



## TABLE OF CONTENTS

1	INTRODUCTION	03
2	CORPORATE GOVERNANCE	06
3	ENTERPRISE RISK MANAGEMENT	13
4	INTERNAL AUDIT	19





### 1. Introduction

OUR GOVERNANCE FRAMEWORK ESTABLISHMENT PROCESS IS BASED ON 5 KEY PILLARS WITH A NUMBER OF ASSOCIATED BENEFITS

### CH'S GOVERNANCE FRAMEWORK ESTABLISHMENT PROCESS

• CH's governance advisory services are designed to ensure there is a robust governance set-up with adequate internal controls.





## 1. Introduction

## GOVERNANCE, RISK & INTERNAL AUDIT SERVICE OFFERINGS

### CH'S SERVICE OFFERING

CORPORATE GOVERNANCE ("CG") ENTERPRISE RISK MANAGEMENT ("ERM") RISK
ASSESSMENT
&
INTERNAL
AUDIT
("IA") PLAN

IA REVIEW

- Encouraging progressive

  "Tone at the Top" &
  positive behavior
- Improving top-level decision making
- Enhancing oversight & assurance on internal controls
- Enabling effective strategic planning & implementation
- Enhancing compliance & process efficiency
- Effective cost management

- Creating a proactive risk focused culture
- Standardized risk reporting
- Improving perspective on managing risks
- Efficient utilization of resources
- Effective coordination of regulatory & compliance requirements
- Enabling strategic decision making

- Driving consistent, coherent & comprehensive approach for IAs
- Providing in-depth understanding of risks & controls
- Facilitating structured planning for audit priorities
- Enhancing assurance & reporting to senior management

- Achieving strategic objectives
- Providing reliable & accurate reporting to internal and external stakeholders
- Enabling ongoing assessment of controls adequacy & effectiveness
- Improving compliance with guidelines & regulatory requirements
- Enhancing overall internal control framework





# 2. Corporate governance CORE ELEMENTS OF CG INFRASTRUCTURE

### **CH'S SERVICE OFFERINGS**

• To determine the current and desired level of governance within an organization, below are the core elements of CG infrastructure in line with the model prescribed by the Institute of Internal Auditors ("IIA"), which ideally must be in place for any business or process to operate effectively.

### STRATEGIC MANAGEMENT

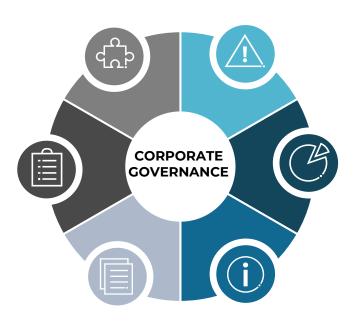
- Board of directors
- Board's committees
- Business strategy
- Governance

### **AUDIT & REVIEW**

- Audit Committee
- Internal audit
- External audit
- Anti-fraud framework

### **COMPLIANCE MANAGEMENT**

- Compliance management
- Regulatory requirements
- Monitoring and reporting



### **RISK MANAGEMENT**

- Risk management strategy
- Corporate risks
- Operational risks
- Monitoring and reporting

### **RESOURCE MANAGEMENT**

- Financial management
- Human resource management
- Performance management
- · Succession planning

### **INFORMATION MANAGEMENT**

- Information & network management
- Information security management
- Business continuity management



## 2. Corporate governance CORPORATE GOVERNANCE KEY ELEMENTS

### TYPICAL CG RULES APPLIED TO PUBLICLY LISTED ENTITIES



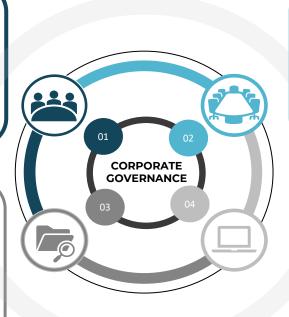
### STAKEHOLDER RIGHTS

- Facilitating effective participation
- Voting and proxy Election of board of directors
- Dividend distribution
- Maior transactions
- Access to information
- Community rights



### TRANSPARENCY & DISCLOSURE

- Disclosure & transparency
- Conflicts of interest
- Code of conduct
- Confidentiality
- Insider trading
- Investor relations
- Corporate social responsibility





### **BOARD OF DIRECTORS**

- Composition of the board of directors
- Composition of the board committees
- Board's roles and responsibilities
- Effective leadership by board chairman
- Board meetings and resolutions
- Board performance evaluation



