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**RISK MANAGEMENT POLICY**  
**RABIGH REFINING AND PETROCHEMICAL**  
**COMPANY**  
**(PETRO RABIGH)**

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## **Part 1: Introductory Provisions**

### **1. Introduction and Purpose**

- 1.1 The purpose of this Risk Management Policy (this “**Policy**”) is to set out the rules for risk management at Rabigh Refining & Petrochemical Company (the “**Company**”).
- 1.2 The Company’s Board and each Director shall oversee the implementation of the measures required to ensure the Company’s compliance with this Policy.
- 1.3 The terms and expressions used in this policy have the meanings assigned to them in our Corporate Governance Manual, unless otherwise defined in this policy.

### **2. Policy Scope**

- 2.1 This policy defines the framework within which the Board and Executive Management monitor and manage the Company’s risks. The policy establishes minimum standards and takes precedence over any conflicting document or statement.
- 2.2 The Company’s subsidiaries and joint ventures, to the extent applicable, are responsible for ensuring effective and efficient management of their own risks and associated control frameworks. Relevant functions within the Company responsible for subsidiaries and joint ventures (collectively “related entities”) shall:
  - advise related entities to manage risk in accordance with the ERM Framework (as defined below);
  - advise related entities to formally assess and communicate their major risks at least annually to the Company and other shareholders;
  - document in their risk register, risks associated with ownership objectives and risks that may otherwise significantly impact the Company; and
  - review and discuss risks associated with the relevant related entity.

## **Part 2: Policy Statement**

Risk is the chance of something happening that will have an impact on the Company’s ability to achieve its objectives. Risk management is a system designed to identify, analyze, evaluate and prioritize the risks the Company faces to minimize, monitor and control the probability or impact of the occurrence of adverse outcomes. Taking informed risks is an inherent and necessary part of doing business. The Company shall proactively and diligently manage its strategic, operational and financial risks. Business decisions shall be made after due consideration of associated risks and rewards, and the Company shall continuously monitor its changing risk exposure and adjust governance and control procedures accordingly in consultation with the Audit Committee of the Board of the Company.

## **Part 3: Enterprise Risk Management and Control Frameworks**

- 3.1 The Company shall have a system of integrated policies, procedures and processes by which risks are identified, reported and managed in a systematic, proactive and coordinated manner (the “**ERM Framework**”).
- 3.2 The Company maintains formally defined frameworks of policies, procedures and systems to manage specific, major categories of risk. Elements typically included in a control framework

are management oversight commitments, policies, responsibilities and authorities, operating procedures, and assurance. It delineates the roles and responsibilities of line management and the relevant risk management functions.

## **Part 4: Responsibilities**

### **1. Board**

The Board provides risk oversight as a component of its strategic leadership. With the assistance of its committees, the Board shall understand the breadth of risks facing the Company and ensure that they are effectively managed. The Board shall promote a risk-focused culture and open communications across the Company, assign clear lines of accountability, and encourage an effective ERM Framework.

### **2. Audit Committee**

The Audit Committee supports the Board in fulfilling its oversight responsibilities for overall risk management, and for activities relating its strategic, operational (including health, safety and the environment) and financial risks. It assists the Board with leadership, direction, and oversight with respect to the risk appetite, risk tolerance, risk framework and risk strategy; governance and management of strategic, operational and financial risks; and fostering a culture that emphasizes and demonstrates the benefits of risk management. It endorses the risk management policy, monitors the Company's overall risk management, receives risk management reports from the Risk Management Steering Committee and provides risk assurance to the Board.

### **3. Risk Management Steering Committee**

The Risk Management Steering Committee assists the Audit Committee to oversee the enterprise risk management ("ERM") activities, establish the risk management policy, provide leadership, commitments and directions and monitor the ERM performance, monitor progress with audit recommendation, establish risk appetite, ERM Framework, risk strategy, respond to the Board or Audit Committee queries and oversee the risk management ownership within the respective lines of accountability.

### **4. Corporate Performance Management Group**

The corporate performance management formulates the ERM strategy and general instructions/procedures in line with the risk management policy and based on risk appetite, risk attitudes and risk exposures, reviews the risk management reports, registers risk management activities, maintains the Company's risk register, tracks risk management activities, keeps the risk management context under review, coordinates with the Internal Audit Office to manage the risk management activities and guides the development and performance of the ERM processes across the Company.

### **5. Company Departments**

The various departments at the Company prepare and update risk registers, produce specific policy statements, as necessary, set risk priorities for such departments, monitor processes / projects to mitigate risk, assesses improvements and prepare reports for Risk Management Steering Committee.

**Part 5: Closing Provisions**

- 5.1 This Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect from the date on which it is approved by the Board.
- 5.2 The Audit Committee shall oversee the implementation of this Policy and shall periodically review its provisions and recommend any amendments thereto to the Board.
- 5.3 Any amendments to this Policy shall be adopted in the same manner in which this Policy was adopted.

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