

RISK MANAGEMENT COMMITTEE TERMS
OF REFERENCE

August 2024

CIM FINANCIAL SERVICES LTD.

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1. Preamble

The Risk Management Committee ('RMC' or the 'Committee') has been set up by the Board of Directors (the 'Board') of Cim Financial Services Ltd ('Cim' or 'CFSL') to assist it in discharging its duties under the Code of Corporate Governance for Mauritius (the 'Code').

2. Purpose of this Committee

The Committee is responsible for:-

- 2.1 reviewing and reporting to the Board on the current and potential future risk exposures of CFSL including the risk appetite (the extent and categories of risk which the Board regards acceptable for CFSL to bear);
- 2.2 reviewing the effectiveness of the Enterprise Wide Risk Management Framework embracing principles, policies, methodologies, systems, processes, procedures and people;
- 2.3 overseeing, in conjunction with other board-level committees or the full board, if applicable, risks, such as strategic, credit, market, liquidity, funding, operational, IT, cyber security, legal, regulatory, reputational, and other risks;
- 2.4 recommending to the Board changes to internal policies and prudential limits, aligning with the strategic objectives and risk appetite of CFSL.

3. Authority

The Committee is authorised by the Board to:-

- 3.1 undertake and investigate any activity within its remit and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities;
- 3.2 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.

- 3.3 The risk management committee will primarily fulfil its responsibilities by carrying out the activities enumerated in Section 6.

4. Composition

- 4.1 The members of the risk management committee shall consist of the Chief Executive Officer and at least two independent non-executive directors. The Chairperson and the members of the Committee shall be appointed by the Board of Cim Financial Services Ltd.
- 4.2 The Chairperson of the Committee shall be an independent non-executive director.
- 4.3 The company secretary shall act as secretary of the Committee.
- 4.4 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.

5. Meetings

- 5.1 Meetings shall be held at least quarterly, or more frequently as circumstances require.
- 5.2 The Chairperson shall convene a meeting upon the request of any Committee member who considers it necessary.
- 5.3 The quorum for the Committee shall be two with the presence of at least one 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.
- 5.4 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.
- 5.5 The Chief Risk Officer of CFSL shall attend all or part of any meeting as and when appropriate and necessary.

- 5.6 The Committee may request any officer or employee to attend any meeting and provide pertinent information as necessary.
- 5.7 All decisions shall be taken on a majority of votes. In case a majority cannot be obtained, the Chairperson will have a casting vote.

6. Responsibilities

The responsibilities of the Committee shall be to:

- 6.1 Provide advice to the Board on risk strategy and oversee the development, implementation and maintenance of CFSL's overall risk management framework and its risk appetite, strategy, policies, to ensure they are in line with emerging regulatory, corporate governance and leading practices;
- 6.2 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;
- 6.3 Review, formulate and recommend those policies, which are reserved for the Board's approval in respect of risk management issues and strategies, and risk tolerance for the Board's approval;
- 6.4 Review the risk management infrastructure, resources and systems for risk management and ensure that the staff responsible for implementing risk management systems perform those duties independently of the risk taking activities;
- 6.5 Periodically review and evaluate the company's policies and practices with respect to risk assessment and risk management;
- 6.6 Review CFSL's risk profile particularly the risk trends, risk concentrations, key risk indicators and the performance versus the risk appetite;
- 6.7 Review of material outsourcing arrangements, the capabilities within the organisation for Disaster Recovery and Business Continuity Management;
- 6.8 Review risk report with respect to cyber and technology risks and ensure effective measures are in place to reduce the risks;
- 6.9 Obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;
- 6.10 Review and recommend to the Board for approval the delegated credit authority framework including the sanctioning powers of the Management Credit Committee;
- 6.11 Discuss with the CEO 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;

- 6.12 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.

7. Reporting

The Committee shall:

- 7.1 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;
- 7.2 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;
- 7.3 Read and provide input to the board and audit committee regarding risk disclosures in financial statements and other public statements regarding risk;
- 7.4 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;
- 7.5 Disclose in the company's Annual Report how it has satisfied itself that risk assessments, responses and interventions are effective;
- 7.6 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.

8. Terms of Reference Review

These Terms of Reference are subject to annual review by the Risk Management Committee and for approval by the Board together with such amendments as it deems necessary and appropriate in light of CFSL's requirements and any legal and regulatory developments.

FIRST APPROVED BY RMC ON: 25 NOVEMBER 2020 BY THE BOARD ON: 16 DECEMBER 2020.

REVIEWED VERSION APPROVED BY RMC ON: 02 AUGUST 2024 BY THE BOARD ON: 13 AUGUST 2024.