

RISK MANAGEMENT POLICY

Introduction

Objective

The primary objective of risk management is to ensure that the risks facing the business are appropriately managed. This gives stakeholder's confidence to deal with or invest in the business.

Commitment

The Board of Panorama Synergy Limited and its senior management is committed to managing its risks in order to both minimise uncertainty and to maximise its business opportunities. Pursuant to this commitment the Board has approved and adopted this document.

Risk Definition

The definition that is applied across Panorama Synergy Limited of what constitutes "risk" is: - *"An event or activity which may have an impact on the achievement of Panorama Synergy Limited objectives, strategies and its key business tasks."*

Risk Management Framework

Risk Identification

The risks have been identified a through a series of workshops that have considered what risks are, why they happen and how they occur.

New risks will be identified as each new initiative/project is considered and also at a biannual review workshop with managers, which will review all existing risks and identify any new risks.

A Risk Identification Chart is annexed to this document.

Risk Analysis

Each risk has been analysed by management by using the following ratings:-

1. Probability of the risk occurring;
2. Impact of the risk if it did occur;
3. Ascertaining what level of controls and maintenance are currently being employed; and
4. How effective these controls are.

Risk Evaluation

Management have evaluated each risk through a process of allocating an appropriate rating of probability impact, risk and effectiveness controls.

This evaluation process determines whether the current management of each risk is within a predetermined acceptable level or whether action needs to be taken to treat the risk. It further identifies what monitoring is required i.e. active or periodic and whether review by Board or management.

Risk Treatment

The following risk treatment has been allocated to each risk:-

1. Tolerate the risk
2. Avoid the risk
3. Reduce the risk

This treatment is designed to reduce the probability or impact or increase the risk controls. As there will normally be a cost associated with risk reduction, the objective is to reduce the risk

to an acceptable level consistent with established risk criteria. Anyone of several decision points that may be taken include:-

- A satisfactory solution
- The most cost effective solution
- The accepted practice (industry norm, best practice etc.)
- The best achievable result
- The absolute minimum to satisfy corporate legislative or project needs.

The risk can be reduced by transferring the risk. This may involve the transfer of risk in part or in full to a contractor, a supplier or to a product buyer for example. Insurance is a common way of transferring risk. Insurance is normally taken for low probability, high impact events.

When a risk treatment action is undertaken, it may not result in elimination or prevention of a risk, but will often result in reduction of the risk. A residual risk will remain that should be less than the company's level of tolerable risk.

Risk Reporting

The identified risks have been separated into Strategic, Operational and New Initiative risks. Each risk has then been rated according to inherent risk (probability and impact of the risk) and control rating (risk controls present and the evaluation of those controls).

Risk evaluation forms have been completed for each of the strategic and operational risks which are reviewed by the Board in accordance with the level of reporting identified on the evaluation form.

Risk Monitoring and Review

Monitoring the status of each risk and any necessary action plans relating to their treatment takes place on a regular basis by controlled self assessment as well as by management's quarterly review of risk action plans.

The risks and risk evaluation forms are also reviewed by the Audit Committee bi-annually.

The high level strategic and new initiative risks are reviewed annually by the Board at their annual strategic planning meeting. Identification of any new initiative risks or new strategic risks also takes place at this meeting.

Any action or recommendations arising out of these review processes are implemented by management and then checked by the reporting system to the Company Secretary.

Each risk identified for each manager is incorporated into the manager's key performance indicators for that year and is monitored by that manager and reviewed by the manager's direct report on an annual basis.

Ratings

Probability Parameters

Factor	Rating	Probability
5	High	High likelihood of it happening several times in the next 5 years; or chronic risk with history of occurrence
4	Substantial	Could occur more than once in the next 5 years; or can be difficult to control due to some external influences; or has a history of having occurred
3	Medium	Could occur in the next 10 years; or would not be surprised if this occurred
2	Low	Could occur, but not expected
1	Negligible	Possible but very unlikely that it will occur

Impact Measures

Factor	Rating	Financial	Reputation and Public Confidence	Customer Satisfaction	Product Quality
5	High	Losses incurred; or unable to pay staff; or: or unable to pay suppliers	Major loss of confidence; or share price less than 5 cents; or dividend payout reduced to nil	Inability to supply product for sustained period	Profound or sustained degradation in product value or quality
4	Substantial	Profit Reduced by 100%; or major delays in paying staff; or major delays in paying suppliers	Significant loss of confidence; or share price less than 8 cents	Substantial delays or interruptions in supply of product causing significant inconvenience	Significant degradation in product value or quality recognized by majority of critics/customers
3	Medium	Profit reduced by 50%; or moderate delays in paying staff; or moderate delays in paying suppliers	Moderate loss of confidence; or share price less than 10 cents	Delays or interruptions in supply of product causing moderate inconvenience	Decline in product value or quality recognized by moderate of critics/customers
2	Low	Profit reduced by 10%; or minimal delays in paying staff; or minimal delays in paying suppliers	Mild loss of confidence; or share price down by 5 cents	Transitory problems causing minor inconvenience	Decline in product value or quality recognized by Panorama Synergy Limited
1	Negligible	Profit unchanged; or no delays in paying staff; or no delays in paying suppliers	Minimal loss of confidence; or share price unchanged; or dividend payout not affected	Minimal or undetectable disruption	Minimal effect on product value or quality

Risk Controls

Control Rating	Description
5	Very low level of internal controls and maintenance
4	Below average level of internal controls and maintenance
3	Average level of controls and maintenance
2	Above average level of controls and maintenance
1	Excellent controls maintained in all areas at all times

Risk Treatment

Risk Rating	Description
1	Tolerate the risk
2	Avoid the risk
3	Reduce/Manage the risk