### **COMPANY'S CONTROL SYSTEM**

- Internal control unit
- Internal control reports
- External control
- Enterprise Risk management Compliance management
- Anti-fraud framework
- Assurance to key stakeholders

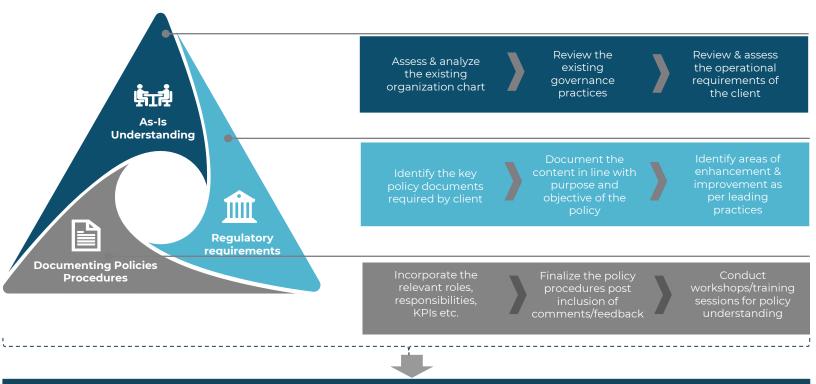


## 2. Corporate governance

# REVIEW AND DEVELOPMENT OF POLICIES AND PROCEDURES FOR GOVERNANCE AND INTERNAL CONTROLS

### **IMPORTANCE OF POLICIES & PROCEDURES**

 Regardless of the organization's size, having formal policies & procedures facilitates increased process & controls efficiency. They communicate the values & vision of the organization, ensuring employees understand exactly what is expected of them. Below is the approach for development of policies & procedures, in line with the company's business requirements, for governance and internal controls.





## 2. Corporate governance

## ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) REPORTING

### **IMPORTANCE OF POLICIES & PROCEDURES**

• While the specifics vary from company, industry & geography, we consider a common set of ESG factors when evaluating & engaging with companies seeking improvements in business practice & disclosure. ESG reporting is the disclosure of data explaining a business's impact and added value in three areas i.e. Environment. Social & Governance.



#### **ENVIRONMENTAL**

Climate Impact & Greenhouse Gas (GHG) Emissions, Energy Efficiency, Air & Water Pollution, Water Scarcity, Bio-diversity & Site Restoration



#### SOCIAL

Human Rights, Local Community Impact & Employment, Child Labor, General Working Conditions, Health & Safety & Anti-Corruption



#### CORPORATE GOVERNANCE

Alignment of Interests, Executive Compensation, Board Independence & Composition, & other Shareholder Rights

BENEFITS &
GROWING
IMPORTANCE OF
ESG REPORTING
GLOBALLY

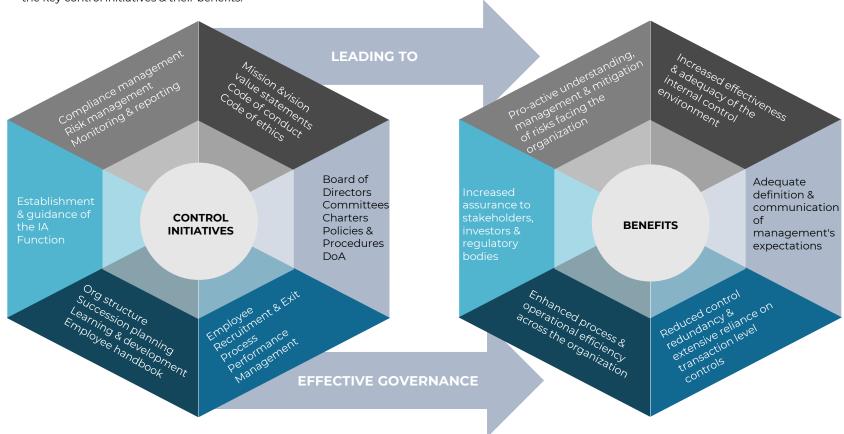
- Presents an opportunity for companies to share what they are doing to sustain long-term interests of shareholders, while also addressing the interests of customers, employees, suppliers & communities in which they operate
- It is an inevitable response to the rapid growth of sustainable, responsible, and impact investing assets across the world
- Board & Senior Management prioritize this initiative for ensuring adequate assurance to the investors, & regulatory bodies
- It has assumed global significance in the recent years for maintaining & enhancing the overall brand value, recognition & reputation of the organization



# 2. Corporate governance INTERNAL CONTROLS ASSESSMENT – ENTITY-LEVEL CONTROLS

### **ENTITY LEVEL CONTROLS**

• Entity-Level Controls (also referred to as "Tone-at-the-Top" controls) help define an organization's culture. They establish guidelines & set the foundation for effective governance by establishing accountability for each employee, including executives and directors. Below is an overview of the key control initiatives & their benefits.



