focus is on the following risks, which are considered material risks:

- Strategic Business Risks
- Operational Risks
- Quality Risk
- Competition Risk
- Technological Risks
- Foreign Exchange Risk
- Realization Risk
- Cost Risk
- Financial Risks
- Human Resource Risks And
- Legal / Regulatory Risk.

ii. Oversight and Management

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committee and Senior Management, The Committee or Management may also refer particular issues to the Board for final consideration and direction.

iii. Risk Management Committee (Audit Committee)

The Audit Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks.

- To achieve this, the Committee is responsible for;
- To identify, assess, mitigate and monitor the existing as well as potential risks to the Company (including risks associated with cyber security and financial risk).
- To recommend the strategies to the Board to overcome them and review key leading indicators in this regard.
- To annually review and approve the Risk Management framework including the risk management processes and practices of the Company.
- To evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner.
- To develop and implement action plans to mitigate the risks.
- Audit Committee also needs to look into instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

- To make regular reports to the Board, including with respect to risk management and minimization procedures.

iv. Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Committee or Board regarding the status and effectiveness of the risk management program.

v. Employees

All the employees of the Company are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

vi. Risk Management System

An independent Internal Audit Function carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Board reviews internal Audit findings and provides strategic guidance on internal controls.

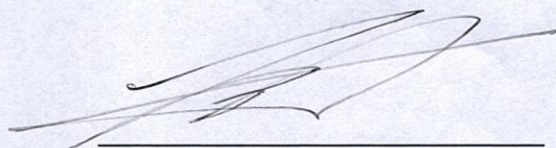
The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

Amendment:

This above policy is subject to review from time to time, by the Board of Directors of the Company. Any subsequent amendment/modification in the Code of Corporate Governance or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Communication and Approval of this Policy:

This Policy shall be posted on the website of the Company www.murreebrewery.com and shall be approved by the Board of Directors.



Chief Executive Officer