

## **TERMS AND REFERENCE FOR RISK MANAGEMENT COMMITTEE**

### **1. OBJECTIVE**

The objective of the Risk Management Committee (“RMC”) RMC is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks for the Company and its subsidiary (“the Group”), in line with the Malaysian Code on Corporate Governance (“MCCG”) issued by Securities Commission and Bursa Malaysia Listing Requirements.

### **2. COMPOSITION**

The Committee shall comprise at least three (3) members, two (2) of whom must be independent non-executive directors and one (1) member must be an Executive Director. The Chairman shall be an independent non-executive director appointed by the Board.

The RMC members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group’s key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Group.

The RMC members may relinquish their membership in the RMC with prior written notice to the Company Secretary. In the event of any vacancies arising in the RMC resulting in the number of members of the RMC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancies.

### **3. AUTHORITY**

The RMC is authorised by the Board and at the expense of the Group to perform the following:

- a) The RMC shall have the authority to make decision on matters which fall within the purpose and responsibilities of the RMC;
- b) The RMC shall also have the authority to seek information and have unrestricted access to information pertaining to the Group and the Management, to fulfil its primary purpose and responsibilities;
- c) The RMC shall also have the authority to seek information and have unrestricted access to information pertaining to the Group and the Management, to fulfil its primary purpose and responsibilities;
- d) The attendance of any particular RMC meeting by other Directors and employees of the Company shall be at the invitation and discretion of RMC and must be specific to the relevant meeting; and
- e) Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the Board.

#### 4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the RMC shall undertake, amongst others, the following duties and responsibilities :

- I. Provide oversight, direction and counsel to the Group's risk management process which includes the following:
  - a. Establish the Group's Risk Management Framework based on an internationally recognised risk management framework;
  - b. Conduct an annual review and periodic testing of the Group's risk management framework. This should include any insights it has gained from the review and any changes made to its risk management framework arising from the review;
  - c. Monitor the Group and Divisional level risk exposures and management of the significant financial and non-financial risks identified;
  - d. Review the Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner;
  - e. Review the status of the implementation of management action plans in mitigating significant risks identified; and
  - f. Review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.
- II. Establish and periodically review the Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.
- III. Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto.
- IV. Evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage the Group's key risks.
- V. Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:
  - a. Evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project;
  - b. Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project;
  - c. Monitor the execution/operationalisation of investments or projects and highlighting key risks to the Board as relevant;

- d. Review the effectiveness of risk mitigating actions post approval for major investments and projects based on GF assessments, and reporting the same to the Board;
- e. Review actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board; and
- f. Review investment proposals considered significant including:
  - i) New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - ii) New territories and countries (defined as expansion of existing businesses into new markets/ territories).
- l. Review the statement on risk management and internal control in the Group's Annual Report to ensure that relevant information as prescribed in the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR") is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks.

## **5. SECRETARY AND MINUTES**

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the RMC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RMC and ensure that the minutes are properly kept and produced for inspection if required. The RMC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

## **6. MEETINGS OF THE COMMITTEE**

The RMC shall meet at least once a year and as frequently as considered necessary by the Chairman of the RMC. Each member of the RMC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the RMC. In the event of an equality of votes, the Chairman of the RMC shall be entitled to a second or casting vote.

The meeting of the RMC may be conducted via face-to-face or by means of a telephone conference, video conference or any communication technology, which allows all members of the RMC participating in the meeting to communicate simultaneously with each other, or other appropriate means as determined by the RMC.

Other senior management team may attend the meeting upon the invitation of the Committee.

**7. QUORUM**

The quorum for a meeting of the RMC shall consist of not less than two (2) members, at least one (1) member present must be Independent Non-Executive Director. In the absence of a quorum, the meeting shall be adjourned to such other date and at such other time and venue as the Committee may determine.

In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

**8. NOTICE OF MEETINGS**

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

**9. CIRCULAR RESOLUTION**

A resolution in writing, signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the RMC members present in Malaysia for the time being entitled to receive notice of a meeting of the RMC, shall be as valid and effectual as if it had been passed at a meeting of the RMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the RMC.

**10. REVISION AND UPDATES**

Where necessary, this Terms of Reference will be reviewed and updated to ensure it remains consistent with the RMC's objectives and responsibilities.

**END.**