

Chemoil's adaptability to change without compromising good corporate citizenship opens up infinite possibilities and allows us to aspire higher.



Risk Management Process

managing risks

The world of tomorrow provides exhilarating opportunities. Chemoil incorporates the best and latest advancements and practices to safeguard against risks old and new alike.

Running a Stable Ship

With the objectives of achieving long-term business goals and delivering optimal value to shareholders in mind, Chemoil pays particular attention to risk management. We engage a robust, vigilant risk management system designed for speed and efficacy. Under our thorough framework, we are equipped for swift and effective identification, measurement, control, monitoring and reporting of risk. Stringent internal controls provide an additional layer of reinforcement to the process.

We center our risk management system on realizing optimal GCMT from our global supply chain operations, while hedging against price volatility of our fuel oil inventory – no doubt the most critical financial risk applicable to the business. Flexibility in our hedging strategy empowers us to mount an agile response to changing circumstances.

Structure and Process

To ensure effective risk management, we maintain a triple-level governance structure, as follows: The Risk Management Department reports to the Executive Risk Management Committee (ERMC), which in turn reports to the Board of Directors.

A top-down approach characterizes the risk management process employed by Chemoil in identifying and assessing risks. A clear distinction is made between acceptable and unacceptable risks, with insurance or hedging being established against the latter.

Clearly Defined Roles

Through clear demarcations in roles, we encourage accountability and communication in our risk governance framework, leading to the successful management of risks.

Setting the strategy for risks that the company will take comes under the purview of our strategic risk takers, who represent the highest level of authority in the company. The parameters laid out guide our tactical risk takers who make operations decisions accordingly. Our risk facilitators work independently and enable communication between strategic and tactical risk takers.

Critical Independence

To be truly effective, risk management must be free to perform its function. Chemoil's Risk Management Department operates with complete independence under our middle office function.

Acquiring information through independent channels, the Risk Management Department has a direct line of report to the CFO. This arrangement allows us to establish a sound control infrastructure, a pre-condition to view our risk exposures objectively.

Business Continuity

We employ our risk management activities as a critical component of our business continuity objectives. Our risk management operations shadow our trading, supply and marketing activities as they take place around the globe, so as to minimize lapses and gaps.

With this real-time model, we achieve round-the-clock monitoring of risk exposure, helping to ensure that our activities do not deviate from established directives. This proactive model also provides for a minimal time gap before rectification – should the need arise.