



SWS CAPITAL BERHAD

**CHARTER OF THE
RISK MANAGEMENT
COMMITTEE**

1. Introduction

The formation of Risk Management Committee in the SWSCAP is to identify, assess and manage potential risks and opportunities as mentioned in Enterprise Risk Management Framework. It provides a way for managers/ key personnel to make informed management decisions.

Effective Risk Management affects everyone in the SWSCAP. To ensure a widespread understanding, Executive Management and all operational/program managers should be familiar with, and all staff be aware of, the principles set out in the Risk Management Policy.

2. Risk Management Committee mandate

The main objective of the Risk Management Committee is to review and assess the effectiveness of risk management and control process within the SWSCAP and to present their findings to the Audit Committee.

The main functions of the Risk Management Committee are to:

- Identify and agree the risk profile of the SWSCAP.
- Establish and maintain a common understanding of the risk universe that needs to be addressed in order to achieve strategic objectives.
- Ensure that management has effectively identified the key operational risk and incorporate them into their activities.
- Assess the appropriateness of management responses to significant risks.
- Consider the control environment directed towards the proper management of risk.
- Co-ordinate the SWSCAP's assurance efforts – to avoid duplication, ensure adequate coverage of the risks and decide on what assurance efforts are appropriate to provide the coverage.
- Assess the adequacy of the assurance efforts provided by management, internal audit and external audit.
- Report to the Audit Committee on the work undertaken in establishing and maintaining the understanding of the risks that needs to be managed and the adequacy of action taken by management to address identified areas for improvement.

3. Committee Members

The risk Management Committee is a function of executive management/ key personnel and representation on the committee should include managers who report directly to Managing Director.

The committee for every division is chaired by the Executive Director. Other members of management, staff and third parties may be invited to be present as and when required.

4. Meetings and minutes

Best practice in this regard is at least four times per annum.

The minutes of the Committee meeting shall be recorded by the Committee Secretary, and in the event of his absence, the minutes shall be recorded by a member authorized by the Chairman of that meeting.

Minutes shall be in written form and signed by the Chairman and the Secretary of the Committee or any other individual acting in their place at the meeting.

Meeting minutes shall indicate:

- The date and time of the Committee meeting,
- Attendees
- Agenda items
- Adopted resolutions

5. Risk management plan

The risk management plan needs to consider the risks identified in the operation. For example, the top 10 or 20 most significant risks should be deliberated on an annual basis. In practice, a maximum of five to six risks topics can be productively discussed at one meeting.

Part of the planning process is to ensure that the relevant assurance providers are schedule to complete their investigation, audit or research and be able to report back at the appropriate Risk Management Committee meeting.

To ensure that changes in the operating environment are considered in the risk assessment on a timely basis, "New risks identified" should be a standard agenda item.

The risks, as the Risk Management Committee discusses them, lead to a continuous update of:

- The risk assessment;
- Management's response; and
- The status of the controls in place.