

**PEKAT GROUP BERHAD**  
**REGISTRATION NO. 201901011563 (1320891-U)**  
(Incorporated in Malaysia)  
("PEKAT" or "the Company" or "the Group")

**TERMS OF REFERENCE**  
**RISK MANAGEMENT COMMITTEE**

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## **1.0 PURPOSE**

The Board of Directors of the Company ("Board") has responsibility for risk oversight and risk management within the Group. The Board has established a committee of the Board known as the Risk Management Committee ("RMC" or "the Committee") to assist the Board in discharging its roles and responsibilities as set out below in its Terms of Reference, which is a requirement under the Malaysian Code on Corporate Governance 2020 ("MCCG").

The RMC shall lead the strategic direction in the management of the business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout the Group to take advantage of opportunities while managing risks that may adversely affect the reputation and achievement of business objectives.

The Terms of Reference will not only help the RMC members to focus on their roles and responsibilities but the disclosure of such will also enable shareholders to be apprised of the roles and responsibilities of the RMC.

## **2.0 ROLES AND RESPONSIBILITIES**

The RMC's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To review and monitor any related party transaction/business dealings entered into by the Group and any conflict of interest situation that may arise within the Group to ensure that they are conducted on arms' length basis and based on terms that are fair to the Group;
- (ii) To oversee and recommend the risk management policies and procedures of the Group;
- (iii) To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (iv) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks;

- (v) To set reporting guidelines for the Management to report to the RMC on the effectiveness of the Group's management of its business risks;
- (vi) To review the risk profile of the Group and to evaluate the measure taken to mitigate the business risks to safeguard shareholders' investments and the Company's assets;
- (vii) To review the adequacy of the Management's response to issues identified to risk registers, ensuring that the risks are managed within the Group's risk appetite;
- (viii) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs;
- (ix) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds the Group's credibility to all the stakeholders; and
- (x) To consider the major findings of internal investigations and the Management's response.

### **3.0 COMPOSITION**

The RMC shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members. The RMC must comprise a majority independent director.

In this respect, the Board adopts the definition of "independent director" as defined under the Bursa Securities Listing Requirements.

All members of the RMC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the RMC cease to be a Director of the Company, his membership in the RMC will cease forthwith.

### **4.0 MEETINGS**

The RMC meets at least twice a year and such additional meetings as the Chairman may call at any time at the Chairman's discretion. In the absence of the Chairman of the RMC, members present shall elect a Chairman for the meeting from amongst the Independent Directors.

Notice calling for a meeting of the RMC shall be given to all its members at least five (5) calendar days before the meeting or at shorter notice as the Committee shall determine.

Two (2) members present at a meeting shall form a quorum.

Matters at any meeting shall be decided by a majority vote of the members present, each member having one (1) vote. In the event of equality of votes, the Chairman of the RMC shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the RMC will not have the second or casting vote.

The Chairman of the RMC shall chair the RMC's meetings. If he is not present at any meeting within fifteen (15) minutes of the time appointed for holding the same, the members of the RMC present shall choose one of their numbers to be the Chairman of the meeting.

A RMC member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting and a RMC member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the RMC meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the RMC meeting to leave the meeting.

Minutes of the proceedings at a RMC meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the RMC meeting.

*\*Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.*

The minutes of the RMC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. The minutes of the RMC, when approved by the RMC and signed by the Chairman of the RMC, should be circulated to the Board.

A resolution in writing, signed by all members of the RMC, shall be as effectual as if it has been passed at a meeting of the RMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more RMC members.

## **5.0 REPORTING**

The RMC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each RMC meeting. When presenting any recommendation to the Board, the RMC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

## **6.0 AUTHORITY**

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the RMC shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within this Terms of Reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;  
and
- (d) be able to obtain independent professional or other advice.

## **7.0 SECRETARY**

The Company Secretary or other persons appointed by the Board (if any) shall be the Secretary of the RMC and shall be responsible, with the concurrence of the Chairman of the RMC, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the RMC.

## **8.0 REVIEW OF RMC**

The Board, based on the RMC's recommendation, must review the term of office and performance of RMC and each of its members at least once a year to determine whether RMC and its members have carried out their duties in accordance with the Terms of Reference, and thereafter, make recommendations to the Board for consideration.

The RMC shall review its Terms of Reference periodically and may recommend to the Board any changes it considers necessary.

The Terms of Reference of the RMC was approved by the Board on 17 September 2020.