



## **China Power International Development Limited**

**中國電力國際發展有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 2380)**

### **Terms of Reference of Risk Management Committee**

#### **Foreword**

On 23 March 2016, the board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) resolved to establish a Risk Management Committee (the “**Committee**”) under the Board with written terms of reference. The Committee shall be accountable to the Board and shall assist the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Company and its subsidiaries (the “**Group**”), including risk policies, process and controls.

#### **Authority**

The Committee is authorized by the Board:

- (a) to investigate any activity within its terms of reference;
- (b) to seek any information it requires from any director or employee of the Group, and that directors and all employees are directed to cooperate with any request made by the Committee; and
- (c) to obtain outside legal or other independent professional advice and if necessary to invite the external advisors with relevant experience and expertise to attend meetings of the Committee, and to delegate any of its duties as is appropriate to such persons or person as it thinks fit.

The Committee shall be provided with sufficient resources to discharge its duties.

#### **Responsibilities**

Responsibilities of the Committee include:

- (a) to review and recommend for the Board’s approval the Group’s overall risk management strategies and risk appetite/tolerance which shall take into account of the strategic, financial, operational, compliance and all the relevant risks faced by the Group and the prevailing and prospective market and economic conditions;
- (b) to review the potential risks in strategic transactions and business plans and provide the Board with input on the risk/reward tradeoffs implicit within those plans;

- (c) to evaluate the risks of major investment and funding projects and issues concerning the operation of capital, and to advise the Board on such decision making;
- (d) to review and recommend for the Board's approval the Group's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions;
- (e) to review reports from the management and to make recommendations to the Board on the Group's risk management policies which governs the identification, assessment, monitoring and reporting of the major risks faced by the Group;
- (f) to review the regulatory updates on risk management related issues and consider their material implications to the Group's risk appetite/tolerance and risk profiles;
- (g) to oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations;
- (h) to ensure the adequacy of resources, staff qualifications and experience, training programs and budget for internal audit function;
- (i) to report any significant risk management issues to the Board and suggest solutions;
- (j) to report to shareholders the work of the Committee during each financial year which shall be summarized and included in the corporate governance report that forms part of the annual report of the Company; and
- (k) to undertake other duties as required by the Board.

### **Membership**

The Committee members shall be appointed by the Board. The Committee shall consist of not less than three members, a majority of whom shall be independent non-executive directors of the Company.

The chairman of the Committee shall be appointed by the Board, responsible for leading the Committee to ensure the Committee operates and discharges its duties effectively.

### **Meetings**

The Committee meetings are divided into regular meetings and ad hoc meetings. There are at least two regular meetings each year. The ad hoc meetings are convened when necessary by the Committee members or the Board.

The quorum of the Committee shall be two members of the Committee, one of whom must be an independent non-executive director. The meetings are presided over by the chairman of the Committee. If the chairman is unable to attend, may appoint another Committee member to preside over the meeting. The Committee meeting should be held only when no less than two-thirds of the Committee members are present, each member has one vote. The resolution adopted in the meeting must be passed by a simple majority of all Committee members.

The Committee may invite any other director, executive, or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the fulfilment of its duties.

Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the Committee members may agree.

The chairman of the Committee shall be responsible for reporting to the Board. The minutes of all meetings and resolutions of the Committee shall be circulated to all the members of the Committee and to the Board.

The company secretary of the Company, or in her absence, her delegate, shall act as the secretary to the Committee and must ensure that full minutes are kept of the meetings.