

**CAHYA MATA SARAWAK BERHAD**  
[Registration No: 197401003655 (21076-T)]  
(Incorporated in Malaysia)

**GROUP RISK COMMITTEE**  
**TERMS OF REFERENCE**

The authority for the formation of this Risk Committee shall be the resolution passed on 27 March 2009 by the Board of Directors at its 171<sup>st</sup> (Special) meeting and the Constitution of Cahya Mata Sarawak Berhad (“CMS” or “the Company”). The new Terms of Reference is adopted on 24 November 2021 as follows:

**1. Composition**

- 1.1 The Committee shall be appointed by the Board of Directors amongst its member of no fewer than three (3) members, shall comprise of a majority of Independent directors as defined below:
- 1.1.1 is not an executive director of the Company or its related corporation;
  - 1.1.2 has not been within the last 3 years and is not an officer (except as an independent director) of the Company or its related corporation;
  - 1.1.3 is not a major shareholder of the Company or its related corporation;
  - 1.1.4 is not a family member of any executive director, officer or major shareholder of the Company or its related corporation (“family member” means the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child);
  - 1.1.5 is not acting as a nominee or representative of any executive director or major shareholder of the Company or its related corporation;
  - 1.1.6 is not engaged as an adviser by the Company or its related corporation or is not presently a partner, director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said corporation; or
  - 1.1.7 has not engaged in any transaction with the Company or its related corporation or is not presently a partner, director of major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company or its related corporation.
- 1.2 The members of the Committee shall elect from among their number a Chairman.

- 1.3 Where the Members for any reason are reduced to less than three (3), the Board shall within six (6) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- 1.4 All Members shall hold office only for so long as they serve as Directors of the Company.
- 1.5 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.
- 1.6 The Secretary of the Committee shall be the Group Company Secretary.

## **2. Meeting and Minutes**

- 2.1 The Committee shall meet as and when required upon request by the Members, provided that the Committee shall meet at least quarterly.
- 2.2 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 five (5) days' notice.
- 2.3 The Group Chairman, Group Managing Director and Chief Risk Officer shall always be invited to attend meetings of the Committee.
- 2.4 No business shall be transacted at any meeting of the Committee unless a quorum is present. Each meeting shall have a minimum quorum of two (2) Members of the Committee (one of whom must be independent). In the absence of the Chairman, the members present shall elect one of their number to chair the meeting.
- 2.5 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and as such other time and place as the Members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved. In the event the meeting is dissolved due to insufficient quorum and/or a disagreement arises between the Members of the Committee which is not resolved, such matter(s) shall be tabled to the Board for deliberation and/or decision.
- 2.6 Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- 2.7 In the event of equality of votes, the Chairman shall have a casting vote (except where 2 directors form the quorum).
- 2.8 The Committee may at their discretion and as the need arises, invite one or more persons of relevant expertise to attend the meeting.
- 2.9 Draft minutes of each meeting shall be distributed to each Member of the Committee within one (1) week of the meeting.

- 2.10 Minutes of each meeting shall be kept at the registered office of the Company under the custodian of the Company Secretary. The Minutes shall be open for the inspection of the Board, external auditor, internal auditor, management and other persons deemed appropriate (subject to prior consent of the Chairman of the Committee) by the Company Secretary.
- 2.11 The Chairman shall provide to the Board a summary of the proceedings, signed by the Chairman of the Committee, after each meeting.
- 2.12 The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting.
- 2.13 All recommendations and findings of the Committee shall be submitted to the Board for approval. Upon such approval, the Secretary shall distribute to each Member a copy of the said approval.

### **3. Duties**

- 3.1 The Committee was established with the primary responsibility of ensuring the effective functioning of the risk management function at the CMS Group level. The Committee meets at least once every quarter and as and when required to review specific matters.

The duties of the Committee are:

- 3.1.1 To provide direction, oversight and advice to the risk management process;
- 3.1.2 To monitor material risk exposure with potentially significant business impact or requiring a group wide response;
- 3.1.3 To review the risk management structure or framework, risk management process and support systems and where appropriate recommend changes to cope with the changing environments;
- 3.1.4 To review and deliberate on key issues and mitigation strategies highlighted in the quarterly risk reports submitted;
- 3.1.5 To advise the Board on risk related issues and recommend strategies, policies and risk tolerance for Board information and approval as appropriate;
- 3.1.6 To review and provide oversight on due diligence on corporate proposals and strategic transactions involving acquisitions/disposals in by the Group exceeding RM10 million, other than those in the ordinary course of business/operations. The Company shall comply with the relevant provisions as set out in Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad subject to the transaction value of such corporate proposals and strategic transactions;
- 3.1.7 To review all agreements/contracts pertaining to the set up of a new business not in the ordinary course of existing business; and

- 3.1.8 To review the formation, liquidation, merger and/or corporate reorganization of the Group.
- 3.1.9 To review and recommend the Statement on Risk Management and Internal Control for Board's approval before inclusion in the Company's Annual Report.

### 3.2 Duties – Anti-Corruption Practices

The duties of the Committee under Anti-Corruption practices are:

- 3.2.1 To ensure that the management has put in place controls to identify areas prone to corruption risks and steps to mitigate/minimise these risks including their anti-corruption compliance programmes;
- 3.2.2 To receive assurance from Group Managing Director on quarterly basis that the company is operating in compliance with its corruption risk mitigation strategy;
- 3.2.3 To receive feedback from Group Internal Audit on areas that may be vulnerable to corruption risks based on their review/audit and on any non-compliances issues based on their review/audit; and
- 3.2.4 To ensure that a comprehensive corruption risk assessment is conducted by the relevant Division/Department within the Group once every 3 years or whenever there is a change in law or circumstance of the business to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation.

## 4. **Other Responsibilities**

- 4.1 Assess, review, update and recommend any changes to its terms of reference to the Board of Directors for approval pursuant to changes to the relevant regulatory requirements or when there are changes to the direction and/or strategies of the Company that may affect the Committee's role.

## 5. **Powers of the Committee**

- 5.1 The Committee, in accordance with a procedure determined by the Board of Directors and at the cost of the Company, shall:
  - 5.1.1 have authority to investigate any matter within its terms of reference;
  - 5.1.2 have the resources which are required to perform its duties;
  - 5.1.3 have full and unrestricted access to any information records, properties and personnel pertaining to the CMS Group; and
  - 5.1.4 be able to obtain independent professional or other advice.

Revised TOR approved by the Board on 24 November 2021.

*TOR approvals:-*

*174<sup>th</sup> BOD 26 August 2009*

*Revised 183<sup>rd</sup> BOD 27 May 2010*

*Revised 196<sup>th</sup> BOD 3 April 2012*

*Revised 201<sup>st</sup> BOD 28 March 2013*

*Revised 205<sup>th</sup> BOD 26 February 2014*

*Revised 220<sup>th</sup> BOD 30 November 2016*

*Revised 226<sup>th</sup> BOD 29 November 2017*

*Revised 234<sup>th</sup> BOD 26 February 2019*

*Revised 236<sup>th</sup> BOD 15 May 2019*

*Revised 240<sup>th</sup> BOD 26 November 2019*

*Revised 248<sup>th</sup> BOD 25 November 2020*

*Revised 268<sup>th</sup> BOD 24 November 2021*