

# **SWAN**

## **AUDIT AND RISK COMMITTEE**

### **TERMS OF REFERENCE**

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## 1. Constitution

A Committee of the Boards of Swan General Ltd previously known as Swan Insurance Company Limited and Swan Life Ltd previously known as The Anglo Mauritius Assurance Society Limited known as the Audit and Risk Committee was established in terms of resolutions passed by the Boards on June 1, 2005.

## 2. Membership

- 2.1 The Audit and Risk Committee shall consist of not less than three directors appointed by the Boards, the majority of whom shall be independent non-executive directors and shall exclude the Chairpersons of the Boards. Audit and Risk Committee members shall be suitably qualified members capable of making a valuable contribution to the Audit and Risk Committee.
- 2.2 The Boards shall appoint a Chairperson from the non-executive members and determine the period he/she shall hold office. In the absence of the Chairperson of the Audit and Risk Committee, the remaining members shall elect one of their numbers present to chair the meeting.
- 2.3 The Boards shall have the power at any time to appoint and/or, remove members of the Audit and Risk Committee and/or fill vacancies thereto.. The Boards may rotate the Chairperson. Appointments to the Audit and Risk Committee shall be for a period of three years extendable by no more than two additional three-year periods.
- 2.4 Each member of the Audit and Risk Committee shall have financial awareness and the skills and experience appropriate to the Group's business. The Chairperson shall be skilled and experienced in financial matters. Audit and Risk Committee members will be provided exposure to knowledge and information required to fulfil their responsibilities as determined by the Terms of Reference.
- 2.5 The current members are Mr. Peroomal Gopallen Moorooogen (Chairperson), Mr. Henri Harel, Mr. Victor Seeyave and Mr. Arif Currimjee. The Committee shall request the presence of the Group Chief Executive when issues on risks are on the agenda of the meeting.
- 2.6 The Group Company Secretary, Mr. Jaiyansing Soobah or his nominee shall be the Secretary of the Audit and Risk Committee.

### 3. Reporting and Accountability

- 3.1 The Chairperson of the Audit and Risk Committee shall report to the Boards and shall make appropriate recommendations concerning the adoption of the annual and quarterly financial statements and on any other matters within the Committee's responsibilities.
- 3.2 The Audit and Risk Committee shall ensure that the Boards are made aware of matters that may significantly impact on the financial condition or affairs of the business.
- 3.3 The Audit and Risk Committee shall prepare reports requested by the Boards, for example a report on the Audit and Risk Committee's activities and duties to be included in the section on corporate governance in the annual report.
- 3.4 The Chairperson (or, in his or her absence, an alternate member) of the Audit and Risk Committee shall attend the Annual Meeting of Shareholders to answer questions concerning matters within the ambit of the Audit and Risk Committee.

## 4. Meetings

### 4.1 Frequency and Quorum

- 4.1.1 Meetings of the Audit and Risk Committee shall be held as frequently as the Audit and Risk Committee considers appropriate, but it shall normally meet not less than four times a year. At the request of the Boards or any member thereof, including members of the Audit and Risk Committee, the External Auditors, the Head of Internal Audit, the Head of Corporate Risk Management and the Compliance Officer further meetings may be called;
- 4.1.2 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee;
- 4.1.3 The quorum necessary for the transaction of business shall be [2] members. A duly convened meeting of the Audit and Risk Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit and Risk Committee;
- 4.1.4 Meetings will be arranged to tie in with the publication of the Group's financial statements;
- 4.1.5 No invited attendee shall have a vote at meetings of the Audit and Risk Committee.

### 4.2 Attendance

- 4.2.1 Executives, Members of the Senior Management Team, the Partner in charge of external audit, the Head of Internal Audit, the Head of Corporate Risk Management and the Compliance Officer may be required to attend meetings of the Audit and Risk Committee and shall have unrestricted access to the Chairperson or any other member of the Audit and Risk Committee as is required in relation to any matter falling within the remit of the Audit and Risk Committee;
- 4.2.2 The Audit and Risk Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

