



TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE



MKH BERHAD (50948-T)

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1. Objectives

The primary objective of the Risk Management Committee ("RMC" or "Committee") is to assist the Board of Directors ("the Board") in:-

- a) providing oversight of the Group's significant risks and regards risk management as an integral part of the operations and processes of the Group;
- b) ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
- c) determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

2. Balance and Composition

- a) The members of the RMC shall be appointed by the Board based on recommendations from the Audit Committee. The RMC shall comprise of four (4) members from senior management staff of the Group. In the event the number of Committee members is reduced to less than four (4), the Board will appoint new member accordingly.
- b) At least one member of the RMC must be financially literate.
- c) The committee shall have a mixture of expertise and experience, including an understanding of the industries in which the Group operates in.

3. Chairman

The Chairman of the RMC shall be elected from amongst the RMC members and approved by the Board of Directors.

4. Secretary

The Secretary of the RMC shall be the Company Secretary of the Company. The Secretary shall in his absence, nominate a minute secretary to record the proceedings of the meeting of the RMC.

5. Term of Office

The Board of the Company shall review the term of office and performance of the RMC and each of its members annually.

6. Meetings

The RMC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, every quarterly or more frequently as deemed necessary.

Prior notice of seven (7) days shall be given for the RMC's meeting, except under special circumstances whereby a special meeting is called by the Chairman of the RMC.



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7. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the RMC and also to other members of the Board for notation.

The minutes of the RMC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

8. Reporting

The RMC received summary reports from respective owners on their review of risks and the progress on updating of their risk register.

The RMC shall report to the Audit Committee and the Board the proceedings, findings and recommendations of each meeting.

9. Quorum

A quorum shall consist of two (2) members.

10. Circular Resolution

A resolution in writing signed by a majority of the RMC Members for the time being shall be as valid and effectual as if it had been passed at a Meeting of the RMC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more RMC Members. Any such document, may be accepted as sufficiently signed by a RMC Member if transmitted to Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a RMC Member.

11. Authority

The Committee is authorised to:-

- seek any information it requires from any employee in order to perform its duties and have access to all relevant records;
- invite any employee or other individual to attend a meeting of the Committee; and
- recommend the appointment of external consultants at the Company's costs to provide risk management services, or any experts as may be appropriate, to enable the Committee to discharge its duties and responsibilities and to determine the terms of appointment and termination of such consultants or experts, including approval of their fees.

The Committee does not have approving authority and shall report its recommendations to the Audit Committee or the Board, as the case maybe, for approval.



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12. Duties and Responsibilities

The duties and responsibilities of the Risk Management Committee are as follows:-

- a) review and monitor the Group's risk management framework and activities;
- b) report to the Audit Committee and Board of Directors regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and management's views on the acceptable and appropriate level of risks faced by the Group's Business Units;
- c) to review and discuss with Top Management and Operation Audit & Governance Department, every quarterly:
 - the key guidelines and policies governing the Group's significant processes for risk assessment and risk management;
 - the validity of the identified risks and ensuring that appropriate actions are taken to mitigate the risks;
 - the adequacy of infrastructure, resources and system for risk management, the staff responsible for implementing risk management system perform those duties efficiently and effectively;
 - the periodical risk rating report and risk management activities; and
 - to protect the Group's corporate assets and ensure its continued ability to meet or exceed its business strategies and objectives.

13. Revision and updates

This Term of Reference will be reviewed and updated annually to ensure it remains consistent in the light of new best practices and new legal or regulatory requirements.