

Terms of Reference for Risk Management Committee

OSKH-CS-TOR-004-3

20 May 2021

OSK

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 2 of 10

Appendix J

Contents

Revision History Log	3
Glossary.....	3
A. TERMS OF REFERENCE	4
A1. Risk Management Committee	4
1. Introduction.....	4
2. Composition.....	4
3. The Chairman.....	4
4. Duties and responsibilities of the Chairman	4
5. Duties and responsibilities of RMC Members.....	5
6. Reporting.....	5
A2 Duties and Functions	6
1. Risk Management Committee.....	6
A3. Authority	8
1. General.....	8
A4. Meetings & Minutes	9
1. General.....	9
A5. Review of the Terms of Reference	10
1. General.....	10

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 3 of 10

Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	21-Feb-17	NIL
2	All	All	All	Change to adopt new documentation	28 Feb 2018	OSKH/CS/CIR/003
3	A.1.1	RMC – Introduction	4	Updated introduction to RMC	20 May 2021	OSKH/CS/CIR/005
	A.1.2	RMC – Composition of RMC	4	Updated requirement for composition based on MCCG		
	A.1.4	RMC – Duties & Responsibilities of the Chairman	4	Updated Duties and Responsibilities of the Chairman		
	A.1.5	RMC – Duties & Responsibilities of the RMC	5	Updated Duties and Responsibilities of the RMC		
	A.2.1	Duties and Functions - RMC	6 & 7	Updated Duties and Functions of RMC		
	A.4.1	Meetings & Minutes - General	9	Standardised relevant paragraphs with other Board Committees' TOR		
	A.5	Review of the TOR	10	New Section		

Glossary

Term	Description
“Board”	The Company’s Board of Directors
“Company” or “OSK”	OSK Holdings Berhad
“GRM”	Group Risk Management Department
“OSK Group” or “Group”	OSK Holdings Berhad and its subsidiaries, collectively
“RMC” or “Committee”	Risk Management Committee

Disclaimer

Unless otherwise indicated, this document and the information contained therein are the property of OSK Holdings Berhad, its subsidiaries and / or its affiliates, collectively. This document is provided solely for the internal use of the authorised personnel. Dissemination or sale of this document, as a whole or in parts (including on the World Wide Web) is strictly prohibited. All users shall not modify, copy, distribute, republish, or upload the whole or parts of this document without prior written consent of OSK Holdings Berhad.

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 4 of 10

A. TERMS OF REFERENCE

A1. Risk Management Committee

-
- 1. Introduction**
 - Risk Management Committee (“RMC” or “Committee”) is established by the Board of Directors (“Board”) to assist the Board in identifying, assessing, managing, monitoring and controlling the risks in areas which are applicable to the Group’s businesses and to safeguard the shareholders’ investments and the Group’s assets.

 - 2. Composition**
 - RMC shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, comprising majority of independent directors.
 - The membership of RMC shall be approved by the Board and include a mixture of risk and business management knowledge and experience.
 - In the event of any vacancy resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

 - 3. The Chairman**
 - The Chairman of RMC shall be an Independent Director and elected by the members of the RMC from amongst their number.

 - 4. Duties and responsibilities of the Chairman**
 - The following are general guidelines on the main duties and responsibilities of the RMC Chairman:
 - Provide leadership for RMC to fulfil the goals it sets by delegating tasks, ensuring propagation of essential information, monitoring and reviewing the adequacy and timing of deliverables, facilitating discussions and the resulting decisions, promoting good corporate governance and providing oversight to the Business Continuity Plan prepared by the Management.

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 5 of 10

5. Duties and responsibilities of RMC Members

- The following are the expectations for RMC members:
 - Provide individual external independent opinions to the fact-finding, analysis and deliberations of RMC, based on their experience and knowledge.
 - Consider viewpoints from the other RMC members and make decisions or recommendations for the best interest of the Board collectively.
 - Keep abreast of the latest corporate governance guidelines in relation to RMC and the Board as a whole.

6. Reporting

- RMC reports to the Board.
- The following are to be included by RMC in OSK's annual report:
 - Committee membership and composition
 - Terms of reference of RMC
 - Functions and responsibilities of RMC
 - Number of committee meeting held and attendance of each member of RMC
 - A statement of OSK's risk management framework, which includes:
 - A discussion of OSK's risk management strategies and policies.
 - An explanation of the nature of the risk and activities within OSK that gives rise to that risk as well as the composition of the exposures that arise.
 - A description of method used to identify, monitor, manage and control each risk.
 - The presence of any other risk that could materially impair OSK's ability to meet its corporate objectives and business strategies.
 - An assessment conducted in respect of the risk management system.
 - Comparative analysis of previous year's data should also be provided to give a perspective on trends in the underlining exposures. The qualitative and quantitative information must be meaningful and sufficient to help users understand the nature and magnitude of these risk exposures.