## 5. Proceedings

- 5.1 Unless varied by these terms of reference, meetings and proceedings of the Audit and Risk Committee will be governed by the Companies' Constitution regulating the meetings and proceedings of Directors and committees.
- 5.2 Normally not less than 72 hours' notice of a meeting will be given of a meeting of the Audit and Risk Committee to each member of the Audit and Risk Committee and any other person required to attend. Such notice will include the agenda, (prepared by the Group Company Secretary and the Chairperson) and any other supporting papers and to be provided in a timely manner to enable full and proper consideration.
- 5.3 Minutes of meetings shall be taken by the Secretary of the Audit and Risk Committee and shall be reviewed and approved by the members of the Audit and Risk Committee.
- 5.4 The minutes of all meetings of the Audit and Risk Committee or summaries thereof, shall be adjoined to Board papers which will be circulated to Board members in anticipation of the Board meeting immediately following.

## 6. Authority and Resources

The Audit and Risk Committee, 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 Group to attend meetings or part of meetings and be heard.
- 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 Audit and Risk Committee in the course of its duties.
- 6.4 May obtain, at the Group's expense, such outside legal or other independent professional advice both inside and outside of the Group considered necessary to perform its duties.
- 6.5 The Audit and Risk Committee shall approve the terms of engagement and the remuneration to be paid to the external auditors in respect of audit services to be provided.
- 6.6 The Audit and Risk Committee shall approve the terms of engagement and the remuneration to be paid to the internal auditors in respect of services to be provided.
- 6.7 The Audit and Risk Committee may, in its discretion delegate a portion of its duties and responsibilities to a subcommittee and may authorise one or more Officers of the Group, including but not limited to the Group Chief Executive and the Head of Corporate Risk Management to take certain actions on its behalf.

## 7. Terms and Remuneration

- 7.1 Having regard to the functions performed as members of the Audit and Risk Committee in addition to their functions as directors and pursuant to the specific power conferred upon the Boards by the Companies Act 2001 and the constitution of the Companies, members of the Audit and Risk Committee shall be paid such special remuneration in respect of their appointment as shall be recommended by the Corporate Governance Committee to the Boards.
- 7.2 The Chairperson of the Audit and Risk Committee shall, in addition to his or her remuneration as member, receive a further sum as recommended by the Corporate Governance Committee to the Boards.
- 7.3 Such special remuneration in terms hereof shall be in addition to the annual emoluments payable to directors.



## 8. Communication with Shareholders

- 8.1 The terms of reference of the Audit and Risk Committee, including its role and authority delegated to it by the Boards, can be found on the Group's website at <http://www.swanforlife.com>.
- 8.2 The Audit and Risk Committee's role and responsibilities and the actions taken by the Audit and Risk Committee to discharge these responsibilities shall be disclosed in the annual report. The Audit and Risk Committee Section should include inter alia:
- a summary of the role of the Audit and Risk Committee;
  - the names and qualifications of all members of the Audit and Risk Committee during the period;
  - the number of Audit and Risk Committee meetings;
  - a report on the way the Audit and Risk Committee has discharged its responsibilities.

## 9. General

### 9.1 Review of the Audit and Risk Committee Terms of Reference

- 9.1.1 The membership, responsibilities, activities and authorities of the Audit and Risk Committee as set out in these terms of reference shall be reviewed annually and amended by the Boards after having taken cognisance of subsequent international and local developments in corporate governance.
- 9.1.2 The Terms of Reference of the Audit and Risk Committee shall be approved by the Boards and any amendment thereto submitted to the Boards for approval.

### 9.2 Evaluating Performance

- 9.2.1 The Audit and Risk Committee shall evaluate on a regular basis, its own performance, both on an individual members basis as well as collectively.

**SWAN AUDIT COMMITTEE TERMS OF REFERENCE**

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**AUDIT COMMITTEE**

## 10. Role and Function of the Audit Committee

The primary function of the Audit Committee is to assist the Boards of Directors in discharging its oversight responsibilities with respect to:

- (i) safeguarding of assets;
- (ii) the systems of internal controls regarding finance, accounting standards, legal compliance and ethical behaviour;
- (iii) the auditing, accounting and financial reporting processes generally;
- (iv) the financial statements and other financial information provided by the Group to its shareholders, the public and others;
- (v) compliance with legal and regulatory requirements; and
- (vi) the performance of the Group's Internal Auditors and External Auditors.

In performing its duties, the Audit Committee will maintain effective working relationships with the Boards, management and the external and internal auditors. To perform his or her duties, each Audit Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the Group's business, operations and risks.