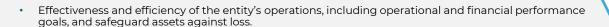


## 2. Corporate governance

# INTERNAL CONTROLS ASSESSMENT - FINANCIAL REPORTING CONTROLS

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

• Internal Controls over Financial Reporting ("ICOFR") is a process, effected by an entity's Board of Directors, Senior Management, and other personnel, designed to provide reasonable assurance regarding the achievement of entity objectives relating to operations, financial reporting, and compliance. Overall objectives of internal controls are segregated across three categories shown below:







REPORTING OBJECTIVES

- Internal and external financial / non-financial reporting and encompass reliability, timeliness, transparency, or terms as set forth by regulators, recognized standard setters, or the entity's policies.
- Controls related to identified risks are validated for adequacy and completeness and signed off by respective process owners.



- · Adherence to relevant laws and regulations.
- Effective monitoring of processes ensuring regulatory compliance as part of business operations.



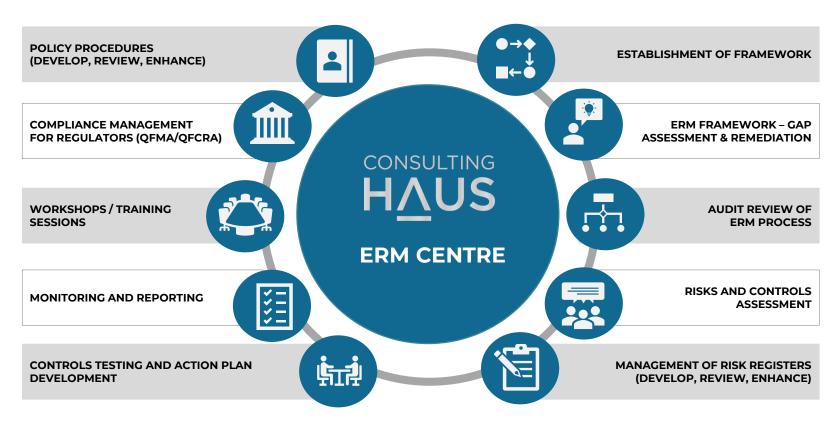


## 3. Enterprise risk management

CH'S ERM CENTER PROVIDES A BLEND OF PRACTICAL AND FEASIBLE SOLUTIONS TO TACKLE YOUR RISK MANAGEMENT CONCERNS

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

• CH's ERM professionals leverage their extensive experience and expertise in risk management for crafting tailor-made solutions for each client's needs, from ERM framework establishment, gap assessment and remediation within existing ERM set-up, devising mitigation plans, creating awareness on the concept and process of ERM within people and communications support. CH's unique ERM CENTRE offers a diverse range of practical and feasible solutions, enabling organizations to achieve their ERM objectives and initiatives.





# **3. Enterprise risk management**CH'S OUR APPROACH TO ERM ADVISORY

### **ERM: A 5 PHASED APPROACH**

• CH uses a proven, principles-based approach to develop tailor-made and effective ERM and FRM systems that are transformational for our clients. This has been refined over years of working with leading organizations from around the world and is aligned to recognized international standards (e.g., COSO). Recognizing the importance of developing a strong sense of ownership for risk management within the Company, our approach is partner based and centers around proactive and sustained collaboration with all key stakeholders throughout the engagement.

