

RISK MANAGEMENT COMMITTEE CHARTER

1 CONSTITUTION

The Risk Management Committee (Committee) has been established by the XYZ institution¹ to assist the Accounting Officer to fulfil their risk management responsibilities in accordance with prescribed legislation and corporate governance principles.

2 OBJECTIVES

The primary objective of the Committee is to assist the Accounting Officer and Council / Board of Directors in discharging their accountability for risk management; by reviewing the effectiveness of the Institution's risk management systems, practices and procedures, and providing recommendations for improvement.

3 COMPOSITION

Permanent members of the Committee shall be formally appointed by the Accounting Officer. The members, as a collective, shall possess the blend of skills, expertise and knowledge of the Institution, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within the Institution.

Membership shall comprise:

- An independent member
- A member of the Audit Committee,
- A member not in the employ of the Institution;
- Representatives of Senior Management.

Standing invitees to the Committee shall be:

- Chief Risk Officer;
- Chief Audit Executive,

¹ For the purposes of this guideline, the term "Institution" refers to Municipalities (Metropolitan, Local and District) and Municipal Owned Entities.

- Compliance Officer,
- Other members of Senior Management;
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

4 AUTHORITY

The Accounting Officer shall appoint the Chairperson from the permanent membership of the Committee.

The Committee shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management.

For the purposes of the functioning of the Committee, in the event that the members of the Committee are of a more junior rank than the Management that they request to appear before them, the traditional rank hierarchy in the Institution shall not apply. This implies that in the context of the functioning of the Committee the Committee members will enjoy greater powers than management although the members themselves may be of a lower status.

5 ROLES AND RESPONSIBILITIES

The duties of the Committee are as listed in the framework under roles and responsibilities of the Risk Management Committee.

6 MEETINGS

The Committee shall meet at least four times per annum. The Chairperson of the Committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate.

7 ADMINISTRATIVE DUTIES

The Chief Risk Officer, or such person as appointed by the Committee, shall be the secretary of the Committee. The secretary shall forward the notice of each meeting of the Committee to all members no

later than ten working days prior to the date of the meeting. The notice shall confirm the venue, time, date and agenda and include the documents for discussion.

The minutes of the meetings shall be completed by the secretary and sent to all relevant officials for comment within seven working days after the meeting.

The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees within three working days.

8 QUORUM

50% plus one constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf. This proviso shall lapse in the event that the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

9 PERFORMANCE EVALUATION

The Committee will annually undertake self-assessment on its performance. The Chairperson will provide each member with feedback on that member's contribution to the Committee's activities at least once during a member's term of office. The assessment will include training needs for each Committee member.

10 REVIEW OF THE CHARTER

The Committee will annually review its Charter to ensure that it remains relevant with the Committee's authority, objectives and responsibilities. All changes or amendments to the Charter will be discussed, recommended by the Accounting Officer and approved by the Council / Board of Directors.

11 APPROVAL OF THE CHARTER

The Risk Management Committee Charter is endorsed by the Chairperson of the Committee, recommended by the Accounting Officer and approved by the Council / Board of Directors.

Name:

Risk Management Committee Chairperson

Date:

Name:

Accounting Officer

Date: