





Document Title	TERMS OF REFERENCE FOR INTERNAL RISK MANAGEMENT COMMITTEE (IRMC)
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AUTHORIZATION

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REVISIONS

This document has been revised in accordance with the following schedule:

Rev. No.	Date approved	Nature of Revision	Prepared
1.0	See title page	First issue – this document supersedes SP-MNG-TR-0003	K Semetjane

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1 PURPOSE AND SCOPE

This document prescribes requirements and role for the Internal Risk Management Committee which is the sub-committee of EXCO and is applicable to all employees, activities, products or services carried out for and on behalf of Necsa Group.

2 REFERENCES, ABBREVIATIONS AND DEFINITIONS

This document is based on the references listed below:

- [1] SP-NBD-POL-0001 Necsa Group Risk Management Policy
- [2] SP-NBD-STR-0002 Necsa Group Risk Management Strategy


This list contains the abbreviations and definitions used in this document:

ABBREVIATION / ACRONYM	DEFINITION
IRMC	Internal Risk Management Committee
TOR	Terms of Reference
BOD	Board of Directors
Necsa	South African Nuclear Energy Corporation (SOC) Ltd
CEO	Chief Executive Officer
EXCO	Executive Committee
CRO	Chief Risk Officer

3 RESPONSIBILITIES AND DUTIES

3.1 The committee shall in particular be charged with the following responsibilities:

- 3.1.1 To review the risk philosophy, strategy, policies and risk tolerance and appetite recommended by EXCO. The IRMC will ensure compliance with such policies in accordance with the overall risk profile of the Necsa Group. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;
- 3.1.2 To review management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management including training, reports on internal control and any recommendations and confirm that appropriate action has been taken;
- 3.1.3 To review key risk areas and key performance indicators of the Necsa Group, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
- 3.1.4 To review the risk bearing capacity of the Necsa Group in light of its reserves, insurance coverage, guarantee funds or other such financial structures;
- 3.1.5 To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function;

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3.2 The objectives of the committee are as follow but not be limited to:

- 3.2.1 Assist the Board in the execution of its responsibility for the governance of risk,
- 3.2.2 Assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- 3.2.3 Ensure that an appropriate policy, plan and training for a system of risk management is developed, approved by the Board and distributed throughout the Necsa Group;
- 3.2.4 Annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management (that are effectively trained) and that risks taken are within the agreed tolerance and appetite levels;
- 3.2.5 Review and assess the nature, role, responsibility and authority of the risk management function within the Necsa Group and outline the scope of risk management work;
- 3.2.6 Ensure that the Necsa Group has implemented an effective ongoing process to identify risk (including training therein), to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Necsa Group's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;
- 3.2.7 Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually. This assessment should as a minimum cover risks affecting the income streams of the Necsa Group, IT risks, the critical dependencies of the business, the sustainability and the legitimate interest and expectations of shareholders;
- 3.2.8 Oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes and provide adequate training. A comprehensive system of control should be established to ensure that risks are mitigated and that the Necsa Group's objectives are attained;
- 3.2.9 Review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- 3.2.10 Monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and
- 3.2.11 Provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing the Necsa Group.

4 TERMS OF REFERENCE

4.1 Constitution

- 4.1.1 The committee is a sub-committee of EXCO and has an advisory and oversight role assisting Necsa in fulfilling its Risk management responsibilities.
- 4.1.2 The role of the IRMC is to oversee the identification, assessment, and prioritization of risks and ensure a co-ordinated and economical application of resources to minimise, monitor, and treat the probability and/or impact of downside risks or to maximise the realisation of opportunities.

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4.2 Membership and structure

- 4.2.1 Chief Executive Officer;
- 4.2.2 EXCO members and co-opted official;
- 4.2.3 Managing Directors of NTP and Pelchem;
- 4.2.4 Chief Risk Officer (CRO);
- 4.2.5 Company secretariat;
- 4.2.6 Internal Audit;
- 4.2.7 Legal; and
- 4.2.8 Allow possible co-option of members.

4.3 Authority

- 4.3.1 The IRMC is authorised by the Board to obtain inside or outside professional advice and to secure the attendance of insiders or outsiders with relevant experience and expertise, if it considers this necessary.
- 4.3.2 In obtaining outside professional service, the IRMC shall comply with the policies of Necsa Group.
- 4.3.3 The IRMC is authorised by the EXCO to appoint sub-Committees.
- 4.3.4 The functions and responsibilities of the above-mentioned Committees shall be an expansion of and aligned and integrated with that of the IRMC, and such functions and responsibilities shall be indicated in their respective charters / ToR.

4.4 Meetings

4.4.1 FREQUENCY & QUORUM


- 4.4.1.1 Meetings shall be held at least four times annually and more frequently if deemed necessary.
- 4.4.1.2 Meeting dates and times should be specified a year in advance.
- 4.4.1.3 Meetings shall have a 50% plus one quorum.

4.4.2 MINUTES

- 4.4.2.1 Proceedings and recommendations of all committee meetings are recorded by the Company Secretariat;
- 4.4.2.2 Draft minutes must be provided to the CRO for review no later than seven days following the meeting;
- 4.4.2.3 Draft minutes shall be distributed to all members no later than 14 days following the meeting unless otherwise agreed by committee;
- 4.4.2.4 Minutes are approved by the committee at its subsequent meeting and signed by the presiding chair at its subsequent meeting.
- 4.4.2.5 Office of the CRO can provide co-ordination and assistance to the IRMC.

4.5 Standard submissions

The committee will receive and review the following reports:

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- 4.5.1 Divisional and subsidiaries risk registers;
- 4.5.2 Minutes of Divisional / subsidiaries Risk management committee meetings;
- 4.5.3 Progress reports on strategic Group risks; and
- 4.5.4 Update on the functioning of the measures or controls in place to mitigate risk.

4.6 Ethics

- 4.6.1 The Committee members shall act in an ethical manner in carrying out their duties to the company and its stakeholders.
- 4.6.2 The Committee shall also recommend on any potential conflict of interest or questionable situations of a material nature.
- 4.6.3 The Committee shall ensure the Confidentiality of all matters discussed by the Committee.

4.7 Non - compliance

Failure to adhere to these terms of reference will be dealt with according to the provisions relating to misconduct as per Necsa's Human Resource policies and procedure (Disciplinary code and Procedure Doc No.: HRA-HR730-PRO-003)

4.8 Performance review

- 4.8.1 The committee will conduct an annual performance self-evaluation regarding its performance and functions (as set out in these terms of reference) and report to EXCO on any recommended changes to the committee's role or terms of reference as appropriate.
- 4.8.2 In addition to the self-evaluation, the IRMC may choose to undertake independent external assurance of risk management within the Necsa Group.

4.9 General

- 4.9.1 Members will endeavour to reach a consensus on recommendations to EXCO. Where consensus is not achieved, the members will ensure that dissenting views are clearly minuted and reported to the EXCO.
- 4.9.2 In the event of a dispute, the matter will be tabled at the EXCO for discussion and resolution.
- 4.9.3 These terms of reference may from time to time be amended as required, subject to the approval of the EXCO.

5 RECORDS

The following records are generated through the implementation of this document and are controlled in accordance with the Records Procedure.

RECORD	PROCESS OWNER	LOCATION	RETENTION PERIOD
Strategic Risk Register	CRO	Risk Office	5 years
Risk Management Reports	CRO	Risk Office	3 years