

**CAB CAKARAN CORPORATION BERHAD**

(Company No. 583661-W)  
(Incorporated in Malaysia)

**RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE****TERMS OF REFERENCE**

The Risk Management Committee was established on 29 November 2016 and was renamed to Risk Management Committee (“RMSC”) on 29 November 2018.

These Terms of Reference shall supersede all previous established Terms of Reference.

The RMSC is governed by the following Terms of Reference:-

**1.0 Authority and General Scope**

1.1 The Board has constituted the RMSC with the authorities necessary to perform the duties as outlined in these Terms of Reference.

1.2 The RMSC is responsible to the Board for:

**1.2.1 Risk Management**

- (a) Oversight on the establishment and implementation of a risk management framework; and
- (b) Reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

**1.2.2 Sustainability Management**

- (a) Establishing the Group’s sustainability framework and processes in identifying, managing and reporting of the Material Sustainability Matters in EES aspects of the Group;
- (b) Reviewing and ensuring the adequacy and effectiveness of the sustainability framework and processes;
- (c) Monitoring and overseeing all sustainable strategies and initiatives of the Group.

1.3 The RMSC is authorised to form a Risk Management Working Committee where the working committee members are made up of head of business units within the Group who play very important roles in assisting the Risk Management and Sustainability members in implementing the risk management and sustainability plans.

- 1.4 The RMSC in carrying out its tasks under these Terms of Reference may obtain such external or other independent professional advice subject to the approval of the Board.
- 1.5 These Terms of Reference may from time to time be amended as required, subject to the approval of the Board.

## 2.0 **Membership**

- 2.1 The RMSC shall be appointed by the Board of Directors from amongst their members. The RMSC shall consist of not less than 3 members, at least two (2) of whom must be independent Non-Executive Directors.
- 2.2 The Chairman of the RMSC shall be appointed by the Board and he should be from amongst one of the executive directors as identified by the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of their members to chair the meeting.
- 2.3 The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company, or as determined by the Board.
- 2.4 The RMSC shall have no executive powers.

## 3.0 **Duties and Responsibilities**

### 3.1.1 **Risk Management**

- (a) Oversee and recommend risk management policies and procedures of the Company;
- (b) Review and recommend changes as needed to ensure that the Group has in place at all times a Risk Management Policy which addresses the strategic, operational, financial and compliance risks;
- (c) Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risk;
- (d) Set reporting guidelines for management to report to the RMSC on the effectiveness of the Group's management of its business risks;
- (e) Review the Group and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks;
- (f) Review its duties and responsibilities on an annual basis; and
- (g) Review and report to the Board the effectiveness of the risk management framework on a periodic basis.

### 3.1.2 **Sustainability Management**

- (a) Advising the Board on the Group's sustainability strategy and recommend policies for adoption;
- (b) Monitoring the implementation of sustainability strategies and policies as approved by the Board;
- (c) Recommending to the Board the Group's identified Material Sustainability Matters; and
- (d) Overseeing the overall management of stakeholder engagements and Material Sustainability Matters and report to the Board.

#### 4.0 **Meetings**

The Company Secretary shall be the secretary of the Committee or the RMSC shall appoint a member of the working committee to be the secretary of the RMSC.

##### 4.1 **Frequency of meetings and attendance**

- 4.1.1 Meetings of the RMSC will be held as the RMSC deems to be appropriate; however, the RMSC should meet at least once each year.
- 4.1.2 A meeting may be called, at any other time, by the Chairman of the RMSC or any member of the RMSC. Any Director or management may be invited to the meetings.

##### 4.2 **Quorum and voting**

- 4.2.1 The quorum necessary for meetings of the Committee shall be two (2) members, who must include the Chairman provided that in the event the Chairman is unable to be present for a meeting, the members who are present at the meeting can appoint a Chairman among themselves to chair the meeting.
- 4.2.2 The quorum for decisions of the RMSC shall be any two (2) members present and voting on the matter for decision.

##### 4.3 **Notice of Meetings**

- 4.3.1 Meetings of the RMSC shall be arranged by the Secretary at the request of the RMC Chairman or any other member of the RMSC.
- 4.3.2 The notice of each meeting confirming the date, time, venue and agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RMSC in advance of each scheduled meeting date. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

##### 4.4 **Minutes of Meetings**

- 4.4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the RMC, including the names of those present and in attendance.

- 4.4.2 Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the RMSC. Such minutes signed by the Chairman of the RMSC shall be conclusive evidence without any further proof of the facts thereon stated.
- 4.4.3 If the Chairman of the RMSC so decides the minutes shall be circulated to other members of the Board, any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the RMSC's minutes.
- 5.0 **Reporting Procedures**
- 5.1 The RMSC is authorised to regulate its own procedures and in particulars the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.
- 5.2 The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members. The Chairman of the Committee shall report to the Board after each RMSC meeting.
- 5.3 The RMSC shall liaise with the Board to produce a RMSC's report to be included in the Company's annual report about its activities and any other information as the RMSC deems necessary to assist the Board in making disclosure in the annual report in accordance with the Best Practices of the Malaysian Code on Corporate Governance.

The terms of reference was approved by the Board on 29 November 2018.