

MENTIGA CORPORATION BERHAD

(Company No: 10289-K)

REVISED TERMS OF REFERENCE FOR THE RISK MANAGEMENT COMMITTEE

1.0 PURPOSE

1.1 The Risk Management Committee (“RMC”) is established as a committee of the Mentiga Corporation Berhad (“MCB” or “the Company”) Board of Directors (“the Board”). The RMC supports the Board by setting and overseeing the Risk Management Framework (“Framework”) of the MCB group of companies (“Group”) and regularly assessing the Framework to ascertain its adequacy and effectiveness. The RMC’s objectives are as follows:

1.1.1 to review and recommend the Group’s risk management policies and strategies for the Board’s approval. This includes reviewing major investment business cases and Management’s assessment of the key associated risks, including funding options and costs, and investment returns prior to the Board’s approval; and

1.1.2 to monitor the implementation of post-spend transactions in accordance with established thresholds in the approved Group Limits of Authority, which includes capital expenditure, acquisitions and project-based operational costs.

2.0 MEMBERSHIP

2.1 The Committee shall be appointed by the Board and shall consist wholly or mainly of non-executive directors where a majority of whom shall be independent Directors.

2.2 The Committee shall comprise no fewer than three (3) members.

2.3 No Alternate Director shall be appointed as a member of the Committee.

2.4 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board.

2.5 The Board shall elect a Chairman from among the members of the Committee who shall be a non-executive director..

2.6 In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting.

2.7 If a member of the Committee resigns, dies, is incapacitated or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members.

3.0 TERMS OF MEMBERSHIP

3.1 The term of office and performance of the RMC and each of its members shall be reviewed by the Board at least once every year to determine if the RMC and its members have carried out their duties in accordance with the terms of reference.

- 3.2 Members of RMC will be eligible for reappointment at the end of the one (1) year period, subject to a review by the Board of the performance of the members.

4.0 MEETINGS

4.1 Frequency

4.1.1 The Committee shall meet at least two (2) times a year and at such other times as the Chairman of the Committee considers necessary or appropriate; and

4.1.2 Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Committee.

4.2 Quorum

A quorum of any meeting of the RMC shall consist of no less than two (2) members, of which one should be an independent director.

4.3 Secretary

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

4.4 Attendance

Where there is a specific need for information or clarification on any matters, other Directors, key executives, employees or other experts or consultants if required may attend any particular meeting only at the Committee's invitation.

4.5 Reporting Procedure

4.5.1 The minutes of each meeting shall be available to all members of the Board upon request.

4.5.2 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

4.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;

(b) the notice to be given of such meetings:

- i) 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 and any other person required to attend, no later than seven (7) calendar days before the date of the meeting; and

- ii) Reasonable time should be given for the Committee members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Committee meeting.
- (c) the voting and proceedings of such meetings.
- i) For the avoidance of conflict of interest, a member of the Committee shall abstain from participating in discussions and decisions on any matters involving him/her. Executive Directors should not be involved in deciding their own remuneration; and
 - ii) Matters arising 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 Committee 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 Committee will not have the second or casting vote.
- (d) the keeping of minutes - The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The minutes of the Committee, when approved by the Committee, should be circulated to the Board; and
- (e) the custody, production and inspection of such minutes.

5.0 RIGHTS

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board:

- (a) have the resources which are required to perform its duties;
- (b) have full and unrestricted access to any information pertaining to the Company;
- (c) be able to obtain independent professional advice as well as information about remuneration practices elsewhere, at the expense of the Company, in carrying out their duties; and
- (d) be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.

6.0 FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

- 6.1 to establish the Group's Risk Management Framework based on an internationally recognised risk management framework and to review existing internal controls that may mitigate the risk factors of the Company.
- 6.2 to review and recommend for the Board's approval the Group's risk management framework, strategies, policies, key risk indicators and risk tolerance levels and any other proposed changes thereto.

- 6.3 to conduct an annual review and periodic testing of the Group's risk management framework in order to assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
- 6.4 to ensure adequate infrastructure, resources and systems are in place for an effective risk management, i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the insurer's risk taking activities.
- 6.5 to review the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- 6.6 to receive, consider, deliberate and review all issues pertaining to the Company's current investments in businesses in Malaysia and the related risks thereof.
- 6.7 to identify, consider, deliberate and review risk elements and trends that could possibly have significant impact on the overall performance of the Company and its subsidiaries and propose to the Board positive steps to mitigate the risks thereof.
- 6.8 to monitor Company and Group level risk exposures and management of the significant financial and non-financial risks identified.
- 6.9 to ensure the copy of this terms of reference is made available in the Company's website.
- 6.10 Any other risk issues deemed fit and appropriate by the Committee and/or the Board within its Terms of Reference from time to time.

7.0 POLICY

- 7.1 To adopt a proactive and effective approach in managing its business risks in a rapidly changing business environment.
- 7.2 To comply with the relevant principles and recommendations in the Malaysian Code of Corporate Governance, the relevant principles and best practices in the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad and all applicable Malaysian laws and regulations in relation to risk management.
- 7.3 To promote an effective risk awareness culture whereby risk management is recognised as an important aspect of the Group Management System.
- 7.4 To provide adequate infrastructure, resources and systems for effective risk management.

The RMC is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on risk related matters for its consideration and implementation.

8.0 REVIEW OF THE TERMS OF REFERENCE (“TOR”)

- 8.1 The TOR of the Committee must be reviewed annually and recommendations on its changes, where required, be made to the Board for its approval.