

EDEL FINANCE COMPANY LIMITED

CHIEF RISK OFFICER (CRO) POLICY

Edel Finance Company Limited
CIN: U65920MH1989PLC053909
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1. INTRODUCTION

The Reserve Bank of India ("RBI") vide the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 ("RBI Master Directions") had advised the Core Investment Companies ("CICs") to appoint a Chief Risk Officer ("CRO") with clearly defined roles & responsibilities.

Pursuant to the RBI Master Directions, Edel Finance Company Limited ("EFCL"/ the "Company") has adopted this Chief Risk Officer Policy to safeguard the independence of the CRO.

The Board of Directors of the Company (the Board) has approved the roles and responsibilities of the CRO (as a function) and approved the appointment of CRO to oversee risk management practices in the Company. The CRO will function independent of the business functions of the Company.

2. QUALIFICATION & APPOINTMENT OF CRO

2.1 Qualification

The candidate being appointed as the CRO of the Company shall have the following minimum qualifications/experience:

- i) professional degree like Post Graduate degree/economics/ finance or CA/ CS/ ICWA/ LLB/ CAIIB etc.
- ii) at least 5 years of experience in banking & financial services sector in multi- function areas.

2.2 Appointment

The Board shall on the recommendations of the Group Risk Management Committee and the Nomination & Remuneration Committee, appoint the Chief Risk Officer (CRO). The CRO shall be appointed for a minimum tenure of 3 years or until removal/resignation of the CRO. Any change in tenure shall require the prior approval of the Board.

The CRO shall be a senior member of the Management team and will be responsible to evolve the risk profile of the Company and design a framework to assess, measure and manage the risks associated with various business activities of the Company and the subsidiaries.

3. INDEPENDENCE OF CRO

- The CRO would report to the Managing Director/Executive Director.
- GMRC/the Board shall meet the CRO on quarterly basis. The GMRC would have oversight over the CRO and the Risk Function.
- There will be no reporting relationship of CRO in any business verticals.

- There would not be any dual-hatting i.e. the CRO shall not be assigned with any other responsibility.

4. ROLES & RESPONSIBILITIES

The key responsibilities of the CRO shall be as under:

- developing risk culture and framework based on risk appetite of the Company
- developing thought leadership in all aspects of operational, market, portfolio credit risk including the embedding of a risk culture and risk training/awareness at all levels within the Company
- oversight over the risk management practices and risk function of the subsidiaries of the Company
- ensuring the overall quality of the portfolio by planning and directing all aspects of risk.
- building and evolving the risk management strategy for effective risk identification, assessment, mitigation and monitoring
- effectively and efficiently managing the Risk Management domain, maintain well performing and empowered teams, ensure continuous high employee engagement
- developing a comprehensive risk management framework, processes & tools to assess, identify, measure and prevent risks
- ensuring that the entire risk spectrum is managed appropriately
- ensuring regulatory compliant risk governance including effectiveness and compliance with the Company's policies and evaluate the effectiveness of controls designed to address risks
- ensuring an enterprise-wide view and understand the combined risks of the business and their inter-relationships (operational risk, portfolio credit risk, reputational risk)
- developing, enhancing and embedding the risk framework for managing risks across the organization
- establishing an early warning or trigger system for breaches of the Company's risk appetite or limits; influence and when necessary, challenge material risk decisions
- building and leading a highly collaborative and proactive risk function that is able to navigate the increasingly complex business and regulatory environment in which the Company operates
- executing and ensuring an effective operational risk management framework
- guiding and directing the market risk management team on monitoring of the portfolio
- conducting and formulating the risk related policies of the Company, keeping in view the changes/directions given by the Government/Regulator

- developing managing and refining qualitative and quantitative risk reporting which meet the needs of the Asset Liability Management Committee, GRMC, Senior Management and the Board to support effective decision making
- embedding a culture of informed risk-taking through training, communication and promotion of the agreed risk framework within the Company
- to manage the team in a positive and constructive manner, encouraging and motivating others, providing guidance where necessary
- to set adequate and measurable goals/objectives to aid staff development with ongoing review
- working with the management and assisting them in achieving business ambitions while ensuring improved customer satisfaction and ensuring the management and the business unities are 'in-control'
- dealing effectively with complex and sensitive issues raised
- developing strategies to manage and monitor the liquidity risk in accordance with the liquidity risk tolerance/ limits of the Company
- updating the RMC & the Board on new emerging risks
- reviewing the effectiveness of the Risk Management Framework and aligning with the Company's strategic goals.

5. GROUND'S FOR REMOVAL

- The CRO can be removed from the post on the following grounds:
 - Doubtful Integrity, fraud, misconduct, misrepresentation or withholding/hiding material facts
 - Unauthorized absence from duty for more than 7 days
 - If not found 'Fit and Proper' to discharge the responsibility
 - Below par Performance.
- The removal of CRO before the completion of the term shall be done by the Board.
- Any premature transfer/ removal shall be reported to the Department of Supervision of the Regional Office of the Reserve Bank of India under whose jurisdiction the Company is registered.