



RISK MANAGEMENT COMMITTEE CHARTER



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1. Introduction

The Board of Directors (the "Board") of KIPCO (the "Company") has delegated the responsibilities, authorities and duties with respect to the identification, evaluation, monitoring and mitigation of all risks that the company is exposed to the Risk management Committee (the "Committee").

2. Purpose

The Risk management Committee (hereinafter referred to as the "RMC") shall assist the Board in fulfilling their oversight responsibilities for the Risk management function of the Company and to take or use other means necessary to discharge its responsibilities as set forth hereunder.

3. Composition

3.1 The RMC shall be structured so that it:

- a) Has at least three members
- b) is chaired by an Non-Executive director
- c) The Chairman of the Board shall not be the member of the Committee

3.2 The Board of the Company shall establish the rules and Charter of the Committee addressing:

- a) Selection of members for the Committee
- b) Tenure of their membership
- c) Methods in which it shall operate.

3.3 The Committee shall nominate a person to be the Committee's secretary.

3.4 In the absence of the Committee Chairman, the members shall elect one of the Non-Executive Directors among them to be the Chairman for that meeting.

4. Meetings

- 4.1 The Committee shall meet at least four times a year and additionally as required.
- 4.2 Minutes of each meeting of the Committee are to be kept by the Committee Secretary including a report of actions undertaken is to be given at each subsequent Committee meeting.
- 4.3 The Committee may invite any executive management team members or other individual to attend meetings of the Committee, as they consider appropriate.
- 4.4 A majority of the members of the Risk Committee must be present at all committee meetings and every effort should be made to hold meetings with all members present.
- 4.5 An agenda for the meetings shall be prepared and circulated to all members 3 days before the meeting, along with appropriate briefing materials.
- 4.6 The RMC resolutions shall be passed by the majority of members present. If the votes are equal, the Chairman's casting vote shall be considered.
- 4.7 The Minutes of the meetings shall be documented. The member protesting against any of the resolutions may request to register his opinion in the Minutes. The Minutes shall be approved in the next meeting by the members who attended the meeting and shall be circulated in advance. Minutes may also be approved by circulation wherever necessary which shall be regularized in the next meeting.

5. Authority

- 5.1 The Committee has the authority to:
 - a) Obtain independent professional or other advice in the fulfilment of its duties at the cost of the Company; and
 - b) Obtain such resources and information from the Company in the fulfilment of its duties as it may reasonably require.
- 5.2 The Committee is authorised by the Board to invite relevant personnel within the Company as well as external consultants to attend Committee meetings, and to obtain any information that it requires from any department of the Company if it considers necessary.

6. Responsibilities

The key responsibilities of the RMC include the following:

6.1 Defining Key Risk Objectives

Assist, and recommend to, the Board in establishing Risk management strategies and objectives appropriate for the nature and size of company's activities.

6.2 Policies and Procedures

- a) Recommend to the Board on Risk management policies and procedures in line with the business activities and the Risk management strategies established by the Board.
- b) Review from time to time the adequacy of company's Risk management policies and procedures and recommend changes, as may be necessary, for the approval of the Board.

6.3 Risk management framework

- c) Preparing and reviewing the strategies and policies of risk management before it's approved by the board of directors and ensuring the execution of these strategies and policies and the same is consistent with the nature and size of the company's activity.
- d) Providing sufficient recourses and adequate systems for the risk management department.
- e) Evaluate the systems and mechanisms for identifying and monitoring various risks that the company may be exposed to, in order to determine the weaknesses in this regard.
- f) Assist the board of directors in identifying and assessing the acceptable level of the risks, to ensure that the company does not breach this level of the risk after approval from the board of directors.
- g) Ensuring that the staff of the risk management department are independent from the activities that leads to risk exposure.
- h) Preparing periodic reports regarding the nature of the risks that the company may be exposed to and submitting the same to the board of directors.
- i) Reviewing the issues raised by the related audit committee which may affect managing the company's risks.

6.4 Organization structure

- a) Reviewing the organisation structure of the Risk management department and submitting its recommendations in this regard, prior to its approval from the board of directors.
- b) Ensuring that the staff of the Risk management department is independent from the activities that lead to risk exposure and have an understanding of the risks surrounding the company.

7. Performance Evaluation

The Committee may from time to time carry out self-appraisal of its performance and its effectiveness when compared against its objectives and duties as set out in its Charter. Such performance evaluation shall also include a review of the adequacy of this Charter and shall recommend to the Board any revisions therein as deemed necessary.

8. Review of the Charter

The Committee shall review and assess the adequacy of this Charter on an annual basis and shall recommend changes it deems appropriate to the Board for approval.