

<b>TERMS OF REFERENCE</b>
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## **BOARD RISK COMMITTEE**

### **1. INTRODUCTION**

The Board Risk Committee (“Committee”) is a governing body appointed by the Board of Directors, which is charged with oversight of the organisation’s risk, and internal control functions as promulgated by the relevant requirements or guidelines.

### **2. PRIMARY DUTIES AND RESPONSIBILITIES**

The primary purpose of the Committee is to assist the Board of Directors (“BOD”) in fulfilling its fiduciary responsibilities relating to the following objectives of the Company:

a. Risk Management

- Assess the Company’s processes relating to its risks and control environment.
- Review and recommend risk management strategies, policies, and risk tolerance for the Board’s approval.
- Review the adequacy of Company’s risk management framework, monitor principal risks that affect the Company and evaluate risk management and mitigation measures in place in order to safeguard shareholders’ investments and the Company’s assets.
- Conduct annual review on the adequacy and effectiveness of risk management process.
- Review the Company’s stress test procedures including the test scenarios, parameters, key assumptions and results.
- Review management’s periodic report on risk appetite, risk exposure, risk portfolio composition, and risk management activities to ensure that the risk reports are provided with appropriate risk responses.
- Review the Company’s Business Continuity Management Framework and policy for dealing with extreme internal/external events and disasters.
- Review and recommend corrective and preventive measures undertaken to remedy failings and/or weaknesses in the risk management process.
- Review the risk management report and whether appropriate action is taken by management on the recommendations made.
- Review the appointment, transfer and dismissal of the Chief Risk Officer as well as to evaluate the performance of the Risk Management function.
- Review the statement on the state of risk management and internal controls of the Company for inclusion in the Annual Report.

- b. Compliance
- To review and approve legal and compliance framework and policies.
  - Discuss and deliberate legal and compliance risk issues regularly to ensure the issues are resolved effectively and timely manner.
  - Review the appointment, transfer and dismissal of the Chief Compliance Officer as well as to evaluate the performance of the Legal and Compliance function.
  - To evaluate the effectiveness of the Company's compliance function and overall Management of compliance risk.
- c. Others responsibilities
- Review governance related matters that may be considered/requested by the BOD from time to time.
  - To carry out such other assignments as may be agreed upon or delegated by the BOD.
  - Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company.

### **3. MEMBERSHIP**

The BOD shall appoint Committee members from amongst its members, comprising no fewer than 3 directors (all of whom must be Non-Executive Directors) and the majority of whom shall comprise Independent Directors of the Company and in accordance with the requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities") or relevant legislation or guidelines. In this respect, the BOD adopts the definition of "independent directors" under the Main Market Listing Requirement ("MMLR") of Bursa Securities.

The Committee shall be appointed by the BOD, comprising not less than three (3) members, all of whom must be non-executive directors, with a majority being independent directors.

The appointment or termination of appointment of any Committee member shall be at the discretion of the BOD, upon recommendation of Nominating Committee.

If a member of the Committee for any reason ceases to be a member with the result that the number of members is reduced below three, the BOD shall appoint such number of new members as may be required to fill the vacancy prior to the next Committee meeting.

BOD shall ensure that the members of the Committee should have mixture of risk, compliance and business knowledge experience.

All members of the Committee shall undertake continuous professional development to keep themselves abreast of relevant developments in corporate governance, typically on risk and compliance standards, practices and rules.

The Chairman of the Board shall not be the Chairman of the Committee elected among the members of the Committee. In addition, the Chairman of the Committee shall be an Independent Non-Executive Director. No alternate director of the BOD shall be appointed as a member of the Committee.

In the event of any vacancy resulting in non-compliance with requirements on composition of the Committee, the Company and BOD must fill the vacancy within 3 months.

The Nominating Committee shall review the term of office and performance of the Committee and each of its members annually to determine if their duties have been carried out in accordance with their terms of reference.

#### **4. MEETINGS**

The Committee shall meet at least four (4) times a year and additional meetings may be called by the Chairman if necessary in order to fulfil its duties.

The quorum for the meeting shall be two (2) and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee. The Secretary shall, in conjunction with the Chairman, draw up an agenda, which shall be circulated together with relevant support papers, at least 1 week prior to each meeting, to the Committee members. The minutes shall be circulated to the members of the BOD and kept by the Secretary for the custody, production and inspection of such minutes.

The agenda for the meeting shall include the following:

- a. Review the quarterly risk management report of the Company,
- b. Review and discuss legal and compliance matters,
- c. Discuss matters arising from the reports and any other matter may wish to discuss.

The Committee shall meet at least once a year with the Chief Risk Officer and Chief Compliance Officer to discuss any matters without the presence of the management and any executive members of the BOD.

The Committee may conduct its meeting to include participation thereat by any member or invitee via video or teleconferencing or any other means of audio or audio – visual communications.

The Chairman of the Committee should attend the Annual General Meeting to respond to any shareholder's queries on the Committee's activities, roles and responsibilities.

**5. AUTHORITY**

The Committee shall have the following authority as empowered by the BOD:

- a. Investigate any matter within its terms of reference,
- b. Seek any information it requires from employees who are required to cooperate with any request made by Committee,
- c. Full and unrestricted access to any information pertaining to the Company,
- d. Direct communication channels with internal and external auditors and with senior management of the Company,
- e. Adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Company,
- f. Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, after the matter has been reported to the BOD.

The Chairman of the Committee shall engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, Chief Risk Officer, and Chief Compliance officer in order to be kept informed of matters affecting the Company.

**6. PERFORMANCE**

On an annual basis, the BOD must via the Nominating Committee review and evaluate the term of office and performance of the Committee to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

**7. DISCLOSURE**

The Committee is required to prepare a Committee Report at the end of each financial year for inclusion in the Annual Report of the Company. The Committee Report shall include the following information:

- a. Composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- b. Number of Committee meetings held during the financial year and details of attendance of each Committee member;

- c. Summary of the work carried out by the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
- d. Summary of the work of the Corporate Governance function.

The Committee shall also assist the BOD in the review of the Statement of Risk Management and Internal Controls of the Company following additional statements in the Company's Annual Report.

**8. WRITTEN TERMS OF REFERENCE**

The Committee must have its written terms of reference which deal with its authority and duties, and such information must be made available on the Company's website.