End

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 6 of 10

A. TERMS OF REFERENCE

A2 Duties and Functions

1. Risk Management Committee

- Review and ascertain risk management strategies, policies and risk tolerance levels for Board's approval.
- Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively.
- Provide oversight to ascertain there are sufficient resources, infrastructure and system in place for risk management activities of the Company and companies in the group (where applicable).
- Review and recommend new policies or changes to policies, and to consider their risk implications.
- Ensure that the respective risk management committees of the companies in the Group (where applicable) mirror the role and responsibility functions, duties and authority described herein.
- Note and adopt the respective board minutes (or any other forms of documents that highlight the risk exposures and activities) of companies in the Group with respect to risk management activities carried out at that level.
- Review significant changes to risk assessment methodologies.
- Ascertain and provide oversight that the risk management framework is embedded and consistently applied throughout OSK.
- Provide direction to the GRM in respect of risk management policies, controls and systems in line with the Board's approved risk management strategy.
- Periodically review risk levels and potential weaknesses in current process, its potential impact currently, as well as in the light of changes in operating environment.
- Periodically review compliance with policies and tolerance level set.
- Provide oversight over the Business Continuity Plan drafted by the Management.

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 7 of 10

- Review high level risk exposures, risk portfolio composition and advise the Board as to whether they are within tolerance of the Board.
 - Periodically review:
 - On-balance sheet and off-balance sheet risk exposure profiles, assess current and future risk environment, and set short-term risk positioning strategy in response to changing events for credit risk.
 - The environment, the key factors that may affect the outcome of the original strategy and sets medium-term risk positioning strategy in response to changing events for strategic risk.
 - Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
 - Assess risk-return profile and alter business directions or propose to the Board to alter business direction, where necessary.
 - Provide overall direction, advice and resolve conflicts on risk-business issues.
 - Report to the Board on a quarterly basis in respect of OSK's overall risk exposure, changes in risk methodologies, capital consumption and significant decisions made with regard to risk management issues and risk positioning strategies.
 - Report to the Board, on an annual basis, OSK's risk management framework.
 - Review decision made by the Board to ensure that they are within the overall risk interests of OSK.
 - Be apprised of latest amendments, modification or variations of relevant regulatory requirements.

End

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 8 of 10

A. TERMS OF REFERENCE

A3. Authority

1. General

- RMC shall within its terms of reference:
 - assist Board in its review of the adequacy of scope, functions and resources of GRM and that it has the necessary authority to carry out its responsibilities;
 - have full and unrestricted access to any information and documents relevant to its activities in carrying out its duties. All employees are directed to co-operate with any request made by RMC;
 - have the authority to investigate any activity of the Company within its terms of reference;
 - have the authority to form management/ sub-committee(s) if deemed necessary and fit;
 - provide leadership to Group Management Risk Committee and GRM to fulfil the goals it sets by delegating tasks, ensuring propagation of essential information, monitoring and reviewing the adequacy and timing of deliverables, facilitating discussions and the resulting decisions, and promoting good corporate governance;
 - be able to obtain independent professional or other advice; and
 - be able to convene meetings with external parties, whenever deemed necessary.

End

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 9 of 10

A. TERMS OF REFERENCE

A4. Meetings & Minutes

1. General

- RMC shall preferably meet on a quarterly basis, but in any event, no less than four (4) times a year, or when required by Chairman or any RMC member.
- The quorum of the meetings shall be at least two (2) members or 50% of the total members, whichever is higher.
- RMC is also allowed to carry out the resolution by way of circulation.
- RMC may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the member in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held.
- Resolutions, proposals and matters tabled for approvals at any meeting of the Committee shall be decided by a simple majority of the member present.
- The Head of the respective divisions/ departments and relevant management personnel may be invited to attend RMC meetings.
- The Company Secretary shall act as Secretary to the Committee and shall be responsible for taking the minutes of meetings, keeping the minutes and to produce the minutes for inspection when necessary.

End

OSK Holdings Berhad 199001015406 (207075-U)	20 May 2021
	OSKH-CS-TOR-004-3
Terms of Reference for Risk Management Committee	Page 10 of 10

A. TERMS OF REFERENCE

A5. Review of the Terms of Reference

1. General

- The members of the Committee will assess, review and update the terms of reference at least once every three (3) years or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the Committee's roles.
- The RMC will recommend the changes for approval by the Board.
- In the event the regulatory requirements are amended, modified or varied, such amendments, modification or variations shall be deemed inserted herein whereupon this terms of reference shall be read and construed accordingly.

End