Consistent with the above, the Audit Committee will encourage continuous improvement of, and foster adherence to, the Group's policies, procedures and practices at all levels.

Although the Audit Committee has the powers and responsibilities set forth in these terms of reference, its role is oversight. It is not the duty of the Audit Committee to perform any management functions or assume any management responsibilities. The Audit Committee, which has been constituted in terms of the requirements of sound corporate governance practices and of the Insurance Act, operates within that framework. It provides a forum for discussing business risk and control issues for developing relevant recommendations to the Boards for their approval and final decision.

## 11. Responsibilities and duties

The Audit Committee in carrying out its duties under these terms of reference will have due regard to the principles of governance and code of best practice as contained in the Mauritius Report on The National Code of Corporate Governance for Mauritius 2016.

To fulfil its responsibilities and duties, the Audit Committee shall:

### 11.1 With respect to Auditors and external audit:

- 11.1.1 Screen written proposals for audit services from external audit firms and carry out the process for selection of external auditors;
- 11.1.2 Review in advance any non-audit services to be provided by the external auditors, and consider whether this substantively impairs their independence;
- 11.1.3 Review the credibility, independence and objectivity of the auditors, taking into account their audit and non-audit fees. Where the auditors also supply a substantial volume of non-audit services to the Group, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity with value for money;
- 11.1.4 Assess at least annually, the independence, effectiveness and objectivity of external auditors including an assessment of the auditors' qualifications, expertise and resources;
- 11.1.5 Assess at least annually, the performance of the external auditors;
- 11.1.6 Consider and make recommendations to the Boards on the appointment, and retention of external auditors and any questions of resignation and dismissal of the auditors and shall ensure that lead audit partner within the appointed firm is rotated from time to time;
- 11.1.7 At the start of each audit, meet with the auditors to discuss and review the auditors' engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination and maintenance of a professional relationship between the various auditors of the group;
- 11.1.8 Make suggestions as to problem areas that the audit can address;
- 11.1.9 Consider any procedures required from external auditors beyond minimum statutory and professional duties;

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- 11.1.10 Agree with external auditors on the timing and nature of reports;
  - 11.1.11 Consider any problems identified regarding the going concern concept.
  - 11.1.12 Review the Directors' statement of internal control to be published in the annual report;
  - 11.1.13 Meet with external auditors to discuss the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved, key accounting treatments, significant unusual transactions and accounting judgements that could be contentious;
  - 11.1.14 Review the audit representations letters before consideration by the Boards, giving particular consideration to matters that relate to non-standard issues;
  - 11.1.15 Review and monitor the content of the external auditors' management letters and approve management responses. The Audit Committee shall monitor whether recommendations have been acted upon, and if not, the reasons why;
  - 11.1.16 Ensure that all significant ventures, investments and operations have been subject to external audit;
  - 11.1.17 Review overall audit role, objectives, minimise duplication, discuss implications of new auditing and accounting standards and ensure that the external audit fees will sustain a proper audits and provide value for money;
  - 11.1.18 Obtain assurance from external auditors that adequate accounting records are being maintained.
- 11.2 With respect to Financial Statements:**
- 11.2.1 Review the quality of financial information, annual financial statements and condensed quarterly financial statements and other public and regulatory reporting;
  - 11.2.2 Examine and review prior to submission to, and approval by the Boards, whenever this approval is required, the Group's annual financial statements and condensed quarterly financial statements, including accompanying reports (operating and financial) to be made public. Ensure that the annual report and financial statements taken as a whole present a balanced and understandable assessment of the position, performance and prospects of the Group;

