



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

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

## **1.0 OBJECTIVES**

The primary objective of the Risk Management Committee (“RMC”) of the Board of Directors of Evergreen Fibreboard Berhad (“EFB”) is to assist the board in fulfilling its corporate governance oversight responsibilities for a sound Risk Management and Internal Control system. This is to enable the board to make informed decisions about the level of risk the company/group can and wants to take and thereon implement necessary controls to pursue their objectives. Thereon, the board is provided with reasonable assurance that the adverse impact arising from a foreseeable future event or situation on the company/group’s objectives is managed or mitigated.

## **2.0 COMPOSITION**

**2.1** The Risk Management Committee was established on 18th August 2017 and in line with Malaysia Code on Corporate Governance (“MCCG”) Practice 10.3, the Committee shall comprise a majority of independent directors which shall not be less than three (3) members in size.

**2.2** The election of the Committee’s Chairman is at the discretion of the Board Chairman in discussion with the Committee Members. Member(s) of this Committee is not permitted to relinquish their membership in the Committee unless approved or directed by the Board Chairman.

## **3.0 QUORUM FOR MEETING**

**3.1** The quorum for meeting shall be presence of at least 2 (two) independent directors. The Chairman / Committee Members reserves the right to request the presence of any Executive Directors or Senior Management to attend a meeting if the need so arises in order for the Committee Members to perform their duties.

**3.2** Meetings shall be coordinated by the Company Secretary at the request of the Committee Chairman.

## **4.0 FREQUENCY OF MEETINGS**

Meetings shall be held at least twice yearly but 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.

## **5.0 AGENDA OF MEETINGS**

Agenda for each Meeting will be set by Chairman together with the Company Secretary.

## **6.0 NOTICE OF MEETINGS**

Notice of each meeting confirming the venue, time and date, together with an agenda of items and it’s supporting papers to be discussed, shall be forwarded to each member of the committee, no later than six (6) working days prior to meeting date.

## **7.0 MINUTES OF MEETINGS**

**7.1** The Company Secretary shall be secretary (the “Secretary”) of the Committee meetings and shall take minutes of all proceedings and resolutions, including the names of all attendees.

**7.2** Draft minutes of each meeting shall be circulated within 30 working days after conclusion of each meeting to all members for their comments. Once amended minutes is confirmed by all members, minutes will be recirculated to all and included in the meeting file in readiness to be approved by the Chairman.

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

## **8.0 ROLE & RESPONSIBILITY OF THE COMMITTEE MEMBERS**

Committee shall oversee the risk management framework and the internal control policies by reviewing with Management: -

**8.1.1** the primary elements comprising the company's risk culture, including establishing "a tone from the top" that reflects the company's core values and the expectation that employees act with integrity that can promptly escalate non-compliance in and outside of the company; accountability mechanisms designed to ensure that employees at all levels understand the company's approach to risk as well as its risk-related goal;

**8.1.2** the company's risk appetite and risk tolerance and assess whether the company's strategy is consistent with the agreed-upon risk appetite and tolerance for the company/group;

**8.1.3** to maintain/establish a clear framework to hold management accountable for building and maintaining an effective risk appetite framework and providing the board with regular, periodic reports on the company's residual risk status;

**8.1.4** the design of the company's risk management functions, as well as the qualifications and backgrounds of senior risk personnel and the policies applicable to risk management, to assess whether they are appropriate given the company's size and scope of operations;

**8.1.5** to review the results, of group-wide risk assessments, including the identification and reporting of critical risks;

**8.1.6** the categories of risk the company/group faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks, mitigating measures and action plans to be employed if a given risk materializes;

**8.1.7** the policies and procedures in place to hedge against or mitigate risks and the actions to be taken if risk limits are exceeded;

**8.1.8** the assumptions and analysis underpinning the determination of the company's principal risks and whether adequate procedures are in place to ensure that new or materially changed risks are properly and promptly identified;

**8.1.9** the implementation of its risk policies and procedures, to assess whether they are being followed and are effective;

**8.1.10** to review the policies and framework that govern the management of risks, including risk governance matters, and which have been delegated by the Board;

**8.1.11** to review the risk appetite level of the Company / Group in alignment with the Board's approvals;

**8.1.12** to monitor Technology, Information and cyber risk against appetite as a part of overall risk oversight;

**8.1.13** to review and monitor all risks and risk management practices, including internal control and compliance processes and systems;

**8.1.14** to approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committee / working group;

**8.1.15** to consult and exchange views with the Audit Committee in order to assess if the risk management policies and strategies cover all existing and new types of risk on financial and if the implementation of such policies and strategies are effective and efficient; and

**8.1.16** to perform other duties as delegated by the Board of Directors or other regulatory requirements.

## **9.0 CHAIRMAN'S RESPONSIBILITIES**

Chairman shall: -

**9.1** 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;

**9.2.** review, implement and ensure material sustainability matter and 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; and

**9.3.** report to the Board on the outcome of meetings carried out / recommendations and 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.

## **10.0 DUTIES AND RESPONSIBILITIES OF COMMITTEE MEMBERS**

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

**10.1** participate an effective role and make recommendations for an effective meeting with regard to Risk matters;

**10.2** utilize the available resources and systems in place to effectively contribute to the objective of the committee; and

**10.3** attend Meetings on a timely manner to deliberate on related matters and to suggest on action or steps to be implemented to remedy any risk or weak control areas or any plans for further improvement.

## **11.0 AUTHORITY OF COMMITTEE MEMBERS**

All Members are empowered and granted the authority: -

**11.1** to have all the necessary resources required to perform their duties;

**11.2** to have access to any information pertaining to the risk management working committee's activities of the Company / Group;

**11.3** to form sub-committee for Working Group on Risk Management in order to discharge its responsibilities within the Company/Group as and when needed; and

**11.4** to engage third party audit/consultant at the expense of the Company if the need arises to satisfy their doubts on matters pertaining the risk management in the group by merely informing the Chairman of the Committee & the Board of his/her intention or purpose.

## **12.0 DISCLOSURE ON RISK MANAGEMENT ACTIVITIES**

The Committee shall ensure that disclosures as required under Paragraph 15.26(b) of Bursa Securities Listing Requirements and Paragraph 42 of SORMIC Guidelines in its annual report.

### **12.1 On Risk Management Statement**

In line with Practice 10.2 of the MCCG the board shall ensure to disclose the features of its risk management and internal control framework, including the adequacy and effectiveness of this framework in the following manner: -

a) the ongoing process for identifying, evaluating and managing the significant risks faced by the company in its achievement of objectives and strategies;

b) that the 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;

c) through the committee, has applied 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;

d) that a review on the adequacy and effectiveness of the risk management and internal control system has been undertaken;

e) the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework;

f) the process it has applied to deal with material internal control aspects of any significant problems disclosed in the annual report and financial statements;

g) when 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;

h) 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; and

i) as required under paragraph 15.23 of Bursa Securities Listing Requirements, ensure that the external auditors review a statement about the state of risk management and internal control made by the board of directors with regard to the state of risk management and internal control of the listed issuer and report the results thereof to the board of directors.

Policy adopted in July 2017	- Effective: August 2017
Reviewed in September 2019	- Effective: October 2019
Reviewed in October 2022	- Effective: November 2022
<b>Reviewed in Aug 2023</b>	<b>- Effective: September 2023</b>

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