

## **RISK COMMITTEE CHARTER**

### **1. Articles of Incorporation**

1.1 The Risk Committee is a committee of the Board, established by resolution of the Board.

### **2. Purpose & Objectives of the Risk Committee**

2.1 The purpose of the Risk Committee is to assist the Board to:

- (a) Formulate its risk appetite, at least annually.
- (b) Understand the Risks that each company faces for each of these types of risk: credit, liquidity, market, insurance, operational, regulatory and reputational, excepting;
  - (i) Tax and financial risks which will be similarly covered by Audit Committee.
  - (ii) Strategic risks which will be governed by the full Board with input from all Committees.
  - (iii) Ensure that all policy and decisions are made in accordance with Pyne Gould Corporation's corporate values and guiding principles.

### **3. Membership**

3.1 The Risk Committee shall comprise at least two Independent directors.

3.2 The Chair of the Committee shall be appointed by the Board and shall be an Independent Director ("CRO"). Should the Chairman of the Committee be absent from a meeting, the members of that Committee present will appoint a Chairman for that particular meeting.

3.3 The Managing Director (MD), and/or the Nominated Executive Director (NMED) shall be invited to attend the meetings.

3.4 The CRO is appointed as chairman of the Audit Committee to ensure the flow of relevant information between the two committees.

3.5 Other Directors who are not members of the Risk Committee are entitled to attend Committee Meetings and will receive appropriate copies of the papers.

### **4. Meetings & Reporting**

4.1 The Risk Committee shall meet at least four times per annum or more frequently if so required.

4.2 A quorum for a meeting shall be three members of the Committee, and at least 2 of these must be non-executive directors.

4.3 The Committee may request any officer or employee of the Company, outside legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the Committee.

- 4.4 The CRO shall appoint a Secretary of the Committee who may be the Company Secretary or his/her designated representative. The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting. The Secretary of the Committee will circulate minutes to members of the Committee and the Board.
- 4.5 Risk is to be a standard agenda item for each Company's Board meetings upon which the CRO is to report. Copies of the Risk Committee minutes, together with such reports received by the Committee as are deemed appropriate, will be included in the appropriate Board Reports.
- 4.6 The Chair of the Risk Committee will update the Board with a verbal report at the Board Meeting.
- 4.7 The Risk Committee shall refer matters considered to be of major importance (at the discretion of the Chairman and members of the Committee).
- 4.8 The Risk Committee shall attest that the Company's risk management systems have been complied with, and whether the Committee is satisfied that the Company is managing its risks prudently.

## **5. Authority**

- 5.1 The Risk Committee is authorised by the Board to investigate any activity within its charter or as directed by the Board.
- 5.2 The Risk Committee is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.
- 5.3 The Risk Committee is authorised to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the Company, of outside parties with relevant experience and expertise if it considers this necessary.

## **6. Responsibilities and Duties of the Committee**

- 6.1 To oversee the Company's risk profile and review and approve the risk management framework within the context of the risk-reward strategy determined by the Board annually.
- 6.2 To agree and recommend for Board approval and annual review; a set of risk limits and conditions that apply to the taking of risk, as delegated to the Risk committee by the Board, that are consistent with the Board determined risk appetite. This includes the authorities delegated by the Board to the MD and NMED and any other officers of the Company to whom the Board or the Committee have delegated authority, and to consider and accept risks beyond management's approval discretion where deemed appropriate.
- 6.3 To review significant correspondence with the Company's regulators, and receive reports from management on the Company's regulatory relations and report any significant issues to the Board.
- 6.4 To monitor changes anticipated in the economic and business environment and other factors considered relevant to the Company's risk profile and capital adequacy.

- 6.5 To review significant risk management issues that are raised in external or internal audits as well as the length of time and action taken to resolve such issues.
- 6.6 To ensure an appropriate set of corporate governance principals applicable to the Company are developed, and review those principles on a regular basis.
- 6.7 To ensure that all company policy incorporates the company's corporate values and guiding principles.
- 6.8 To ensure that corporate responsibility and ethical standards are upheld at all times.

**7. Review of Committee**

- 7.1 The Board shall undertake a regular review, at least annually, of the Risk Committee's performance, objectives and responsibilities.
- 7.2 The Risk Committee may recommend to the Board any amendments to this Risk Committee Charter.