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- 11.2.3 Review the external auditors' proposed audit reports;
- 11.2.4 Review the external auditors' reports regarding the Group's disclosures compliance with the Code of Corporate Governance;
- 11.2.5 Gain an understanding of implementation of new systems and how associated risks are managed to minimise any potential impact on the financial statements;
- 11.2.6 Consider significant accounting and reporting issues including tax and litigation matters involving uncertainty and understand their impact on the financial statements;
- 11.2.7 Meet with management and external auditors to review the financial statements, key accounting policies, any changes in accounting policies and practices and major judgemental areas;
- 11.2.8 Ensure that significant adjustments resulting from audits are discussed with the external auditors and explanations obtained as to why differences noted might have remained unadjusted;
- 11.2.9 Review the basis on which the Group has been determined a going concern;
- 11.2.10 Review the Group's capital adequacy and ensure compliance with legal requirements. Propose corrective action as appropriate;
- 11.2.11 Meet with the Group's legal counsel if appropriate and discuss any legal matters that could have a significant impact on the Group's financial statements;
- 11.2.12 Receive reports from internal and external audit on the design and effectiveness of the internal control systems in identifying and assessing risks of material misstatements at the financial statement and assertion levels;
- 11.2.13 Ensure that financial statements are prepared in accordance with the Companies Act 2001, comply with International Financial Reporting Standards (IFRS), with Listing Rules of the Mauritius Stock Exchange and other legal and regulatory requirements;
- 11.2.14 Review clarity and completeness of disclosures;

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- 11.2.15 Obtain explanations from management for unusual variances in the Group's financial statements from period to period and all material changes in the financial condition or operations of the Group;
- 11.2.16 Review major adjustments processed at year-end and obtain explanation as to their validity;
- 11.2.17 Review other sections of the annual reports before release and consider whether information is understandable, consistent with members' knowledge about the operations.;
- 11.2.18 Assess the fairness of the quarterly condensed financial statements and disclosures. Prior to release of each quarterly report to the Boards and the public, discuss and obtain explanation from management, internal and external auditors on all matters regarding interim financial reporting in respect of:
- Form and Content of the quarterly financial statements;
  - Disclosure requirements including comparatives statements;
  - The consistency of application of accounting policies or selection of and changes in accounting policies, their application and a description of the nature and effect of the change;
  - Restatement of previously reported quarterly periods;
  - Use of judgements and estimates;
  - Selected explanatory notes on any events or transactions that are material to a clear understanding of the current quarterly period;
  - Reporting deadlines.
- 11.3 With respect to Internal Control and Internal Audit:**
- 11.3.1 Evaluate whether management is setting the appropriate control culture by communicating the importance of internal control and management of risk;
- 11.3.2 Receive reports from Management and Internal Auditors on the effectiveness of the Group's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- 11.3.3 Review and understand the internal controls systems implemented by management to obtain confirmation that the financial statements derive from the underlying financial systems, comply with International Financial Reporting Standards and requirements and are subject to appropriate management review;
- 11.3.4 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to protect against computer fraud or misuse;

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- 11.3.5 Evaluate the effectiveness of internal controls implemented by management for maintaining proper and adequate accounting records, approval of transactions and recording and processing of financial data and safeguard of assets against unauthorised use or disposal. Make recommendations to the Boards as appropriate;
- 11.3.6 Evaluate the overall operational and financial reporting environment and consider whether recommendations made by internal and external auditors have been implemented by management;
- 11.3.7 Monitor and supervise investigations into matters within its scope like evaluations of the effectiveness of the Group's internal control, cases of employee fraud, misconduct or conflict of interest in connection with the financial affairs of the Group;
- 11.3.8 Review and evaluate the performance of the internal audit function and ensure that it has appropriate standing within the Group;
- 11.3.9 Review the internal audit function's compliance with its mandate as approved by the Audit Committee;
- 11.3.10 Participate in the appointment, dismissal or re-assignment of the internal audit firm. Review the CVs of proposed internal audit team in line with insurance industry expertise and discuss on any changes required on the team with the internal audit firm;
- 11.3.11 Review and approve the internal audit terms of reference, the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate co-ordination of the internal audit work plan with those of the external auditors to avoid duplication of work;
- 11.3.12 Review internal audit's significant findings and reported matters including conclusions and recommendations with regard to internal control and ensure that management's proposed response is received, discussed and corrective action taken;
- 11.3.13 Review the activities, resource availability and organisation of the internal audit function and ensure that these are adequate to enable the Audit Committee to meet its objectives;
- 11.3.14 Meet separately with the internal auditors to discuss any significant differences of opinion with management or any matters that the Audit Committee or internal auditors believe should be discussed privately;
- 11.3.15 Assess the independence and effectiveness of the internal auditors and ensure no unjustified restrictions or limitations are made;



