

HEXTAR INDUSTRIES BERHAD
[Registration No. 201101044580 (972700-P)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. PURPOSE

- 1.1 This Terms of Reference (“TOR”) defines the scope of responsibilities, duties and authority of the Risk Management Committee (“RMC”), established by the board of directors of Hextar Industries Berhad (“Board”). It serves as a guidance to the RMC in discharging their responsibilities, duties and authority pertaining to plans, policies and practices in relation to risk management framework of Hextar Industries Berhad (“HIB” or “the Company”) and its subsidiaries (“Group”), within the authority delegated by the Board, for the effective functioning of the Board.
- 1.2 This TOR is guided by the best practices in the Malaysian Code on Corporate Governance 2021, Listing Requirements (“LR”) and other statutory and regulatory requirements.

2. COMPOSITION

- 2.1 The members of RMC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least 3 members, with a majority of them being independent.
- 2.2 The RMC shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director.
- 2.3 No alternate director shall be appointed as a member of the RMC.
- 2.4 If a member of the RMC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below 3, the Board shall, within 3 months from the date of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

3. AUTHORITY

- 3.1 The RMC shall, in accordance with the procedure determined by the Board and at the cost of the Company, have the following authority and rights:
- (a) have explicit authority to investigate any matter within its TOR;
 - (b) have the resources which are required to perform its duties;
 - (c) have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;
 - (d) to receive from management an overview of the risks, policies, procedures and controls surrounding the integrity of risk management reporting;
 - (e) have direct communication channels with external auditors and internal auditors as well as employees of the Group;

- (f) be able to obtain independent professional or other advice through the assistance of the Company Secretary, to invite outsiders with relevant experience to attend RMC meetings (if required) and to brief the RMC thereof;
- (g) the attendance of any particular RMC meeting by other Directors and employees of the Company shall be at the invitation and discretion of RMC and must be specific to the relevant meeting;
- (h) be able to convene meetings with external auditors or internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and
- (i) be able to make relevant reports when necessary to Bursa Securities or relevant authority if a breach of the LR occurs.

4. DUTIES AND RESPONSIBILITIES

4.1 In fulfilling its primary objectives, the RMC shall undertake, amongst others, the following duties and responsibilities:

- (a) create a high-level risk strategy (policy) aligned with the Group's strategic business objectives;
- (b) determine that there is a robust process in place for identifying, managing and monitoring critical risks, oversee execution of that processes; and ensure it is continuously improved as the business environment changes;
- (c) communicate the Board's vision, strategy, policy, responsibilities and reporting lines in risk management to all personnel across the Group;
- (d) engage Management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (e) oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical risks;
- (f) review the liquidity investments' strategies of the Group;
- (g) oversee the Management of certain risks, with regard to the complexity and significances of these risks exposure;
- (h) identify and provide timely input to the Board/Management on critical risks (present or potential) the Group faces, their changes, and Board/Management action plans to manage the risks;
- (i) aggregate the Group's risk position and periodic reporting to the Board on the risk situation/status;
- (j) set risk management performance measures for the Group;
- (k) provide advice to the Board on risk strategies and coordinate the activities of the various standing Board committees for risk oversight;

- (l) provide guidance to the business units and departments on the Group's critical risk issues and other criteria which, when exceeded, trigger an obligation to make immediate reporting to the Board;
- (m) review the Enterprise Risk Management ("ERM") Framework and Policy and ensure that the aforesaid Framework and Policy as well as risk management processes are relevant to the business and market environment that the Group is operating in;
- (n) review the adequacy and operating effectiveness of the risk management processes in validating the results of these processes;
- (o) examine the risk management system for its completeness, comprehensiveness, and reliability, besides verifying the ERM system for its adequacy and operating effectiveness;
- (p) promote a healthy risk culture and watch for dysfunctional behaviours that could undermine the effectiveness of the risk management process such as, excessive risk-taking due to misaligned key performance indicators and remuneration schemes; and
- (q) performs any other function that may be assigned by the Board when deemed necessary and appropriate.

4.2 The RMC makes recommendations to the Board for its consideration and implementation, but it has no executive powers to implement such recommendations on behalf of the Board.

5. MEETINGS OF THE RMC

5.1 The RMC shall meet at least twice a year and as frequently as may be required. Additional meetings may be called at any time at the RMC Chairman's discretion. Other than in circumstances which the Chairman of the RMC considers appropriate, the Executive Directors, Group Accountants, the representatives of the internal auditors and external auditors will attend any meeting of the RMC to make known their views on any matter under consideration by the RMC or which in their opinion, should be brought to the attention of the RMC. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the RMC. Where necessary, the RMC shall meet with the external auditors without the presence of any Executive Directors and members of the management.

5.2 In the event the elected Chairman is not able to attend a meeting, a member of the RMC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director ("INED").

5.3 Subject to the notice and quorum requirements as provided in the TOR, meeting of the RMC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

6. QUORUM

The quorum for a meeting of the RMC shall consist of not less than 2 members.

7. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than 5 market

days before the date of the meeting. Supporting papers shall be sent to RMC and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his/her nominee or such other persons authorised by the Board shall act as the Secretary of the RMC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RMC and ensure that the minutes are properly kept and produced for inspection if required. The RMC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

9. CIRCULAR RESOLUTIONS

9.1 A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the RMC members present in Malaysia and for the time being entitled to receive notice of a meeting of RMC shall be as valid and effectual as if it had been passed at a meeting of the RMC duly convened. Any such resolution shall be described as "Risk Management's Written Resolutions" and may consist of several documents including facsimile or other similar means of communication, in similar form, each signed by one or more RMC members and shall constitute one document in those terms. The expressions "in writing", "written" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram or other forms of electronic communications.

9.2 Each individual RMC member shall abstain from deliberation and decision of any resolution which involving his own interest.

10. RMC'S DISCLOSURES IN ANNUAL REPORT/WEBSITE

The RMC is to assist the Board to prepare a report on risk management at the end of each financial year as guided under the LR, MCCG, Statement of Risk Management and Internal Control Guide and Corporate Governance Guide.

This TOR shall be made available on the Company's website.

11. REVIEW OF RMC

The Nomination and Remuneration Committee of the Company must review the term of office and performance of RMC and each of its members annually to determine whether such RMC and members have carried out their duties in accordance with their TOR to ensure that the Company is able to adapt to changing business circumstances.

12. REVISION AND UPDATES

Any amendment to this TOR can only be approved by the Board. These TOR will be reviewed and updated from time to time in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.

End.