

## **HALEX HOLDINGS BERHAD (“HHB”)**

### **RISK MANAGEMENT COMMITTEE (“RMC”)**

This is the RMC terms of reference for HHB and Group of Companies (“Group”).

The RMC is appointed by the Board of Directors (“Board”) of the Group for the purpose of overseeing the risk management process within the Group.

The terms of reference governs the processes of the RMC and outlines the procedures and guidelines in relation to its risk governance role.

#### **Composition**

- a. The selection of RMC members are based on their knowledge about risk governance and management and about the risks the enterprise faces and methods of managing them.
- b. The members of the RMC shall comprise at least three (3) members, at least two (2) of whom must be independent non-executive directors who possess knowledge of business activities, processes, and risks appropriate to size and scope of the enterprise, as well as the time, energy, and willingness to serve as active contributors.
- c. The Board shall appoint an Independent Non-Executive Director from amongst one of these members as the Chairman of the Committee who is neither the Chairman of the Board nor the Audit Committee.
- d. The term of office and performance of the RMC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference. If a member retires or resigns from his position, that member ceases to be member of the RMC. The Board may appoint a successor.

#### **Roles and Responsibilities**

The roles and responsibilities of the RMC include the following:

- a. develop and recommend group risk policies and objectives aligned with HHB’s strategic business objectives;
- b. communicate Board’s risk policies, objectives, responsibilities, and reporting lines to all employees across the Group;
- c. identify and communicate to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks;
- d. perform risk oversight and review risk profiles (Company and the Group) and regularly review and update the business units’ risk management processes; and

- e. provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board;
- f. to consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions; and
- g. all other matters delegated by the Board.

### **Meetings**

- a. The RMC will hold two (2) meetings in a year or at more frequent intervals where conditions requires. Adequate notice with agenda shall be circulated to all members at least seven (7) days in advance prior to the meeting to be held.
- b. The proposed date would be in March and August of each calendar year, and the meeting includes reviewing half year reports for the periods January to June and July to December, from the respective subsidiaries. Members will be kept updated from circulation of quarterly reports of Subsidiary Risk Committees ("SRC").
- c. The quorum required for the RMC meeting shall be two (2) members.

### **Reporting Procedures**

- a. Full minutes of the RMC's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Group Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- b. Minutes of meetings of the RMC shall record in sufficient detail the matters considered by the RMC and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the RMC for their comment and records respectively, in both cases within a reasonable time after such meetings.
- c. Without prejudice to the generality of the duties of the RMC set out in these Terms, the RMC shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

### **GROUP CHIEF RISK OFFICER ("GCRO")**

- a. GCRO shall be appointed by the RMC to oversee RM related matters within the Group.
- b. The GCRO is generally responsible for developing and implementing Risk Management ("RM") strategy that includes all aspects of an organization's risks.
- c. The GCRO will liaise with the respective Subsidiary Risk Committee Officer ("SRCO") on all RM matters within each Operating Company within the Group.

### **SUBSIDIARY RISK COMMITTEE OFFICER ("SRCO")**

- a. One (1) SRCOs shall be appointed by the RMC to oversee RM related matters within each Operating Company within the Group.
- b. The SRCO are responsible to highlight and notify all RM matters of their respective Operating Company within the Group to GCRO.
- c. The SRCO will liaise with the Subsidiary Risk Committee Member ("SRCM") on all RM matters within each Operating Company within the Group.

### **SUBSIDIARY RISK COMMITTEE MEMBER ("SRCM")**

SRCM are nominated employees from individual functions within Operating Company (i.e. Finance, Operations, Sales & Marketing, Human Resources and others as deemed appropriate). The SRC should be headed by a Director/ General Manager/ Business Unit Manager.

### **Roles and Responsibilities**

The SRCM's principal roles and responsibilities are as follows: -

- a. identify and communicate to respective SRCO of the Operating Company, the critical risk (present or potential) of the subsidiary or business unit faces, their changes and the management action plan to manage the risks;
- b. communicate risk management requirements in the subsidiaries and business units;
- c. review risk profiles and performance for the business units;
- d. regularly review and update the business unit's risk management processes (Business Process Analysis and workshop) applied specifically those related to risk identification, measuring, controlling, monitoring and reporting; and
- e. communicate and ad-hoc or sudden and unexpected risks impacting significantly on the HHB Group's net assets, financial position or results of operation to RMC through flash reports.

### **Meetings**

The SRCO and SRCM shall meet at least two (2) times a year. Meetings can be conducted at more frequent intervals where conditions require.

All SRCM will table their RM report to the SRCO and GCRO for approval and extend a copy to HHB's RMC for review/evaluation before final approval by HHB's Board to support the issue of the Statement on Internal Control and Risk Management in HHB's Annual Report.