

SCG Integrated Management System (SIMS)



SUNWAY CONSTRUCTION GROUP BERHAD
Registration No. 201401032422 (1108506-W)

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

REFERENCE NO.: SCG/GS04

EFFECTIVE DATE: 18 May 2026

Approved by SCG BOD on 18 May 2026

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1. INTRODUCTION

The Risk Management Committee (“**Committee**”) is a committee of the Board of Directors (“**Board**”) established pursuant to the Malaysian Code of Corporate Governance (“**MCCG**”). The terms of reference governs the processes of this Committee and outlines the policies, procedures and guidelines in relation to the Company and its group of subsidiaries’ (“**Group**”) risk management framework.

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2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board and shall comprise a majority of Independent Directors. The Committee shall comprise not less than three (3) members. The appointment terminates when a member ceases to be a Director.
- 2.2 No alternate director shall be appointed as a member of the Committee.
- 2.3 The Chairman of the Committee shall be elected from one (1) of the Independent Directors.
- 2.4 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months, fill the vacancy.
- 2.5 The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.
- 2.6 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary.

3. DUTIES AND RESPONSIBILITIES

- 3.1 The Committee oversees the Group’s overall risk management framework and all its related policies. The Committee reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks.
- 3.2 The Committee is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework.
- 3.3 The Committee’s main duties and responsibilities include the following:

- 3.3.1 reviewing and recommending for Board's approval the appropriate risk management framework and measurement methodologies across the Group;
- 3.3.2 reviewing and assessing the relevance and adequacy of the risk management framework, governance structure and processes and its continuous benchmark against relevant standards;
- 3.3.3 reviewing and recommending risk management strategies, policies and level of risk tolerance for the Board's approval;
- 3.3.4 identifying, assessing and monitoring the effectiveness of risk treatment/mitigation action plans for the management and control of key business risks as well as material environment, social and governance ("ESG") risks;
- 3.3.5 ensuring infrastructure, resources and systems are in place and adequate for risk management;
- 3.3.6 reviewing management's periodic reports on risk exposure, risk profile and risk mitigation activities to ensure adequacy and effectiveness;
- 3.3.7 reviewing the Group's risk category and risk appetite with Management and assessing whether the Group's strategies are consistent with the agreed-upon risk category and risk appetite and to recommend the aforesaid to the Board for approval on annual basis;
- 3.3.8 reviewing the enterprise risk rating and determine the critical risks to be escalated to the Board on a quarterly basis;
- 3.3.9 promoting better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-bribery and corruption, and money laundering are in place, and place greater emphasis on reviewing corruption and money laundering risks as part of the quarterly and annual risk assessment of the Group; and
- 3.3.10 reviewing the Statement on Risk Management and Internal Control in the Company's Integrated Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed.

- 3.4 The Committee shall be assisted by the Chief Financial Officer (“CFO”), Risk Working Committee (“RWC”) or any other designated senior officer, who will be leading the risk management function of the Company.

4. RIGHTS AND AUTHORITY

- 4.1 The Committee will have authority to engage and authorise expenses for independent consultants and other advisors as the Committee deems necessary to perform its duties.
- 4.2 The Committee may conduct or may authorise a third party to conduct specific assessment into any activity or function within the Group so far as it relates to the duties of the Committee and is in accordance with this terms of reference.
- 4.3 The Committee is authorised to make recommendations to the Board regarding appropriate action resulting from any such assessment.
- 4.4 The Committee will have access to all books, records, facilities and personnel of the Group necessary for the Committee to discharge its duties and responsibilities.

5. MEETINGS

- 5.1 The Committee shall meet at least quarterly in a year. Additional meetings may be called at any time at the Committee Chairman’s discretion.
- 5.2 The quorum for the Committee meeting shall be two (2) members, who must be Independents Directors.
- 5.3 The Head of the RWC and/or the CFO and/or the Head of Compliance or its representative shall be in attendance at all meetings to present and discuss the risk management reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made. Other members of Management may attend the meetings by invitation of the Committee.
- 5.4 A meeting of the Committee shall normally be conducted face to face to enable effective discussion, however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Committee.

6. REPORTING

The Chairman of the Committee shall report the proceedings of each Committee's meeting to the Board and update the Board on significant issues and concerns discussed if so required, and where appropriate, make necessary recommendations to the Board. Page | 6

7. SECRETARY

7.1 The Secretary to the Committee shall be the Company Secretary.

7.2 The Secretary to the Committee shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

7.3 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

8. RESOLUTION IN WRITING

A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

9. REVIEW

The terms of reference shall be subject to periodic review to ensure that it remains relevant and updated in line with best practices. Any amendments herein must be approved by the Board.

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