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- 11.3.16 Review the Group's statement on internal control systems prior to endorsement by the Boards, and in particular review:
- (i) the procedures for identifying business risks and controlling their impact on the Group;
  - (ii) the Group's policies for preventing or detecting fraud;
  - (iii) the Group's policies for ensuring that the Group complies with relevant regulatory and legal requirements;
  - (iv) the operational effectiveness of the policies and procedures;
    - consider whether or not the objectives, organisation, staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the Audit Committee to meet its objectives;
    - review the results of work performed by the internal audit function in relation to financial reporting, corporate governance, internal control and any significant investigations and management responses;
    - review the co-ordination between the internal audit function and the external auditors and deal with any issues of material or significant dispute or concern;
    - review such significant transactions not directly related to the Group's normal business as the Audit Committee might deem appropriate;
    - review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Group, in connection with the financial affairs of the Group;
    - review the controls over significant risks; and
    - consider other relevant matters referred to it by the Boards.

### **11.4 With respect to Ethics:**

- 11.4.1 Ensure that the Code of Ethics is in writing and that arrangements have been made for all employees to be aware of it;
- 11.4.2 Ensure that Directors have declared the nature and extent of their interest in contracts with the Group;
- 11.4.3 Evaluate whether management is setting the appropriate 'tone at the top' by communicating the importance of the Code of Ethics and the guidelines for acceptable behaviour.
- 11.4.4 Review any statements on ethical standards of the Group or requirements for the Group and assist in developing such standards and requirements;
- 11.4.5 Review significant instances of behaviour which stand in violation with the Companies' constitution and Code of Ethics;
- 11.4.6 Review the effectiveness of the system for monitoring compliance with laws and regulations of any applicable statute and of controlling bodies;

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- 11.4.7 Consider environmental and social issues relating to the Group's business and recommend solutions as required;
- 11.4.8 Review the Group's arrangements and procedures by which employees may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements and procedures allow for appropriate and independent investigation of such matters;
- 11.4.9 Make recommendations on potential conflict of interest or questionable situations of a material nature;
- 11.4.10 Review and approve changes in the Code of Ethics.

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### RISK COMMITTEE

## 12. Role and Function of the Risk Committee

Each Board is responsible for its Company's system of internal control, including risk management, and needs to have appropriate policies and procedures to ensure that the system is in place and functioning properly.

Management is responsible for implementing and maintaining appropriate risk management policies and procedures, internal controls and processes designed to identify and address risk outside the scope set by the Risk Committee, and should be the key source of assurance for their execution.

Internal audit is responsible for reviewing the risk control framework and compliance with policies and regulations.

The purpose of the Risk Committee is to assist the Boards of Directors in fulfilling their corporate governance responsibilities relating to risk management, i.e., in relation to the identification, measurement, monitoring and controlling of the Group's principal business risks. Specifically, the Risk Committee's role is to report to the Boards and provide appropriate advice and recommendations on risk issues, in order to facilitate decision-making by the Boards and the set up of the Group's risk appetite. In so doing, the Risk Committee shall seek to safeguard the interests of the Group's shareholders by:

- (i) Ensuring that the Group's risk exposure is minimised;
- (ii) Ensuring the economy, efficiency and effectiveness of the Group's operations and internal controls and the implementation of established policies and procedures; and
- (iii) Maintaining a close relationship with management.

The Risk Committee will discharge these duties by:

- (i) Reviewing and assessing the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
- (ii) Setting out the nature, role, responsibility and authority of the risk management function within the Group and outlining the scope of risk management work;
- (iii) Keeping abreast of external developments relating to the practice of corporate accountability, i.e. the way those entrusted with the day-to-day management of the Group's affairs are held accountable to shareholders regarding the management of emerging and prospective risks, uncertainties and influences that could impact on the Group's future results;
- (iv) Reviewing and providing an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.

