



National Petroleum Services Company K.S.C

Risk Management Committee Charter

Document Number	Revision/Date	Number of Pages	Approved By
109001-CHR-004	0 / 01 JUL 16	4	

1. INTRODUCTION

- This Charter for the Risk Management Committee (“RMC” or “the Committee”) sets out the membership, responsibilities, principles and operation of the RMC and identifies the interaction with the Board of Directors and management.
- This Charter must be read in conjunction with other governance documents.
- The reference to Company includes subsidiaries of National Petroleum Services Company K.S.C (“NAPESCO” or “the Company”), if any.

2. ROLE OF THE RISK MANAGEMENT COMMITTEE (RMC)

The role of the RMC is to assist the Board of Directors of the Company in fulfilling its oversight responsibilities related to present and emerging risk issues associated with the Company’s activities.

3. REPORTING LINES

The RMC shall report to the Board of Directors of the Company.

4. MEMBERSHIP COMPOSITION

- RMC members, including the Chairman shall be recommended and appointed by the Board of Directors.
- The Committee will comprise of three members at least and the Chairman of the Committee should be a non-executive member of the Board of Directors.
- The Chairman of the Board of Directors may not be a member of the RMC.
- The Board of Directors of the Company will determine the term of service of the RMC.

5. COMMITTEE SECRETARY AND MINUTES OF MEETING

- The Company Secretary, or such other person as the Board of the Company may nominate, shall act as Secretary to the Committee (“Secretary”).
- The Secretary to the Committee will be responsible for preparing minutes of the Committee’s meetings. The minutes of the RMC meetings will be tabled and approved at the subsequent meeting and signed off by the members the RMC.

6. MEETINGS & QUORUM

- The RMC shall meet as often as it determines, but not less than four times in a year, or as required undertaking its role effectively. The RMC Chairman will call a meeting of the RMC if so requested by any member of the RMC or the Chairman of the Board.
- The quorum for any such meeting will be a majority of the members.
- The RMC Chairman will chair all regular sessions of the RMC and set the agenda for meetings in urgent cases, the Secretary of the RMC shall provide the members with an agenda and necessary documentation before a meeting takes place.
- In the absence of the RMC Chairman at a meeting, the remaining members present shall elect one of their members to chair the meeting.

- Members of management and/or parties external to the Company may be invited by the RMC Chairman to attend any meeting of the RMC or part thereof.
- The RMC may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the RMC or to meet with any members of the RMC.

7. VOTING RIGHTS

- A duly convened meeting of the RMC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the RMC.
- All decisions of the RMC will be based on a simple majority of the members present at the meeting. In the event of a tie, the concerned matter will be referred to the Board of Directors for a decision.
- Any attendee who is not a member of the RMC may not vote on any matter coming before the RMC for a vote.

8. RESOURCES AND AUTHORITY

- The RMC is authorized to obtain, at the Company's expense, outside advice on any matters within its Charter and in accordance with the Discretionary Authority Limits.
- The RMC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.

9. DUTIES AND RESPONSIBILITIES

- The Committee shall provide sufficient resources and adequate systems for the Risk Management department.
- The Committee shall prepare and review Risk Management strategies and policies prior to its approval from the Board of Directors, and ensure the execution of the same and the relevance of the same with the nature and size of the Company's activities.
- 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.
- Review the Organization Structure of the Risk Management department and submit its recommendations in this regard, prior to its approval from the Board of Directors.
- 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.
- The Committee shall review and recommend to the Board the articulation and establishment of the Company's overall risk tolerance, risk appetite and overall risk framework, and receive reports from management regarding the Company's policies and procedures relating to the Company's adherence to risk limits and its established risk tolerance and risk appetite.
- The Committee shall oversee the strategies, policies, procedures, and systems established by management (which, in some cases, may be subject to the review and approval by another committee of the Board) to identify, assess, measure and manage the major risks facing the Company, which may include an overview of the Company's strategic business risk, credit risk, operational risk, compliance risk, interest rate risk, liquidity risk, investment risk, funding risk, market risk, reputation risk, and emerging and other risks, as well as management's capital management, planning and assessment processes.

- To evaluate annually the Company's governance, risk and control framework to satisfy itself on the design and completeness of the framework relative to the Company's activities and risk profile.
- Regularly monitor the Company's risk profile against the agreed appetite.
- Ensure that the staff of the Risk Management department is independent from the activities that lead to risk exposure.
- Ensure that the staff of the Risk Management department completely understand the risks surrounding the company and work on increasing awareness of the employees regarding the risk culture.
- Review the issues raised by the related Audit Committee which may affect managing the Company's risks.
- Prepare periodic reports regarding the nature of the risks that the Company may be exposed to and submit the same to the BOD.
- To review the proposed transactions with the related parties and to submit the appropriate recommendations to the Board of Directors in this regard.

10. CONFIDENTIALITY

Members of the RMC and other persons who attend these RMC meetings must maintain confidentiality on all documents they receive, on the contents of deliberations and on all confidential information of the Company and its customers, particularly operating and business information that are disclosed to them in the course of their work on the RMC.

11. APPROVAL, UPDATING AND INFORMING PARTIES

- The ultimate responsibility for maintaining and updating this document lies with the RMC.
- This document should be reviewed and approved at regular intervals (at least on a yearly basis) to reflect changes in the business activities or the organization keeping in view the changes to any applicable regulatory requirements.
- This document is to be presented and approved by the Board of Directors.
- Any changes to the document have to be approved by the Board of Directors.
- All relevant and affected parties should be advised of the change as soon as practicable.

12. EFFECTIVE DATE

Implementation is effective as of 01/07/2016