

## **RISK MANAGEMENT POLICY**

The Board of Directors of Hilltone Software and Gases Ltd ('the HSGL') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

### **Objectives of the Policy:**

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions on risk related issues.

This policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges and to facilitate setting up a framework for risk assessment and minimization procedures. The purpose of this Policy is to ensure that each of you are aware of the company's standards for risk taking while conducting business and to provide an easy-to-access guide any time you have a question. The Risk Management Group will currently cover Market Risk, Credit Risk, Process Risk and other risks as detailed in these documents. Each risk is covered within this Policy. This Policy will apply across all products, throughout the firm.

The specific objectives of the Risk Management Policy are:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.
- To establish a framework for the company's risk management process and to ensure company wide implementation.
- To ensure systematic and uniform assessment of risks related with construction projects and operational power stations.

- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

## **Charter of the Risk Management Committee**

Charter of the Risk management Committee shall be as follows:

### **1. Purpose**

The purpose of the risk management committee of the Board of Directors of Hilltone Software and Gases Ltd (the "HSGL") shall be to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company

### **2. Composition**

The majority of Committee shall consist of members of the Board of Directors. Senior officer/executives of the company. The Chairman of the Committee shall be a member of the Board of Directors.

### **3. Meetings and Quorum**

The quorum necessary for transacting business at a meeting of the Committee shall be two members.

### **4. Authority**

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

### **5. Reference**

- The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.

- The risk management committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- The risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- The risk management committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- The risk management committee shall make regular reports/recommendations to the Board.
- The risk management committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

### **Scope and extent of application**

The policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavor including new products and services that may be necessary to achieve these goals and the emerging global standards and best practices amongst comparable organizations.

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company.