

CIM FINANCE LTD.

RISK MANAGEMENT CHARTER

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**CIM FINANCE LTD.**

**RISK MANAGEMENT COMMITTEE CHARTER**

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## **CIM FINANCE LTD.**

### **RISK MANAGEMENT COMMITTEE CHARTER**

#### **1. Purpose and authority**

1.1. The risk management committee is established by and among the board to properly align with management as it embarks a risk management program. The primary responsibility of the risk management committee is to oversee and recommend to the Board for approval the company-wide risk management practices to assist the board in:

- a) Overseeing that the executive team has identified and assessed all the risks that the organisation faces and has established a risk management infrastructure capable of addressing those risks
- b) Overseeing, in conjunction with other board-level committees or the full board, if applicable, risks, such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks
- c) Overseeing the division of risk-related responsibilities to each board committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed
- d) In conjunction with the full board, approving the company's enterprise wide risk management framework

1.2. The risk management committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities.

1.3. In carrying out its duties and responsibilities, the risk management committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties. In addition, the risk management committee could make sure to meet with other board committees to avoid overlap as well as potential gaps in overseeing the companies' risks.

1.4. The risk management committee will primarily fulfil its responsibilities by carrying out the activities enumerated in Section 4 of this charter.

#### **2. Composition**

2.1. The members of the risk management committee shall consist of the Chief Executive, and at least three independent non-executive directors. The

Chairperson and the members of the Committee shall be appointed by the Board of Directors of Cim Finance Ltd ("Board").

2.2. The following members of the management team of the Company shall be permanent attendees at meeting of the Committee:

2.2.1. Head of Risk

2.2.2. Head of Internal Audit

2.2.3. Head of Finance

2.2.4. Head of Compliance

2.3. The Chairman of the Risk Management and Audit Committee of Cim Financial Services Ltd shall be a permanent invitee to meetings of the Committee,

2.4. The Chairperson of the Committee shall be an independent non-executive director.

2.5. The company secretary shall act as secretary of the Committee.

2.6. All members of the Committee shall have a broad understanding of the business and economic environment, of financial and business risks and of the country's legal and statutory infrastructure.

### **3. Meetings**

3.1. Meetings shall be held at least quarterly, or more frequently as circumstances require.

3.2. The Chairperson shall convene a meeting upon the request of any Committee member who considers it necessary.

3.3. The quorum for the Committee shall be three with the presence of at least two independent non-executive directors. In case of absence of an independent non-executive director the Chairperson of the risk management committee may appoint another independent non-executive director in replacement.

3.4. The Chairperson of the Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the Chairperson of the Board shall appoint an independent non-executive director to chair the meeting.

3.5. The Committee may request any officer or employee to attend any meeting and provide pertinent information as necessary.

3.6. All decisions shall be taken on a majority of votes. In case a majority cannot be obtained, the Chairperson will have a casting vote.

#### 4. Responsibilities and duties

To fulfil its responsibilities and duties, the risk management committee will:

##### 4.1. Enterprise responsibilities

- a) Help to set the tone and develop a culture of the enterprise vis-à-vis risk, promote open discussion regarding risk, integrate risk management into the organisation's goals and compensation structure, and create a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them
- b) Provide input to management regarding the enterprise's risk appetite and tolerance and, ultimately, recommend to the Board for approval risk appetite and the statement of risk appetite and tolerance messaged throughout the company and by line of business
- c) Monitor the organisation's risk profile - its on-going and potential exposure to risks of various types
- d) Recommend to the Board for approval the risk management policy and plan. Management should develop both the risk management policy and the plan for approval by the committee. The risk management plan should consider the maturity of the risk management of the company and should be tailored to the specific circumstances of the company. The risk management plan should include:
  - i) the company's risk management structure
  - ii) the risk management framework i.e. the approach followed, for instance, COSO, ISO, etc.
  - iii) the standards and methodology adopted – this refers to the measurable milestones such as
  - iv) tolerances, intervals, frequencies, frequency rates, etc.
  - v) risk management guidelines
  - vi) reference to integration through, for instance, training and awareness programmes, and
  - vii) details of the assurance and review of the risk management process.

The risk management policy should set the tone for risk management in the company and should indicate how risk management will support the company's strategy. The risk management policy should include the company's definitions of risk and risk management, the risk management objectives, the risk approach and philosophy, as well as the various responsibilities and ownership for risk management within the company.

The committee shall:

- a) Review the risk management plan at least once a year.
- b) Define risk review activities regarding the decisions (e.g. acquisitions), initiatives (e.g. new products), and transactions and exposures (e.g. by amount) and prioritise them prior to being sent to the board's attention
- c) Review and confirm that all responsibilities outlined in the charter have been carried out
- d) Monitor all enterprise risks; in doing so, the committee recognises the responsibilities delegated to other committees by the board and understands that the other committees may emphasise specific risk monitoring through their respective activities
- e) Conduct an annual performance assessment relative to the risk committee's purpose, duties, and responsibilities; consider a mix of self- and peer- evaluation, supplemented by evaluations facilitated by external experts
- f) Oversee the risk program/interactions with management
- g) Review and recommend to the Board for approval the risk management infrastructure and the critical risk management policies adopted by the organisation
- h) Periodically review and evaluate the company's policies and practices with respect to risk assessment and risk management and annually present to the full board a report summarising the committee's review of the company's methods for identifying, managing, and reporting risks and risk management deficiencies
- i) Continually, as well as at specific intervals, monitor risks and risk management capabilities within the organisation, including communication about escalating risk and crisis preparedness and recovery plans
- j) Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed
- k) Communicate formally and informally with the executive team and risk management regarding risk governance and oversight
- l) Discuss with the MD and management the company's major risk exposures and review the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies
- m) Review and assess the effectiveness of the company's enterprise-wide risk assessment processes and recommend improvements, where appropriate; review and address, as appropriate, management's corrective actions for deficiencies that arise with respect to the effectiveness of such programs
- n) In coordination with the audit committee, understand how the company's internal audit work plan is aligned with the risks that have been identified and with risk governance (and risk management) information needs

## **5. Reporting**

The Committee shall:

- a) Understand and approve management's definition of the risk-related reports that the committee could receive regarding the full range of risks the organisation faces, as well as their form and frequency
- b) Respond to reports from management so that management understands the importance placed on such reports by the committee and how the committee views their content
- c) Read and provide input to the board and audit committee regarding risk disclosures in financial statements and other public statements regarding risk
- d) Coordinate (via meetings or overlap of membership), along with the full board, relations and communications with regard to risk among the various committees, particularly between the audit and risk committees
- e) Disclose in the company's Annual Report how it has satisfied itself that risk assessments, responses and interventions are effective.
- f) Report formally to the Board (through the Chairperson) in a timely manner on its proceedings after each meeting on all matters within its duties and responsibilities.

## **6. Charter Review**

The Committee shall:

- a) Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements
- b) Review and approve the management-level risk management committee charter, if applicable
- c) Perform any other activities consistent with this charter, and governing laws that the board or risk committee determines are necessary or appropriate
- d) Submit the charter to the full board for approval