Mobilize and plan	Assess	Design	Construct	Implement
Mobilize project     resources and send     an "Information     Request" to collect     relevant documents      Obtain relevant	design, culture and authority matrix  t documents t deliverables, enabling better ownership	1. Conduct awareness sessions for key stakeholders and employees to familiarize with the newly developed	Implementation support by assisting ERM roles and departments to conduct risk identification and	
policies, procedures and governance documents and analyze roles and responsibilities		and responsibilities  3. Discuss with stakeholders and	framework, policies and procedures  2. Assist with amendments (if any) from relevant stakeholders	assessment exercises  2. Implementation review and address changes, where required
3. Fix interviews with key stakeholders and conduct during assess phase	understand expectations and benchmark against leading practice	1 1 1 1 1 1 1 1	Develop and execute implementation and communication plan	3. Awareness sessions to enable smoother implementation of frameworks



**BUILD INFRASTRUCTURE** 

Policies

Processes

Organization

Methodology

Monitoring

Reporting

## 3. Enterprise risk management

ENTERPRISE RISK MANAGEMENT – INFRASTRUCTURE AND PROCESS

## DESIGN RISK MANAGEMENT PROCESS



## INTEGRATE WITH MANAGEMENT PROCESSES

Strategic objective setting and planning

Annual business planning and performance monitoring

### **BUILD & DRIVE CULTURE**

Enabling activities that operationalize ERM and aspects of culture that can inhibit implementation



## 3. Enterprise risk management

# CH'S RISK MANAGEMENT IS IN LINE WITH LEADING PRACTICES AND GLOBALLY ACCEPTED FRAMEWORKS

### **ISO 31000**

• ISO 31000 Risk Management Guideline document is for use by entities who create and protect value in organizations by managing risks, making decisions, setting and achieving objectives and improving performance. Managing risk is based on the framework and process outlined in ISO 31000 including human behavior and risk culture.



### **ENTERPRISE RISK MANAGEMENT**



### Framework



### How ERM supports & benefits an Organization

- Greater awareness about the risks facing the organization (internal & external) and the ability to respond effectively.
- 2. Enhanced confidence about the achievement of strategic objectives.
- Improved compliance with legal, regulatory and reporting requirements.
- 4. Increased efficiency & effectiveness of operations by proactively implementing controls & developing action plans.



## 3. Enterprise risk management

CH'S RISK MANAGEMENT IS IN LINE WITH LEADING PRACTICES AND GLOBALLY ACCEPTED FRAMEWORKS



## COSO ERM – integrated framework



## COSO ERM — Integrating with strategy & performance



- It is accepted by the organizations in their efforts to manage risk.
- It was viable and suitable for designing, implementing, conducting, and assessing internal control, and for consequent reporting.
- It was addressing the evolution of ERM and the need for organizations to improve their approach to managing risk to meet the demands of an evolving business environment.



- Increasing complexity of the business environment and changes of the complexity of risk.
- 2. Stakeholders are more engaged, seeking greater transparency and accountability for managing impact of risk.
- Board of Directors & Senior
   Management have enhanced their awareness and oversight of risk management while asking for improved risk reporting.



- Highlights the importance of considering risk in both the strategy-setting process and in driving performance.
- Connect ERM more clearly with a multitude of stakeholder expectations.
- 3. Position risk in the context of the company's performance





## 4. Internal audit

### INTERNAL AUDIT DEPARTMENT – IDEAL SET UP

### INTERNAL AUDIT INFRASTRUCTURE

• Below is an overview of the key components for a robust & efficient Internal Audit Department ("IAD") for an organization



#### IAD INFRASTRUCTURE

### RISK BASED INTERNAL AUDIT PLAN

INTERNAL AUDIT
REVIEWS

## AUDIT COMMITTEE REPORTING

## INTERNAL QUALITY ASSESSMENT OF IAD

Develop the following as per International Professional Practices Framework (IPPF)

- IA manual
- IA charter
- IA org structure
- KPIs
- Job Descriptions
- IA Strategy

- Develop audit universe
- Conduct entity wide risk assessment
- Assess audit priorities based on risks & controls adequacy
- Develop 3-year strategic risk based internal audit plan (RBIAP)
- Conduct individual IA reviews based on IA plan – for operations & support functions
- Develop concise audit reports with suitable recommendations in line with leading practices to enhance the internal controls
- Conduct follow up reviews (quarterly)

- Prepare & present reports to the audit committee & senior management (quarterly / annual) for the following:
- Structure and effectiveness of internal audit-related activities
- Risk assessment evaluation
- Resource review

- Conduct annual internal quality assessment of the IAD based on IPPF's requirements
- Assess & evaluate the adequacy & effectiveness of the IA function
- Identify gaps & potential opportunities for improvement



### 4. Internal audit

# CH WILL UTILIZE AN EFFICIENT AND EFFECTIVE COLLABORATIVE IA MODFI

### INTERNAL AUDIT INFRASTRUCTURE

Our intent is to work in conjunction with the client, in-line with the collaborative IA model which will enable you to accomplish your business objectives & achieve maximum value addition through the following:

