

SAUDEE GROUP BERHAD  
(Company No. 838172-P)  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE**

**OBJECTIVES**

The Purpose of the Risk Management Committee (“the RMC”) is to assist the Audit Committee and the Board to identify, assess, monitor and manage risk. The RMC is to oversee, report and make recommendations to the Audit Committee or the Board in respect of all risks faced by the Group.

**(A). COMPOSITION**

The Committee shall comprise at least three members, at least two of whom must be independent non-executive directors. The Board shall appoint an independent non-executive director from amongst one of these members as the Chairman of the Committee. In the absence of the Committee Chairman, the remaining members present shall elect one of their members to chair the meeting.

The members of RMC also comprised of Heads of Department or representative from each major business units to be identified by the Management from time to time.

If a member retires or resigns from his position, that member ceases to be member of the Committee. SAUDEE Board shall appoint a new member so that the number of members does not fall below three (3). A member who wishes to resign from the RMC shall notify RMC in writing.

A Secretary shall be nominated by the RMC.

**(B). FREQUENCY OF MEETING**

The RMC meets at least once a year.

**(C). DUTIES, POWERS AND RESPONSIBILITIES**

1. The RMC is authorised by the Board to have direct communication channels with and unrestricted access to the Group management, including without limitation, its information, records, reports, properties and personnel.
2. The RMC shall have the authority to obtain external legal or other independent professional advice as necessary.

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**(C). DUTIES, POWERS AND RESPONSIBILITIES (cont'd)**

3. 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.
4. The duties and responsibilities of the RMC shall include, but not limited to the following:-

Provide oversight, direction and counsel to the Group risk management process which includes:

  - Monitoring the Group and Divisional level risk exposures and management of the significant risks identified.
  - Evaluating new risks identified.
  - Reviewing the Group Risk Profile and ensuring that significant risks are being responded in appropriate manner.
  - Reviewing the status of the implementation of management action plans in mitigate significant risks identified.
5. Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.
6. Recommend for the AC and Board's approval the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes thereto.
7. Evaluate the effectiveness of the risk management processes and support system to identify, assess, monitor and manage the Group's key risks.
8. Review investment proposals considered significant including:
  - Diversification of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - New territories and countries (defined as expansion of existing businesses into new markets/territories).
9. The RMC shall report to the Board at its forthcoming meeting or at least once in financial year on its proceedings on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

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**(D). MEETINGS AND PROCEEDINGS (cont'd)**

1. The RMC shall meet at least once in financial year to discuss and deliberate on the significant risks affecting the Group. Meetings should be organized so that attendance is maximized. A meeting may be called, at any other time, by the Chairman of the RMC or any member of the RMC. Any Director or management may be invited to the meetings.
2. During the meetings, all risks facing each operation and department are discussed in detail within the context of the business objectives and strategy. Status of corrective actions is tabled for comments by the relevant staff. Various ideas and suggestions are tabled for improvement of areas of concern.
3. The meetings of the RMC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as foresaid.
4. The quorum of meeting for the RMC shall be any five (5) members.
5. Minutes of meetings shall be taken by the Secretary. Minutes of all meetings shall be confirmed by the Chairman of the meeting.

**(E). GENERAL**

These terms of reference may from time to time be amended as required, subject to the approval of the Board.