

RISK MANAGEMENT COMMITTEE

In line with the recommendation of the Malaysian Code on Corporate Governance, the Audit Committee of the Company which has been assisting the Board of Directors of the Company (“Board”) in carrying out, among others, the responsibility of overseeing the Company and its unlisted subsidiaries (“Group”)’s risk management framework and policies was renamed as Audit and Risk Management Committee on 29 December 2017. On 31 December 2019, the Board approved the separation of the Audit and Risk Management Committee into two separate committees namely, Audit Committee and Risk Management Committee.

The Risk Management Committee (“Committee”) serves as a Committee of the Board to assist the Board to carry out the responsibility of overseeing the Company and the Group’s risk management framework and policies.

Terms of Reference of Risk Management Committee (“Committee”)

The Committee is governed by the following terms of reference:

1. Composition

- (i) The Committee shall be appointed by the Board from amongst the Directors, excluding Alternate Directors; and shall consist of not less than three members, all of whom are Independent Directors.
- (ii) The Chairman of the Committee shall be elected by the members of the Committee.

2. Authority

The Committee shall consider, review and/or make recommendations to the Board in relation to the functions delegated by the Board from time to time.

The Committee is granted the authority to carry out any activity of the Company and the Group in relation to its functions, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

3. Responsibilities

The Committee is responsible to the Board for:

- (a) determining that there is a robust process in place for identifying, managing, and monitoring critical risks; overseeing the execution of that process; and ensure its continuous improvement as the business environment changes;

- (b) reviewing the effectiveness of the risk management framework in identifying and managing risks which include but are not limited to ensuring the adequacy of the risk management framework and policies to facilitate the implementation of action plans for risk management;
- (c) overseeing the conduct, and reviewing the results, of company-wide risk assessments, including the identification and reporting of critical risks; and
- (d) overseeing the management of key risks, with regard to the complexity and significance of these risk exposures.

4. Functions

The functions of the Committee are to:-

- (i) review and recommend for the Board's approval, the Company and the Group's risk management framework, policies, strategies, key risk indicators and risk appetite and tolerance levels, and any proposed changes thereto;
- (ii) oversee the effectiveness and adequacy of the risk management framework and risk management processes adopted by the Company and the Group to identify, evaluate and manage key business risks;
- (iii) deliberate on the Company and the Group's strategic risks, key operating risks and emerging risks and ensure the effectiveness of mitigating measures to manage these risks;
- (iv) review and ensure that appropriate actions are taken in a timely manner when risks are outside tolerable ranges;
- (v) assess the effectiveness of the mitigation plans and monitor the implementation of these mitigation plans;
- (vi) oversee the Management's risk management activities, amongst others, through review of Management's periodic reports on the Company and the Group's risk exposures and the action plans established to mitigate the significant risks identified;
- (vii) obtain external professional advice and assistance to enable it to discharge its duties as it considers appropriate;
- (viii) seek assurance on the effectiveness of the risk management functions from the internal and external auditors;
- (viii) review the Statement on Risk Management and Internal Control in the Company's Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed; and
- (ix) act on any other matters as may be directed by the Board.

5. Meetings

- (i) The Committee is to meet at least once every quarter and additional meetings may be called as and when deemed necessary.
- (ii) In order to form a quorum for any meeting of the Committee, a majority of members of the Committee must be present at the meeting.
- (iii) The meetings and proceedings of the Committee are governed by the provisions of the Constitution of the Company regulating the meetings and proceedings of the Board in so far as the same are applicable.
- (iv) The President and Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Head of Risk Management shall attend meetings of the Committee. The presence of a representative of the external auditors shall be requested, if required.
- (v) When required, the Chairman of the Committee will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

6. Secretary and Minutes

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting shall be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

These Terms of Reference were adopted by the Board in December 2019.