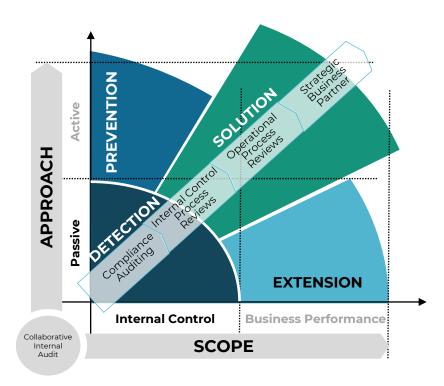
- Ensuring that IA&RM department infrastructure is in place and is working effectively (IA manual, IA charter, org structure, job descriptions. IA plan etc.):
- Identifying needs, performance gaps, and recommending costeffective solutions to more effectively manage risk:
- Supporting senior executives and management by confirming that employees and activities comply with established policies and procedures along with contributing to the overall mission of the organization;
- Being a steady source of creative ideas and productivity enhancements:
- Identifying and sharing leading business and control practices to help the organization be more competitive and successful; and
- Working collaboratively and routinely with the ARC to ensure governance is optimized.

### Detection

- 1. Report problems; recommend solutions
- 2. Compliance checking against established policy

#### Extension

- Process improvement opportunities defined; when identified
- Benchmark performance of operation processes against best practices



#### Prevention

- Actively promoting compliance with internal controls
- Assist finance and operations in enhancing internal controls

### Solution

. Enterprise-wide risk management



# 4. Internal audit IA ASSESSMENT PLAN DEVELOPMENT

We will establish the frameworks for IA & RM, with the required policies and procedures and then work collaboratively with the key process owners and the client's senior management to conduct an entity-wide comprehensive & detailed risk assessment to develop a risk-based, process-focused IA plan responsive to the client's key stakeholders using the methodology below.



### **EXTERNAL QUALITY ASSESSMENT**

- 1 Identify and link organization's structure, locations and processes;
- Key business initiatives, objectives, long term strategies, operational and governance requirements;
- 3 Link the systems / applications to processes.



- Identify suggested audit plan with highlevel audit scope;
- Understand and coordinate activities with other risk management and control activities in the organization; and
- 3. Estimate budget and timing.

### RISK RANK AUDIT UNITS

- 1 Assess risks in auditable units 2
- Prioritize and develop clear communication tools; and
- Consider history of problems and issues.



### MAP RISKS AND DETERMINE FINAL RISK ASSESSMENT

- Map business risks to related auditable units:
- 2 Aggregate auditable unit risk with business risk;
- 3 Involve appropriate stakeholders throughout the process

### PRIORITIZE BUSINESS RISKS

- 1 Understand entity-level control environment;
- 2 Evaluate the risk of fraud; and
- 3 Prioritize risks on inherent and residual basis.



- Understand business strategy, goals, objectives and potential obstacles;
- Customize risk model to fit the organization's capability & culture;
- Update periodically throughout the year and consider emerging risks



### 4. Internal audit

IA METHODOLOGY - OUR IA METHODOLOGY IS CONSISTENT WITH THE IA STANDARDS, IIA AND IPPF.



## IA&RM DEPARTMENT INFRASTRUCTURE

- IA charter
- IA manual
- IA organization structure & staff
- IA methodologies processes & technologies
- Risk based IAP

### Understand review objectives & detailed scope **RISK ASSESSMENT & AUDIT** 2. Perform risk assessment & plan for the review **PLANNING** 3. Analyze the key set of activities for fieldwork Evaluate design & operating effectiveness of the controls 2. Identify issues / gaps in the process & control efficiency PROJECT EXECUTION Validate the issues / gaps with supporting documents Discuss & confirm the finding with the process owners **PROJECT CLOSURE &** Apprise the department chief with the potential issues 2. **FINALIZATION** Identify areas of improvement Document the issues, risks, root causes & recommendations 2. Obtain suitable management responses REPORTING Finalize the audit report Obtain current status of implementation of recommendations on a quarterly / annual basis **FOLLOW-UP REVIEW** Prepare the follow-up report with revised timelines Summarize the activities of the IA&RM department (quarterly & annual) **AUDIT COMMITTEE** REPORTING Present the report to the Audit Committee / senior management **CONTINUOUS** Continuous monitoring of IA&RM department's quality & efficiency. **IMPROVEMENT**

