



**KUB MALAYSIA BERHAD**

**(Company No. 6022-D)**

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**TERMS OF REFERENCE OF THE BOARD RISK MANAGEMENT  
COMMITTEE**

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Revised as at 30 March 2016

## **DEFINITIONS AND INTERPRETATION**

In these Terms of Reference, where the context so admits the following expressions shall have the following meanings :-

'Board'	The Board of Directors of KUB Malaysia Berhad;
'Board Committees'	Committees that have been or will be set up as authorised by the Board, with the exception of this Committee with specific terms of reference and delegated authority;
'Committee' or 'BRMC'	Board Risk Management Committee;
'Company Secretary'	Company Secretary/Joint Company Secretaries of KUB Malaysia Berhad;
'KUB Malaysia Berhad' or 'Company'	KUB Malaysia Berhad (6022-D);
'KUB Group'	KUB Malaysia Berhad and its subsidiaries and associated companies;
'Independent Director'	A director as defined in Chapter 1 of Bursa Malaysia Securities Berhad ('Bursa Malaysia') Main Market Listing Requirements;
'Listing Requirements'	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
'Member'	A member of the Committee as appointed pursuant to this Terms of Reference;
'Bursa Malaysia'	Bursa Malaysia Securities Berhad;
'Secretary'	Secretary of the Committee;
'Senior Management'	Senior Management which includes the President/Group Managing Director, Executive Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and 'Officer' as defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements of KUB Group;
'GRM'	Group Risk Management;
'ERMF'	Enterprise Risk Management Framework;

'Terms of Reference'

The terms of reference of the Committee.

In this Terms of Reference, unless the context otherwise requires:

Words importing the masculine gender shall include the feminine, neuter genders and vice versa; and

Words importing the singular shall include the plural and vice versa.

## **1. OBJECTIVES OF THE COMMITTEE**

The principal objective of the Committee is to assist the Board in ensuring the effective functioning of the ERMF within KUB Group and to provide oversight, direction and counsel to the risk management process and to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for the Board approval.

## **2. COMPOSITION OF THE COMMITTEE**

**2.1.** The composition of the Committee shall take into consideration the following:

**2.1.1.** The Board shall appoint the Members with a majority of them being Independent Directors;

**2.1.2.** The period of appointment shall be concurrent with their tenure on the Board unless otherwise decided by the Board;

**2.1.3.** The composition of the Committee must not be less than three (3) Members;

**2.1.4.** Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members;

**2.1.5.** The Members shall elect a Chairman of the Committee from amongst themselves who is an Independent Director; and

**2.1.6.** Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Director of the Company.

## **3. SECRETARY OF THE COMMITTEE**

**3.1.** The Company Secretary and/or his or her representative shall be the Secretary of the Committee.

**4. PROCEEDINGS OF THE COMMITTEE**

**4.1.** The Committee meetings shall take into consideration the following:

- 4.1.1.** The Committee shall convene meeting as and when required, provided that the Committee shall meet at least four (4) times a year;
- 4.1.2.** The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia;
- 4.1.3.** No business shall be transacted at any meeting of the Committee unless a quorum is present. In order to form a quorum, the majority of members must be Independent Directors, with a minimum of two (2) Members;
- 4.1.4.** The Chairman of the Committee shall chair the Committee meetings and in his absence, the Members present shall elect one of their Members to be Chairman of the meeting;
- 4.1.5.** The Secretary shall draw up agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting;
- 4.1.6.** The Secretary shall prepare the Minutes of the meeting and distribute it to each Member. The minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman at the next succeeding meeting;
- 4.1.7.** The Minutes of each meeting shall be entered into the Minutes book kept at the registered office of the Company under custodian of the Company Secretary. The Minutes book shall be opened for the inspection by the Board, management or other persons deemed appropriate by the Company Secretary;
- 4.1.8.** Subject to the requirement to conduct the required meeting, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting; and
- 4.1.9.** Appropriate officer of the Company or professional advisors may be invited to attend the meeting where the Committee considers their presence necessary.

**5. DUTIES, RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE (THE LIST IS NOT EXHAUSTIVE)**

**5.1. Risk Management matters:**

- 5.1.1.** Review and recommend appropriate risk management strategies, policies and risk tolerances in line with KUB Group's business objectives for the Board's approval;
- 5.1.2.** Ensure the implementation of the ERMF and review the adequacy and integrity of the same in identifying, assessing and managing risk and in establishing KUB Group's risk appetite;
- 5.1.3.** Discuss with management on action taken to improve the ERMF based on the risk identified in the Risk Management reports;
- 5.1.4.** Review the adequacy of the scope, functions, competency and resources of the GRM and ensure that it has the necessary authority to carry out its work;
- 5.1.5.** Consider and evaluate other matters as judged appropriate by the Committee or as authorised by the Board; and
- 5.1.6.** All recommendations and findings of the Committee shall be submitted to the Board for approval and notation.

**5.2. Sustainability Reporting matter:**

- 5.2.1.** Overseeing the management of principal business risks and significant / material Economic, Environmental and Social risks;
- 5.2.2.** Ensuring resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
- 5.2.3.** Reviewing disclosures statements relating to management of sustainability matters of KUB Group in Annual Report.

**6. AUTHORITY**

**6.1.** The Committee is authorised by the Board to review, recommend and approve any matters within its Terms of Reference. The Committee shall have:

**6.1.1.** Authority to investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the Committee;

**6.1.2.** The authority to obtain outside legal or other independent professional advices and to secure the attendance of outside parties with relevant experience and expertise, if it consider necessary;

**6.1.3.** Direct communication channels with GRM; and

**6.1.4.** The authority to convene meeting with GRM excluding the attendance of other Directors and employees of KUB Group, whenever deemed necessary.

**7. DISCLOSURE**

The Committee shall assist the Board in making disclosure, if required, concerning the activities of the Committee in relation to Risk Management to be issued in the Annual Report.

Revision Approved by: BODM (3/2016) dated 30 March 2016 Revision Recommended by: BRMC (2/2016) dated 28 March 2016
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