

## TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

### POH HUAT RESOURCES HOLDING BERHAD (“THE COMPANY”) TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE (THE “COMMITTEE”)

The terms of reference of the Committee are as follows:-

#### 1. RISK MANAGEMENT COMMITTEE (“RMC”)

- 1.1 On 25 September 2017, the Board of Director form the “Risk Management Committee” to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. The Committee has overall responsibility for monitoring and approving the risk management framework and associated practices of the Group.

#### 2. COMPOSITION

- 2.1 The composition of the committee include executive and non-executive directors as follows:
- Mr Toh Kim Chong (Non-independent Executive Director)
  - Mr Boo Chin Liong (Independent Non-Executive Director)
  - Mr Chua Syer Cin (Independent Non-Executive Director)
- 2.2 The RMC shall be appointed by the Board. The member of the committee may designate a chairperson by majority vote. The RMC shall consist of no fewer than three members, majority of whom shall consist of independent director in accordance with 2017 Malaysian Code on Corporate Governance Principle B (II) (9.3) rules. The Chairman of the RMC shall be a member of the Board.
- 2.3 The appointment of the members of the RMC are at the recommendation of the Nominations and Remuneration committee.
- 2.4 Each member should have an understanding of risk management expertise commensurate with the Group’s size, complexity and capital structure.

#### 3. MEETINGS AND QUORUM

- 3.1 The committee shall meet at least quarterly, or more frequently as circumstances dictate. Two members present shall form the quorum for the meeting of the committee. The committee chairperson will approve the agenda for the committee’s meeting and any member may suggest items for consideration.

### 4. COMMITTEE RESPONSIBILITIES AND AUTHORITY

4.1 The RMC, as delegated by the Board, has an important role to play in providing oversight of the Company's approach to risk and sustainability management. Specifically, the Committee shall:

4.1.1 Understand and endorse the Company's business risk and significant Economic Environment and Social risk appetite.

Risk appetite is the amount of risk an organization is willing to accept in pursuit of stakeholders' value. The Company's management should engage with the Committee to establish a mutual understanding of the Company's overall appetite for risks.

4.1.2 Review the extent to which management has established an effective system of risk management and internal control.

The Committee should consider the effectiveness of existing risk management framework and processes and require management to demonstrate the effectiveness of those processes in identifying, assessing, and managing the Company's most significant risk exposures through:

- Shall annually review and approve the Risk Management Framework of the Company.
- Determine whether that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Shall evaluate significant risk exposures of the key and supporting operating units of the Company and assess management's actions to mitigate the exposures in a timely manner;
- To review the risk factor for one-off initiative/purchase of property, diversification of business, new business venture or transactions that poses significant risk factor to the Company.
- Review and approve risk disclosure statements in any public documents or disclosures.

4.1.3 Review the Company's risk profile by comparison to its risk appetite. Effective oversight of risks is contingent on the ability of the Committee to understand and assess the Companies strategies for managing it critical risk exposures.

4.1.3 Undertake periodic review of the Company's most significant risks and whether risk management strategies are appropriate.

Risks constantly evolve and regular updating by management to the Committee of key risks and associated risk strategies is critical to effective Board oversight of key risk exposures.

4.1.4 Overseeing the management Economic Environmental and Social risks of the Company. Their responsibilities include the following significant areas:

- (i) Establishment of the Sustainability Framework and significant sustainability policies;
- (ii) Ensuring effectiveness of the process in identifying, assessing, managing and reporting of Material Sustainability Matters; and
- (iii) Monitoring and overseeing all sustainable strategies and initiatives of the Company.

4.1.5 Ensuring resources and processes are in place to enable the Company to achieve its sustainability commitments; and

4.1.6 Approving disclosure statements relating to management of sustainability matters of the Company;

## TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

### **5 CO-ORDINATION WITH OTHER COMMITTEE**

- 5.1 The RMC will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

### **6 COMMUNICATION WITH BOARD OF DIRECTORS**

- 6.1 The RMC shall make regular reports to the Board, including with respect to risk management and minimization procedures.

### **7 RESOURCE PLANNING**

- 7.1 The RMC shall have access to any internal information necessary to fulfil its oversight role. The RMC shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors at the costs bear by the Group.

### **8 POLICY REVIEW**

- 8.1 The RMC shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 8.2 The role and responsibilities of the RMC shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.

### **9 APPROVAL AND MODIFICATION**

- 9.1 These policies are subject to revision by way of modification, addition or otherwise as the Board from time to time may consider fit.
- 9.2 These policies are approved by the Board of Director on 12 December 2018.