## 13. Responsibilities and duties

To fulfil its responsibilities and duties, the Risk Committee shall:

- 13.1 Recommend the risk profile and risk appetite across the Group for approval by the Boards;
- 13.2 Review, together with the Group's legal advisor, any legal matters that could have an impact on the Group's business;
- 13.3 Review executive management reports detailing the adequacy and overall effectiveness of the Group'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;
- 13.4 Review and obtain approval of the Group's risk management philosophies, policies, limits and processes;
- 13.5 Review and ensure compliance with the risk philosophy, strategy and policies recommended by executive management and with overall risk profile of the Group;
- 13.6 Ensure that the risk identification and management process is consistent with the Group's strategic and business plans, (i.e., that management has identified and quantified the risks related to the achievement of corporate objectives);
- 13.7 Promote risk awareness and give advice to the Boards on the information, instruction and training requirements of staff;
- 13.8 Provide the Boards with regular assessments of the risks facing the Group based on 'traffic light' categorisation and an overview of the management of identified risks;
- 13.9 Oversee the development of a written control system and submit to the Boards for approval.

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- 13.10 Review and discuss with Executives and Management as appropriate:
- 13.10.1 Reports from management with respect to the risk exposures of the Group and management's procedures for monitoring and reporting such exposures;
- 13.10.2 Proposed policies and proposed changes in policies with respect to the risks within the Risk Committee's Terms of Reference for recommendation to the Boards including where appropriate, exposure limits or guidelines reflecting the Group's risk tolerance in particular areas;
- 13.10.3 The risk-taking authority delegated by the Boards to the Group Chief Executive, Executives and Senior Managers;
- 13.10.4 The scope of work of the Head of Corporate Risk management and the Compliance Officer;
- 13.10.5 Significant findings identified by internal auditors concerning risk management activities of the Group in risk categories within the Risk Committee's mandate, together with management responses or follow-up;
- 13.10.6 The Group's insurance strategy, including coverage and limits of insurance policies and review and comment on adequacy of the coverage;
- 13.11 Recommend to the Boards the parameters of the Group's risks and reward strategy and oversee the following risks inherent to the Group's operations falling within the following categories:
- 13.11.1 Insurance Risk
- Review the pricing policy, acceptance and management of risks arising from insurance contracts;
  - Review the performance and management of selected insurance portfolios throughout the Group;
  - Review and monitor closely claims development and reserves levels;
- 13.11.2 Reinsurance Risk
- Set and agree the reinsurance strategy and appetite of the Group;
  - Ensure the implementation of the counter party (Reinsurer) credit aspect of this strategy;
  - Ensure that the Reinsurance team monitors and controls reinsurance activity for the Group and has the delegated responsibility to purchase the required covers;

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- Ensure that major Treaty purchases are analysed so as to align with Group's risk appetite and strategy;

### 13.11.3 Market Risk

Market risk includes three types of risk:

- (i) *Interest risk*-The risk that the value of a financial instrument (financial asset, financial liability or equity instrument) will fluctuate because of changes in market interest rates;
- (ii) *Currency risk*-The risk that the value of a financial instrument will fluctuate because of changes in foreign exchange;
- (iii) *Price risk*-The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market;

#### □ Interest risk:

- Review and approve the framework for the management of market risk;
- Ensure there is monitoring of the Group's market risk performance and exposure against limit;
- Ensure the development and ongoing review of appropriate market risk policies;
- Review and approve market risk;
- Review structural interest rate risk positions for the Group;

#### □ Currency Risk

- Review the Group strategy to hedge its exposure to foreign currencies when purchasing reinsurance covers on the international markets and recommend on steps that may further reduce exposure;

#### □ Price Risk

- Ensure that the value of security or portfolio of securities is closely monitored by investment manager to minimise risk of losses in case of price decline in the future;

### 13.11.4 Country Risk

- Monitor closely any changes in the local economic environment that may have an impact on the Group's business;
- Carry out due diligence exercise prior to exporting Group's business abroad;

### 13.11.5 Technology Risk

- Ensure that the IT department has an efficient tracking system to detect any hardware and software failures, system development and infrastructure issues;
- Ensure that IT systems and application are tested and reviewed on a regular basis to ensure that Group's IT systems are up to date;

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- Ensure that technology checklists, policies and procedures are developed as and when required and that IT audit checklists and control questionnaires are filled in by the internal auditors;

### 13.11.6 Disaster Recovery Risk/Business Continuity Risk

- Ensure that potential impacts of disaster and the underlying risks are understood and that the Group has in place the necessary foundations upon which its disaster recovery plan has been built;
- Ensure that preventive measures and backups exist to enable retrieval of information in case of systems failures;

