



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

(Reviewed on 30 June 2018)

Appendix IV

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

Objectives

The primary objective of the Risk Management Committee is to ensure that the Group has an Effective Governance, Risk Management & Internal Control Framework and Stakeholders are able to assess the effectiveness of such framework.

Role of the Risk Management Committee

In line with MCCG Practice 9.1 and MCCG Step Up 9.3, the Board shall establish a Risk Management Committee to oversee the risk management framework and the internal control policies of the Company and provide reasonable assurance that:

- a. the assets of the company are safeguarded against loss from unauthorized use or disposition and to give a proper account of the assets; and*
- b. all transactions are properly authorized and that the transactions are recorded as necessary to enable the preparation of true and fair view of the financial statements of the company.*

Composition of the Risk Management Committee

The Risk Management Committee shall comprise of at least three (3) members which shall be a majority of Independent non- executive Directors and they shall be elected by the Risk Management Committee members.

Member(s) of this Risk Management Committee is not permitted to relinquish their membership in the Committee unless directed by the Chairman.

Members shall have sufficient understanding of the industry in which the company operates. Key factors in determining the committee's composition are to ensure that Directors have risk management experience and a strong industry or business knowledge which can add value to the deliberations of the risk committee, particularly on operational risks. Their knowledge on the subject matter relating to the industry and the external environment may help to provide a better understanding of business-specific issues or growing exposures.

Quorum of Meeting

Quorum for each meeting shall be full a majority of member's presence. The Chairman / Committee Members reserves the right to request the presence of any Executive Directors or Senior Management Employee to attend a meeting if the need so arises in order for the Committee Members to carry out their duties as required.

Frequency of Meetings

Meetings of the Risk Management Committee shall be held at least twice yearly. However, the Chairman may at any time at the requisition of the Committee Members or when the need arises, summon for a meeting of the Risk Management Committee.

Minute of Meetings

The minutes of proceedings of all meeting shall be kept by the Company Secretary and shall be open to inspection to any stakeholders.

The Secretary

The Company Secretary or his/her nominee shall be secretary for the Committee meetings and she shall be responsible for the meeting minutes.

Chairman's Responsibilities

1. Chairman shall ensure that meetings are carried out in a timely and orderly manner and minutes of meetings are documented / distributed to all concern for timely action to be taken.
2. Review, Implement and Ensure Risk are being identified on a periodic manner and sufficient controls are put in place by the Management / Risk Management Working Committee ("RMWC") Members within the Group.
3. Make known to the Board of Directors should there be instance(s) or possibility of un- control risk in the group due to what so ever reason and update the Board on new risk identified together with the controls in place.

The Risk Management Committee shall be chaired by an Independent Non- Executive Director appointed by the Board and shall be responsible for ensuring that the risk management committee brings the transparency and independent judgment needed to oversee the company's risk management framework.

Duties and Responsibilities of the Committee Members

The principal duties and responsibilities of the RMC Member are as follows: -

- a. Review with an objective evaluation of the governance, risk and control environment of the company and entities across the group;*
- b. Review the risk profile of the Group (including risk registers) and the Risk Management plans to mitigate business risks as identified from time to time;*
- c. Systematic analysis of business processes to identify the associated controls in place;*
- d. Review and make recommendations to the Board with regard to all possible and current risks in the Group presented by the Head of the RMWC;*
- e. Ensure that the resources and systems are in place for an effective risk management;*
- f. Ensure that the staff responsible for risk management systems and Head of RMWC perform their duties and the all identified risks are updated in the risk register at least twice yearly;*
- g. Attend Meetings timely to deliberate on risks and to make known to Management / RMWC Head on action or steps that will be implemented to remedy any risk or weak control area or any plans for further improvement and its timetable for completion; and*

h. Ensure that Risk Management Working Committee are functioning and Risk Management Committee are constantly being updated on action plans and controls being implemented on all identified risk in the group.

Authority of the Members

1. To form sub-committee or Working Group on Risk Management in order to discharge its responsibilities within the Company / Group as and when needed; and
2. The Committee’s authority shall include access to resources and information as deemed appropriate to discharge their responsibilities to the board / company including obtaining independent professional advice at the company’s expense. The Committee has been authorized by the Board to seek appropriate professional advice inside or outside the Group as and when it considers this necessary by making known to the Chairman on the need to do so and thereon engage the professional advisor in view of discharging his /her responsibilities.

Disclosure on Risk Management Activities

The Risk Management Committee shall ensure that the Company makes the following disclosures as required under Paragraph 15.26(b) of Bursa Securities Listing Requirements and Paragraph 42 of SORMIC Guidelines in its annual report:

- a. The main features of the company’s risk management and internal control system;*
- b. The ongoing process for identifying, evaluating and managing the significant risks faced by the company in its achievement of objectives and strategies;*
- c. That such process has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report;*
- d. The process it (or where applicable, through its committees) has applied in reviewing the risk management and internal control system and confirming that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review;*
- e. That a review on the adequacy and effectiveness of the risk management and internal control system has been undertaken;*
- f. The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework;*
- g. The process it has applied to deal with material internal control aspects of any significant problems disclosed in the annual report and financial statements;*
- h. Where material joint ventures and associates have not been dealt with as part of the group for the purposes of applying these guidelines, this should be disclosed; and*
- i. That the board has received assurance from the Chief Executive Officer and Chief Financial Controller stating that the company’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the company.*
