

# SUNWAY BERHAD

Registration No. 201001037627 (921551-D)

## TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

### 1. INTRODUCTION

The Risk Management Committee ("**Committee**") is a committee of the Board of Directors ("**Board**") established pursuant to Practice 9.3 of the Malaysian Code of Corporate Governance. The terms of reference govern the processes of this Committee and outlines the policies, procedures and guidelines in relation to the risk management framework of the Company and its group of subsidiaries ("**Group**").

### 2. COMPOSITION

- a. The Committee shall be appointed by the Board of Directors and shall comprise a majority of Independent Directors. The Committee shall comprise not less than 3 members. The appointment terminates when a member ceases to be a Director.
- b. The Chairman of the Committee shall be elected from one of the Independent Directors.
- c. In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within 3 months, fill the vacancy.
- d. The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.
- e. Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary.

### 3. DUTIES AND RESPONSIBILITIES

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.

The Committee is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework.

The Committee's main duties and responsibilities include the following:-

- reviewing and recommending for the Board's approval, the appropriate risk management framework and measurement methodologies across the Group;
- reviewing and assessing the relevance and adequacy of the risk management framework, governance structure and processes and its continuous benchmark against relevant standards;
- reviewing and recommending risk management strategies, policies and level of risk tolerance for the Board's approval;

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- identifying, assessing and monitoring the effectiveness of risk treatment/mitigation action plans for the management and control of key business risks;
- ensuring infrastructure, resources and systems are in place and adequate for risk management;
- reviewing management's periodic reports on risk exposure, risk profile and risk mitigation activities to ensure adequacy and effectiveness;
- reviewing the enterprise risk rating and determine the critical risks to be escalated to the Board on a quarterly basis;
- promoting better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-corruption are in place, and place greater emphasis on reviewing corruption risk as part of the quarterly and annual risk assessment of the Group; and
- reviewing the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report to ensure that the relevant information as prescribed in the Main Market Listing Requirements of Bursa Securities are disclosed, and to recommend the same for the approvals of the Committee and the Board.

The Committee shall be assisted by the Group Risk Management Division ("**GRMD**").

### **4. RIGHTS AND AUTHORITY**

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.

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.

The Committee is not authorised to implement its recommendation on behalf of the Board but shall report its recommendation back to the Board for its consideration and implementation.

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**

- a. The Committee shall meet at least quarterly in a year. Additional meetings may be called at any time at the Committee Chairman's discretion.
- b. The quorum for the Committee meeting shall be 2 members, who must be Independent Directors.
- c. The Head or representative of GRMD 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.

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### 6. **REPORTING**

The Chairman of the Committee shall report the proceedings of each Committee meeting to the Board.

### 7. **SECRETARY**

The Secretary to the Committee shall be the Company Secretary.

The Secretary of 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 the members prior to each meeting.

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

### 8. **REVIEW**

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