### 13.11.7 Operational Risk

- Review and approve the framework for the management of operational risk;
- Ensure there is monitoring of the performance of operational risk management and controls;
- Ensure the development and ongoing review of appropriate operational risk policies;

### 13.11.8 Prudential Risk

- Ensure that the Group adopts prudent risk management practices designed to ensure its continuing solvency and liquidity;

### 13.11.9 Reputational and legal Risks

- Promote the development of high standards of market conduct and business ethics in the affairs of the Group;
- Identify, monitor and report on the Group's exposure to fraud, money laundering and other financial crimes;
- Ensure due attention to ethical consideration regarding Group's policies and practices;
- Ensure compliance with standard corporate conduct in areas such as related party transactions and potential conflicts of interest;
- Approve the provision of risk management services by external providers within budgetary constraints;

### 13.11.10 Competitive Risk

- Monitor changes anticipated for the economic and business environment and other factors considered relevant to the Group's risk profile;
- Identify, analyse and undertake impact assessment of new risks that face the Group on an on-going basis;
- Ensure that adequate procedures are in place to ensure that Group's products are being sold at the optimum prices, taking into consideration pricing policies of main competitors;



### 13.11.11 Compliance Risk

- Review and approve the framework for the management of compliance risk;
- Ensure there is monitoring of the performance of compliance risk management and controls;
- Ensure the development and ongoing review of appropriate compliance policies;
- Ensure that compliance risk processes are in place to anticipate and effectively manage the impact of regulatory change on the Group's operations;
- Oversee compliance by the Group with applicable laws, regulations and regulatory requirements that may impact the Group's risk profile;
- Discuss with management and the external auditor any correspondence with Regulators and any published reports that raise issues material to the Group;
- Ensure there are procedures for the receipt, retention and treatment of complaints received by the Group including whistleblower concerns received from Officers of the Group;

### 13.11.12 Sensitivity Risk-Environmental, health and Safety Risks

- Ensure that there is an attitude of excellence within the Group, which responds sensitively to its obligation to the communities it serves and at the same time promotes and supports best practices in all environmental, health and safety issues;
- Ensure that the Group's Environmental, Health and Safety program focuses on regulatory compliance with environmental and occupational laws. This may include information and recommendations regarding training, procedures, equipment, testing and analysis or specific services provided by the staff;

### 13.11.13 Investment Risk

- Ensure that investment mandates and investment management agreements are approved on a regular basis;
- With respect to risks arising from investment management and treasury activities, ensure that a range of bank counter party limits and other controls are in place to restrict exposure;
- Monitor the Group's exploitation of risks, including the pursuit of risk-based opportunities for business growth;

### 13.11.14 Asset Evaluation Risk

- Ensure that assets evaluation are carried out under an appropriate valuation method depending upon the purpose of the valuation, and secondly on the nature of the asset involved. For example, the valuation of an asset may be used to:
  - generate the information needed for internal control, resource allocation and performance assessment;
  - establish the basis for asset realisation;
  - determine insurance cover and risk exposure; and
  - meet requirements for external financial reporting;

13.11.15 Credit Risk

- Review and approve the framework for management of credit risk;
- Ensure there is monitoring of the risk profile, performance and management of the Group's credit portfolio;
- Ensure the development and ongoing review of appropriate credit risk policies;
- Determine, approve and review the limits and conditions that apply to Officers of the Group to whom the Boards has delegated authority;
- Approve credit facilities outside the authority delegated to management;
- Review the Group's bad debt performance;
- Review and approve the provisioning methodology for the Group;

13.11.16 Liquidity Risk

- Review and approve the framework for the management of liquidity risk;
- Ensure there is monitoring of the Group's liquidity position and requirements;
- Ensure the development and ongoing review of appropriate liquidity risk policies;

13.11.17 Treasury Risk

- Ensure that regular cash flow projections are prepared daily/weekly and that daily cash positions are closely monitored so as to maximise returns;
- Ensure existence of a foreign-exchange policy and review the policy on a regular basis to ensure that the policy moves in tandem with currency evolutions in the local and international markets;
- Ensure that relationships with Group's Bankers are maximised, effective and all effort done to maintain liquidity requirements of the Group while at the same time earning a competitive return;
- Ensure segregation of duties in treasury management to mitigate risks of teeming and lading and fraudulent transactions.