

**CEKD BERHAD**  
**[Registration Number: 201801023077 (1285096-M)]**  
**(Incorporated in Malaysia)**

**Terms of Reference of the Risk Management Committee**

**1. INTRODUCTION**

Risks are inherent in every business and the increased complexity and volatility of today's business and external environment coupled with the introduction of new legislation meant that the ability to effectively manage risk has become ever more important. The Board of Directors ("**Board**") is mindful that, as the Group is concentrating its business attention on Investment Holding Company in Malaysia, the Group is exposed to inherent risks in relation to such industries. Whilst the Board still retain ultimate responsibility for risk management and for determining the appropriate level of risk appetite, the Risk Management Committee ("**RMC**") is entrusted by the Board with the duty to implement the risk management framework, policy and process approved by the Board and oversight of risk management practice on group wide basis respectively. In essence, the RMC is responsible for the execution and management of the risk management policy and process while the Board takes on a supervisory role in respect of the Group's risk management policy and process.

**2. COMPOSITION AND MEMBERS**

- (a) The Board shall appoint the RMC members, comprising not fewer than three (3) members, a majority of them shall be Independent Directors. The membership of the RMC shall include a mixture of risk and business management knowledge and experience.
- (b) The members of the RMC shall elect a Chairman from amongst their number who shall be an Independent Director.
- (c) In the absence of the Chairman of the RMC, the other members of the RMC shall amongst themselves elect a Chairman to chair the meeting.

**3. AUTHORITY**

As the RMC that has been entrusted by the Board with the task of executing and managing the risk management framework and policy, the RMC is vested with the following authorities:

- (a) has explicit authority to carry out the activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the RMC.
- (b) has the adequate resources which it needs to perform its duties;
- (c) has full access to any information and documents/resources which it requires in the course of performing its duties;
- (d) has direct communication channels with the management of the Company, the internal auditors, external auditors and persons carrying out the internal audit functions or activity, as the case may be, to obtain information and feedback in performing its duties;

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- (e) to obtain the services and/or advice of the external professional and to secure the attendance of outsiders with relevant experience and expertise, if necessary, at the expense of the Group in carrying out its duties;
- (f) can seek information directly from the Group's employees or external party, including the Group's auditors and other professional advisers.

**4. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the RMC are as follows:

- (a) To oversee and recommend the risk management strategies and policies and risk tolerance levels for the Board's approval;
- (b) To ensure that the risk management framework and policy are embedded in and functions effectively throughout the Group and is within the parameters established by the Board and to ensure that the risk management framework is based on an internationally recognised risk management framework;
- (c) To conduct an annual review and periodic testing of the risk management framework;
- (d) To identify and measure the potential risks and to formulate mitigation action plan(s) to manage and monitor the risks identified within the risk appetite of the Group;
- (e) To review the effectiveness of the enterprise risk management of the Group to ensure that the key risk registers and the risk dashboard of the Group compiled therefrom to the Board on a periodical basis (at least annually) or in a timely manner if there are any changes in internal business processes, business strategies or external environment;
- (f) To provide awareness and education on risk management to all levels of the Group;
- (g) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Group's risk-taking activities;
- (h) To ensure adequate resources are maintained in order to carry out its functions and responsibilities;
- (i) To perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making;
- (j) To perform risk identification and assessment in relation to the sustainability issues relevant to the Company including health and safety, data governance and privacy as well as climate-related risks;

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- (k) To review the statements to be included in the Annual Report concerning internal controls and risk management;
- (l) To review the effectiveness of the Group's risk management systems; and recommend, as appropriate, for the Board's endorsement of the Statement on Risk Management and Internal Control to be included in the Company's annual report;
- (m) To consider and examine such other matters as the Committee considers appropriate; and
- (n) To consider other matters as defined by the Board.

**5. RETIREMENT AND RESIGNATION**

If any member of the RMC retires, re-designates, resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance with Clauses 2(a) above, the Board and the members of the RMC shall within three (3) months of the event appoint/elect such new member(s) or Chairman as may be required to fill the vacancy.

**6. MEETINGS OF THE COMMITTEE**

- (a) The RMC shall meet at least two (2) times in each financial year. The quorum for a meeting shall be at least two (2) members of the RMC.
- (b) The Chairman of the RMC may call for a meeting as and when required with reasonable notice as the RMC members deem fit (preferably 7 days' notice with agenda of matters to be discussed) unless the RMC waives such requirement.
- (c) The RMC may invite any non-member and external professionals who the RMC thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.
- (d) The RMC may participate in a meeting of the Committee by means of conference telephone, conference videophone or any similar or other communication equipment of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting;
- (e) Questions arising at any meeting of the RMC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the RMC shall have a second or casting vote.
- (f) A resolution in writing signed or approved by facsimile, letter, telegram, telex or telefax or other written electronic communications by a majority of the members of the Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall

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be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

**7. SECRETARY AND MINUTES**

- (a) The Secretary of the RMC shall be the Company Secretary or appointed from among the members of the RMC or such other person as the RMC shall decide from time to time.
- (b) The RMC meeting proceedings shall be recorded by the Secretary and circulated prior to the next meeting along with items for the agenda.

**8. CONFIDENTIALITY**

The members of RMC shall have an obligation to treat all information discussed in the meeting (including but not limited to, matters relating to the affairs of the Group) in a confidential manner.

**9. REVIEW OF THE TERMS OF REFERENCE**

The Board shall review and assess the relevance of the terms of reference of RMC from time to time or when changes to business environment or regulatory requirements necessitate a revision.

**10. REVISION OF THE TERMS OF REFERENCE**

The provisions of this terms of reference can be amended and supplemented from time to time by a resolution of the Board.

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