

RALCO CORPORATION BERHAD

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. Objectives

The principal objective of the Risk Management Committee is to assist the Board of Directors in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders' investments and the company's assets.

2. Composition of members

The Board of Directors shall elect the Risk Management Committee members from amongst themselves, composed of not less than three (3) non-executive directors.

3. Chairman

The Chairman of the Risk Management Committee shall be elected from amongst the Risk Management Committee members. The Chairman of the Risk Management Committee shall be a non-executive director and approved by the Board of Directors.

4. Secretary

The Secretary of the Risk Management Committee shall be the Company Secretary of the Company and the person(s) appointed by the Risk Management Committee.

5. Term of Office

The Board of Directors of the Company shall review annually the term of office and performance of the Risk Management Committee and each of its members, who are subject to re-appointment by the Board annually.

6. Meetings

The Risk Management Committee may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, every quarterly or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

Notice of Risk Management Committee Meetings shall be given by the secretary to all the Risk Management Committee members at least three (3) days prior to each meeting unless the Risk Management Committee waives such requirement. In the absence of the Chairman, the Non-Executive members can elect from amongst themselves the Chairman for the Meeting.

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7. Minutes

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

The minutes of the Risk Management Committee 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 Risk Management Committee shall report to the Board of Directors the proceedings, findings and recommendations of each meeting.

9. Quorum

A quorum shall consist of three (3) members, composed of not less than one (1) Non-Executive Director.

10. Circular Resolutions

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

11. Authority

The Risk Management Committee shall, in accordance with a procedure or process to be determined by the Board of Directors and at the expense of the Company, have authority to make decisions on whether the Company has acted in good faith in relation to its contracts and make recommendations to the Board in an advisory capacity.

12. Duties and Responsibilities

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

- Review and monitor Group's risk management framework and activities;
- Report to 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 Group's Business Unit.
- To review and discuss with Top Management and Internal Audit Department, at least once a year:-
 - (a) the key guidelines and policies governing the Group's significant processes for risk assessment and risk management;
 - (b) the validity of the identified risks and ensuring that appropriate actions are taken to mitigate the risks;
 - (c) the adequacy of infrastructure, resources and system for risk management, the staff responsible for implementing risk management system perform those duties efficiently and effectively; and
 - (d) the periodical risk rating report and risk management a

These Terms and Reference were approved by the Board of Directors on **23 November 2017.**