

Our Governance Structure

2. Risk Management & Controls

Managing risk and protecting our business

Risk management is an integral part of all business activities of Otk. The Company's risk management policy is focused on the early identification of risks and future risks that are central to achieving its strategy, corporate objectives and annual business plans; their possible impacts on the business and measures that can be implemented to mitigate the identified risks so that Otk can continue to operate safely and effectively. Otk recognizes that risk management is a continuous journey of improvement and not a destination and will continue to develop its risk management processes to ensure the Company is fully equipped to deal with the constantly evolving operating and business environment of the oil and gas industry.

Key principles that underpin the Company's risk management framework and system:

- Regular and timely reporting.
- Monitoring and independent reviews.
- "Risk owners" throughout the business.
- Accountability of staff and/or key personnel.
- Clear line of sight on the system of internal controls.
- Strong focus on safety throughout the organization.
- Close oversight by senior management in day-to-day business operation.

Risk Management System

The Company's risk management system is based on guidelines provided in ISO 31000, the international standards for risk management. The system is built on top-down and bottom-up approach with the Board of Directors (Board) determining the right risk appetite necessary to achieve the Company's corporate objectives while the business units identify and mitigate risks at the unit and asset levels.

The Risk Management and HSSE Committee assists the Board in overseeing the Company's risk management framework and the risk/reward strategy as determined by the Board. The Committee ensures that the Company has adequate risk management system in place to manage the diverse and changing risks and opportunities faced by the Company as it creates value for shareholders. It meets at least three times in a year

to analyze and evaluate the Company's key risk profiles, proposed mitigation strategies, mitigation actions taken by management and any residual risk exposures. The meetings are attended by Executive Directors who have accountability for ensuring that risk identification is comprehensive and proposing mitigating measures that are effective in achieving the desired objectives. Reports on the Company's corporate risk register, key risk exposures in the business operations and reviews of its risk management systems are compiled and presented to the Board of Directors.

While key risks and associated risk appetites are determined at the top, the business units and functional managers are accountable for the respective risks within their areas. The company's enterprise risk management (ERM) system, coordinated by the Head, Enterprise Risk Management and overseen by the Risk Management and Control Committee, supports risk management across the business and functions. The company's ERM includes a robust risk identification, assessment, reporting and monitoring mechanisms and approaches that include maintenance of both corporate and functional/operational levels risk registers, risk dashboard, mitigation actions monitoring and risk reporting.

In a bid to continually embed risk management across the business and functions, the company utilises specially appointed and trained Risk Champions to ensure common methodology, language and approach in the way risks are managed across the business.

The Internal Audit unit undertakes periodic audits of the various business units including the Company's corporate governance systems and risk management processes.

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Managing Director