



Eastern Drilling Services

Risk Management Policy

People, property, earning capacity and reputation are key determinations of EDS future. Their development preservation and security are essential for growth and long-term survival. EDS seeks to protect and preserve both its tangible and intangible assets from loss or damage that could materially affect its ability to fulfill its commitments and discharge its responsibilities to its customers, employees, shareholders, and the communities in which it operates. EDS also seeks to assume, and manage, risk associated with strategic business opportunities that may leverage its domain knowledge and its intellectual, technical and financial capital.

Effective implementation of the risk management process improves the quality of decision-making in the face of uncertainties. The risk management process should operate efficiently and consistently so that appropriate and reliable reporting of risk management practices can be made when so required.

EDS engages in a process of risk management to:

Identify and assess risk and opportunities associated with EDS business activities.

Identify & use appropriate risk management tools, training and techniques that facilitate & enhance the quality of decision-making.

Select and implement cost-effective control measures to avoid or reduce undesired exposures to loss or unwanted volatility.

Encourage a spirit of entrepreneurship such that natural tendencies toward risk aversion are tempered by awareness that measured risk assumption is a significant component of improved profitability.

Implement appropriate risk financing & risk transfer strategies [including, but not limited to insurance] to offset the effect of any losses or unwanted volatility, so that the lowest sustainable cost of risk obtained over the long term.

Commitments to acquire new businesses; to allocate resources to geographically or politically challenging zones; to launch business activities; or to accept typical or non-conventional contractual terms & conditions must be supported by reasoned and reportable risk analyses- to support the appropriate management approval process.



Eastern Drilling Services

Line Managers have the primary responsibility and accountability for identifying and assessing operational risk. They also have the primary responsibility for implementing appropriate risk control measures where the cost/benefit has been demonstrated. Evaluation of risk control options is performed in close liaison with the business support functions, notably, HSE Risk Management, and Legal & Contract Management. The risk Management Team and the Finance Function have the shared responsibility for designing, proposing and maintaining appropriate risk financing & risk transfer strategies.

Kashif Rehman

CEO

15th April 2008