International Petroleum Corp.

RISK MANAGEMENT POLICY

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Risk management increases awareness of business risks. The Company continually identifies, assesses, monitors and controls threats and opportunities.

1. Introduction and Objectives

Effective management of risk contributes towards the achievement of International Petroleum Corporation (IPC) and its affiliate's strategic and operational objectives. Risk management relies on the principles and requirements of IPC's Code of Ethics and Business Conduct and binding directive documents as well as compliance with local regulations and requirements.

The objective of risk management is to identify, understand and manage threats and opportunities within the business on a continual basis. By ensuring that risks are assessed, reviewed, analysed, transferred and reported gives management input for decisions on how to allocate resources or plan audits.

2. Risk Identification and Assessment

The process for risk identification and assessment within each country and corporate should include:

a. Identification of business risks before control and their realistic local impact. Identified risks should take into consideration consequences and probability of the risk occurring as well as mitigation actions with continual control measures.
b. Risks identified within the IPC Risk Matrix in the red and yellow areas will require local management review to decide if further controls shall be implemented to reduce the risk to an acceptable level.
c. Analysing and reporting risks to IPC Management on an interim and annual basis.

3. Continuous Risk Control and Monitoring

Risk management should be an integral part of decision making and the continuous control environment. In each country, General Managers shall:

a. Identify risk owners who shall document the business risk analysis, clearly identify the implication of the risk and the follow-up process.
b. Integrate risk identification and evaluation within the internal control for financial reporting.
c. Implement measures to reduce residual risk. Risk reducing measures should be documented and auditable.

4. Requirements

4.1 Country General Managers are responsible for:

a. Discussing and communicating principal risks within the country on a quarterly basis.
b. Ensuring accountability is clearly defined at all levels, that business risks are evaluated taking into consideration legislation, applicable controls and the effectiveness of risk mitigation efforts.
c. Highlighting repetitive high business risks.

4.2 The COO and CFO shall ensure that risks are managed to ensure:

a. Coordination with Corporate and local entities to identify and assess risks and ensure continuous control mechanisms are in place to mitigate risk, supported by a risk management function independent of the business lines.
b. That principal business risks are insured where applicable within the Company's risk appetite.
c. That the highest country risks and opportunities are reported to the Executive Committee.
d. Inclusion of repetitive high business risks in the Company's Annual Report.

William Lundin
President and Chief Executive Officer
International Petroleum Corporation