



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

ENTERPRISE RISK MANAGEMENT POLICY



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Ref No	BOD/ERM/2008/02	Version No	2.0
Initial Approved Date	11/09/2008	Last Reviewed Date	06/12/2011
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Approved by the Board of Directors at the Board Meeting No. 30 on 6 December 2011



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1.0 INTRODUCTION

1.1 Perbadanan Insurans Deposit Malaysia (“PIDM” or “Corporation”) recognises that the management of risk through Enterprise Risk Management (“ERM”) is an integral part of sound corporate governance. The ERM Policy states and affirms our commitment to sound ERM and enhances our ability to deliver the Corporation’s mandate and objectives.

2.0 OUR COMMITMENT TO ERM

2.1 The Corporation is committed to ERM and will ensure that:

- (i) the Corporation will foster a risk management culture in all aspects of the Corporation’s business and affairs;
- (ii) the ERM Policy and Procedures will be benchmarked against and kept abreast with best practices in ERM;
- (iii) the Board Risk Policies, Board Risk Reports and ERM Policy and Procedures are communicated to all employees and are effectively integrated into their day-to-day operations; and
- (iv) significant risks that impact or may impact the Corporation’s mandate and objectives are being consistently and continuously identified, assessed, evaluated, managed, monitored and reported to enhance the Corporation’s ability to deliver its mandate and objectives.

3.0 OUR ROLES AND RESPONSIBILITIES

3.1 The Board of Directors (“Board”) will ensure sound ERM is carried out in accordance with Standard No. 10 on Significant Risks of the Board Governance Policy of the Corporation.

3.2 The Board will:

- (i) obtain an understanding of the significant risks of the Corporation’s business;
- (ii) ensure that appropriate and relevant ERM process to manage these risks has been implemented and subsequently review the ERM process regularly; and



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- (iii) obtain reasonable assurance, on a regular basis, that ERM process is being adhered to and continues to effectively manage the risks affecting the Corporation.
- 3.3 In addition, the Chief Risk Officer (“CRO”) (or, in his/her absence, a representative from the ERM Division) should regularly attend all scheduled Board meetings.
- 3.4 In this regard, the CRO will:
- (i) identify risks to the Corporation and assess the significance of the risks to the achievement of the Corporation’s mandate, objects, strategies, plans and operations;
 - (ii) provide the Board via the Audit Committee (“AC”) regularly (at least annually) with ERM Risk Assessment Reports that will enable the Board to understand the management of the Corporation’s significant risks;
 - (iii) recommend Board Risk Policies and Board Risk Reports for the Corporation’s significant risk categories and/or sub-risk categories to the Board via the AC; review these Board Risk Policies and Board Risk Reports periodically (at least annually) to ensure that the Board Risk Policies and Board Risk Reports remain appropriate and relevant; and report to the Board via the AC on the results of these reviews;
 - (iv) provide the Board via the AC regularly (at least annually) with a Corporate-wide Board Risk Report that will enable the Board to be aware of any situations in which those risks are not being managed in accordance with established Board Risk Policies, if any; and assess whether the Corporation’s Board Risk Policies remain appropriate and relevant in the circumstances and are being followed; and
 - (v) provide the Board via the AC regularly (at least annually) with reports that will enable the Board to assess whether the Corporation has an appropriate and effective ERM process.
- 3.5 The Board, through its AC, will provide oversight on all ERM activities. The Charter of the AC states that the AC shall:
- (i) ensure that sound Board Risk Policies, and other procedures and practices are implemented for the management of the Corporation’s significant risks;
 - (ii) receive sufficient information to understand the nature and magnitude of significant risks to which the Corporation is exposed;



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- (iii) review with Management and advise the Board on the Corporation's Board Risk Policies implemented to manage the Corporation's risk exposures, and review such policies regularly (at least annually) to ensure that they remain appropriate and relevant;
 - (iv) on a regular basis (at least annually) obtain reasonable assurance that the Corporation's Board Risk Policies for significant risks are being adhered to;
 - (v) report periodically (at least annually) to the Board on the ERM Risk Assessment Report, Board Risk Reports and the overall effectiveness of the ERM process;
 - (vi) periodically consider the respective roles of the Auditor General ("AG") and Audit and Consulting Services Division ("ACS") concerning ERM at the Corporation and annually evaluate the AG's and ACS's respective performances in relation to such roles; and
 - (vii) request reports from the ACS validating the ERM process.
- 3.6 The ERM Committee, a senior management committee, provides oversight and direction for the implementation and consistent application of the ERM Policy and Procedures. The ERM Committee will also champion, manage and monitor the ERM activities at a corporate-wide level. The CRO will provide recommendations and reports to the Board via the AC on the significant risks affecting the Corporation and how such risks are being managed.
- 3.7 The Strategic Planning and ERM Working Committee ("PERM Working Committee") (comprising ERM and Strategic Planning) supports the ERM Committee in facilitating and coordinating ERM and strategic planning activities at an operational level across the Corporation. This includes updating the status of risk assessment and risk action plans of ERM, and strategic planning activities of the respective divisions.
- 3.8 As secretariat to both the ERM Committee and PERM Working Committee, the ERM Division is responsible for the development, implementation and maintenance of the ERM Policies and Procedures for the Corporation. The ERM Division will assist Management by providing advice on ERM activities and provide an assessment to improve the Corporation's ERM capabilities; and suggests appropriate recommendations, where required.
- 3.9 The ACS will perform an independent assessment and validation on the effectiveness and compliance of ERM Policies and Procedures; thus, providing assurance to the AC and the Board regularly that the Corporation has an effective ERM process and Board Risk Policies are being adhered to.



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3.10 The CRO will provide the Board with an annual ERM Management Representation Letter that confirms the Corporation's risks are being managed and the Board Risk Policies and ERM process continue to be appropriate and relevant.

3.11 All PIDM employees will manage and report risks at source and recognise that ERM is everyone's responsibility.

4.0 ERM POLICY REVIEW

4.1 The ERM Committee shall review the appropriateness of the ERM Policy annually to ensure that it remains current and relevant, and shall recommend changes, if any, to the Board via the AC.

4.2 Any amendments to the ERM Policy shall be approved by the Board.

Perbadanan Insurans Deposit Malaysia
6 December 2011