Konkan LNG Limited (KLL)

ENTERPRISE RISK MANAGEMENT (ERM) Policy

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Document History

Version No.	Date	Author	Approver	Description of Amendment
1.0			Board of Directors	Original Policy

Document Approvals

Authorized Approver	Date	Signature(s)
Chief Risk Officer		
Board of Directors		

1.   Introduction to the policy

1.1   Overview

This document sets out the rules and mandatory principles for KLL to ensure that risk management is widely spread, learnt, adopted, and practiced throughout KLL as a prudent management practice.

- Enterprise risk management is responsible for achieving the KLL's strategic goals while maintaining proper risk management and ensuring that the value of stakeholders is protected.
- KLL's enterprise risk management shall provide clear & strong basis for informed decision making at all levels of the company and strengthen the Risk Management System, through continuous learning and improvement.

1.2   Roles and Responsibilities

The Board of Directors (BOD) have the responsibility to approve this Document. The Chief Risk Officer (CRO) in consultation with Functional Nodal Officer shall be responsible to ensure this Document is updated and rolled out.

Requests for revision or amendment of this policy can originate from Functional Nodal Officer in consultation with Chief Risk Officer.

1.3   Organization of Policy

The ERM Policy is organized as following:

1. Document Approval
2. Introduction to Policy
3. ERM Policy:
   - Mandated Policy Statement
   - Risk Governance
   - ERM Framework

1.4   Confidentiality and Distribution

This document is internal and is to be treated as confidential and shall be retained as per KLL's Governance Policy.

This document must also not be disclosed, printed, or distributed to any unauthorized individuals or parties without the acknowledgement of the document's custodian.

2.   Definitions

- **Enterprise Risk Management** is a comprehensive, dynamic, and integrated process to assess, monitor and treat key risks associated with the achievements of KLL's business objectives.
- **Company** means Konkan LNG Limited (KLL).
- **Functional Nodal Officer** means a person who coordinates and monitors risk management across Functional Champions, ensures the implementation of mitigation plan for identified risks and provides update to the Risk Owner.

3.   Abbreviations

- **BOD** means the Board of Directors of KLL.

- **CEO** means Chief Executive Officer of KLL.

- **CRO** means Chief Risk Officer of KLL.

- **ERM** means Enterprise Risk Management.

- **KLL** means Konkan LNG Limited.

4.   Scope

This document is approved by the Board of Directors and applies to all the departments of the KLL to ensure that risk management is widely spread, learnt, adopted, and disciplined approach to all the risk management is practiced throughout KLL.

5.   ERM Policy

5.1   Mandated Policy Statement

- Putting in place Risk Management Frameworks and Processes to identify risks and promote a pro-active approach to treat such risks.

- Allocating adequate resources to mitigate and manage risks and minimise their adverse impact on outcomes.

- Optimising risk situations to manage adverse exposure on deliverables and bring them in line with acceptable Risk level of the KLL.

- Striving towards strengthening the Risk Management System through continuous learning and improvement.

- Providing clear and strong basis for informed decision making at all levels of the company on an ongoing basis, having duly evaluated risks and their mitigation plan.

- Delineating Business Continuity Processes and Disaster Management Plans, for unforeseen exigencies and keeping the company constituents, prepared to deal with such circumstances appropriately and adequately, under eventuality of such happenings.

- Complying with all relevant laws and regulations across its areas of operation.

- Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

- The Policy may be reviewed if need arises for the same and / or under special circumstances. After review, if the Audit Committee feels there is a need for change, the revised Policy shall be recommended by Audit Committee to the Board for its approval.

5.2   Risk Governance

- KLL's Board of Directors (BOD) shall have the ultimate responsibility for risk management and relevant controls, including the determination of the nature and extent of the risks it is willing to take to achieve its strategic objectives and for ensuring that an appropriate risk culture is embedded throughout the company.

- Risk governance structure shall define key roles and responsibilities pertaining to risk management and relevant controls, in addition to providing a simple and effective method to design and improve communication of risk information across KLL.

5.3   ERM Framework

- KLL's ERM framework shall be incorporated into its processes (including strategic planning, operational planning, enterprise performance management), operations, programs / products, and culture.

- ERM framework shall be subject to continuous, regular monitoring and evaluation and areas for improvement should be identified and incorporated into the framework.

- ERM framework shall be in line with the widely accepted risk management standards, and any mandated laws and regulations around disclosure and reporting on risk.

- High-risk projects, which KLL undertakes, shall require further risk management measures to satisfy management with the level of risk assessment of exposure and mitigation measures and operational controls implemented to protect the business.

- The skills, knowledge, and capabilities of KLL's employees in risk management and the Company culture (attitudes and responsibilities toward risk management) should be enhanced and optimized to support the effective functionality and implementation of ERM framework.

6.   Policy Ownership

- The Board of Directors have the responsibility to approve this document.

- The Chief Risk Officer (CRO) in consultation with Functional Nodal Officer shall be responsible to ensure this Document is updated and rolled out.