

INTERNATIONAL ASSURANCE LIMITED PCC

CHARTER OF THE RISK MANAGEMENT COMMITTEE ('RMC')

PREAMBLE

Under the Code of Corporate Governance for Mauritius 2016, International Assurance Limited PCC has an obligation to appoint a Risk Committee.

1. OBJECTIVES

- 1.1 The Board of Directors is responsible for the risk management of the company.
- 1.2 In order to fulfill this responsibility, the Board needs to regularly ensure that all risks are reviewed and managed to an acceptable level in the business and that all internal risk control systems and procedures are designed to provide ongoing assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the company's policy.
- 1.3 The overall objectives as stated above, whilst remaining the responsibility of the Board as a whole, have been delegated by the Board to a specialised working committee which shall be known as the 'Risk Management Committee' or 'RMC' and shall deal with all pertinent matters relating to the operations of the company.
- 1.4 The RMC should not perform any management functions nor assume any management responsibilities other than to the extent prescribed by legislation. It serves to provide a forum for discussing business risk and control issues, to create the facility whereby the Board can seek the necessary assurances that these factors are being properly managed, thereby being able to develop recommendations for consideration by the Board.
- 1.5 The RMC shall monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- 1.6 The RMC shall engage outside counsel or advisors for guidance on complex or controversial or other issues that emerge.

2. MEMBERSHIP

- 2.1 The members shall consist of not less than three nor more than five Directors appointed by the Board, who shall be non-executive Directors and preferably independent non-executive Directors.

- 2.2 The Board shall appoint a Chairperson from the independent or non-executive Directors of the RMC and determine the period for which he or she shall hold office. The Chairman shall have substantial financial and risk management experience, as stipulated in the Report on Corporate Governance for Mauritius 2004.
- 2.3 The Chairperson of the Board shall not be the Chairperson of the RMC.
- 2.4 The Board shall have the power at any time to remove any members from the RMC and to fill any vacancies created by such removal.
- 2.5 Appointments to the RMC shall be person specific i.e. where a Director is a member of the RMC but is unable to attend a particular meeting he or she shall not be entitled to appoint a proxy or to request that their duly appointed alternate Director attend in their stead.
- 2.6 The Company Secretary shall be the Secretary of the RMC.

3. TERMS OF REFERENCE OF THE RMC

3.1 Risk Management

3.1.1 The RMC will review the risk philosophy, strategy and policies recommended by Management and consider reports by Management. The RMC will oversee compliance with such policies, and with the overall risk profile of the company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as:

- a) profitability risk;
- b) interest rate risk;
- c) country risk;
- d) counterparty risk, including provisioning risks;
- e) currency and foreign exchange risk;
- f) technology risk;
- g) cost and selling price risk;
- h) disaster recovery risk (including business continuity planning);
- i) operational risk;
- j) prudential risk;
- k) reputational risk;
- l) competitive risk;
- m) legal risk (including litigation claims);
- n) compliance and control risk (including fraud and theft);
- o) environmental, health and safety risks;
- p) concentration of risk;
- q) investment risk;
- r) asset valuation risk; and
- s) other risks appropriate to the business, which may be identified from time to time.

- 3.1.2 The RMC will review risk identification, measurement and prioritization methodologies, including internal control systems and procedures for reporting unusual or high risk transactions.
- 3.1.3 The RMC will review the management's reports detailing the adequacy and overall effectiveness of the company's risk management function and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate action has been taken.
- 3.1.4 The RMC, together with the company's legal advisor, will review any legal matters that could have a significant impact on the company's business.
- 3.1.5 The RMC will review the adequacy of insurance coverage as well as the uninsured and uninsurable exposures.
- 3.1.6 The RMC will review and approve all related party transactions to be disclosed by the Company.

4 REPORTING AND ACCOUNTABILITY

- 4.1 The Chairperson of the RMC (or, in his/her absence, another member) shall account to the Board for its activities and make recommendations to the Board concerning risk management and any other matters arising from the above responsibilities.
- 4.2 The Chairperson (or, in his/her absence, another member) of the RMC shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the RMC.
- 4.3 The Chairperson of the RMC will liaise with the Board regarding the preparation of the RMC's report to shareholders as required.
- 4.4 The RMC will monitor procedures to deal with and review the disclosure of information.
- 4.5 The RMC will have due regard for the principles of governance and codes of best practice.
- 4.6 The RMC shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- 4.7 The RMC shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding client policies, and the confidential submission by employees of the company of concerns regarding questionable practices.

5 MEETINGS AND PROCEEDINGS AT MEETINGS

- 5.1 Meetings of the RMC will be held as frequently as the RMC considers appropriate, but it will normally meet not less than four times a year. The Board or any member thereof, including members of the RMC, the external auditors, and the Compliance Officer may request the Chairperson to call further meetings.
- 5.2 The agenda shall be prepared by the Secretary in consultation with the Chairperson.
- 5.3 Reasonable notice of meetings and the business to be conducted shall be given to the members of the RMC, and when invited, the Chief Finance Executive, Compliance Officer, Chief Executive Officer and the External Auditors.
- 5.4 The quorum of the RMC shall be any two members of the RMC present throughout the meeting of the RMC.
- 5.5 The Chief Financial Executive and the Compliance Officer, when invited, shall be in attendance at meetings of the RMC and shall have unrestricted access to the Chairperson or any other member of the RMC in relation to any matter falling within the remit of the RMC.
- 5.6 The Corporate Manager – Health and Safety shall be in attendance at RMC meetings during the session devoted to Health, Safety and Environment.
- 5.7 The Chairperson, at his/her discretion, may invite other executives to attend and to be heard at meetings of the RMC.
- 5.8 Unless varied by these terms of reference, meetings and proceedings of the RMC will be governed by the company's articles of association regulating the meetings and proceedings of Directors and Committees.
- 5.9 The Committee Secretary shall take minutes of the meetings. Such minutes shall be circulated to all members of the RMC and shall be included in the Board papers for the next meeting and circulated to all Board members and to the Chairperson of the Board. The agenda for each Board meeting shall provide the opportunity for the Chairperson of the RMC to report on any matters of importance to the Board.
- 5.10 The RMC shall at least once a year meet with the Compliance Officer without any executive member of the Board in attendance.
- 5.11 The RMC shall at least once a year meet with the executives of the company without the Compliance Officer being in attendance.

6 AUTHORITY OF THE RMC AND RESOURCES AVAILABLE TO IT

The RMC, in carrying out its duties under these terms of reference, will have due regard to the principles of governance and the code of best practice as contained in the Report on Corporate Governance for Mauritius 2004.

The RMC, in carrying out its tasks under these terms of reference:

- 6.1 is authorised to investigate any activity within its terms of reference;
- 6.2 may, at its discretion, require other employees of the company to attend meetings or parts of meetings; and
- 6.3 may consult with and seek any information it requires from any employees, and all employees shall be required to cooperate with any request made by the RMC in the course of its duties.

7 REMUNERATION

- 7.1 Members of the RMC shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 7.2 Such special remuneration shall be in addition to the annual fees payable to directors.

8 GENERAL

The RMC, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The Board will ensure that the RMC will have access to professional advice both inside and outside the company in order for it to perform its duties.

These terms of reference may be amended as required, subject to the approval of the Board.