

Terms of Reference for Risk Management Committee

OSKH-CS-TOR-004-4

30 May 2024

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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		
4	All	All	All	Refer Summary of Change	30 May 2024	OSKH/CS/CIR/010

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Glossary

Term	Description
"Board"	The Company's Board of Directors
"Company"	OSK Holdings Berhad
"GMR Committee"	Group Management Risk Committee
"GRM Department"	Group Risk Management Department
"HOD"	Head of Departments
"the Group"	OSK Holdings Berhad and its subsidiaries, collectively
"RMC"	Risk Management Committee
"Management"	Refers to Group Managing Director, Deputy Group Managing Director, Executive Directors and CEOs of respective business divisions under the Group

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A. TERMS OF REFERENCE

A1. Risk Management Committee

1. Introduction

1. RMC is established by the Board pursuant to the Malaysian Code on Corporate Governance. The terms of reference govern the conduct and responsibilities of the RMC and outlines the policies, procedures and guidelines in relation to the risk management framework of the Group.
2. The RMC should ensure that the Company establishes effective and comprehensive risk management framework, policies and processes to identify, measure, monitor and control the various types of risks faced by the Group.

2. Composition

1. 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.
2. The Chairman of the RMC shall be appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

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A. TERMS OF REFERENCE

A2. Duties and Functions

1. Risk Management Committee

1. RMC oversees the Group's overall risk management framework, processes and all its related policies and monitors the effectiveness of risk mitigation plans for the management and control of the key risks. It is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework.
2. RMC shall be assisted by GRM Department.
3. RMC's main duties and responsibilities include the following:
 - 3.1. Provide oversight on risk management methodology, strategies, policies, risk appetite, applications of risk framework, risk-related matters and recommend the aforesaid to the Board for approval;
 - 3.2. 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;
 - 3.3. Review and recommend new policies or changes to policies, and to consider their risk implications;
 - 3.4. Periodically review compliance with policies and tolerance level set;
 - 3.5. Prior to the RMC meeting, ensure reasonable assurance obtained from GMR Committee and Management that any impact arising from current and foreseeable future risks on the Group's business operations and objectives has been identified, mitigated and managed;
 - 3.6. Review anti-bribery and anti-corruption compliance and business continuity management as part of the quarterly governance review of the Group; and
 - 3.7. Review the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report to ensure that the relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are disclosed, and to recommend the same for the approval of the Board.

End

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A. TERMS OF REFERENCE

A3. Authority

1. General

1. RMC shall within its terms of reference:
 - 1.1. Assist the Board in its review of the adequacy of scope, functions and resources of GRM Department and that it has the necessary authority to carry out its responsibilities;
 - 1.2. 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;
 - 1.3. Have the authority to investigate any activity of the Company;
 - 1.4. Have the authority to form management/sub-committee(s) if deemed necessary and fit;
 - 1.5. Provide oversight on GMR Committee and GRM Department to fulfil the risk governance objectives; and
 - 1.6. Have authority to engage independent consultants or other advisors to fulfil the risk governance objectives.

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A. TERMS OF REFERENCE

A4. Meetings & Minutes

1. General

1. RMC shall preferably meet quarterly, but in any event, no less than four (4) times a year, or when required by the Chairman or any RMC member.
2. Prior notice shall be given for the RMC meetings.
3. The quorum of the meetings shall be at least two (2) members or 50% of the total members, whichever is higher.
4. RMC is also allowed to carry out the resolution by way of circulation. A circular resolution signed or approved by any written electronic communications by a majority of the members of the RMC and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the RMC duly called and constituted. All such resolutions shall be described as "Risk Management Committee Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay, and shall be recorded by the Company Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more RMC members.
5. 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 RMC member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the RMC member in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the RMC members duly convened and held.
6. Resolutions, proposals and matters tabled for approvals at any RMC meeting shall be decided by a simple majority of the member present. One (1) member shall have one (1) vote. In case of an equality of votes, the Chairman of the RMC shall have a second or casting vote.
7. Other directors, the HODs and relevant management personnel may be invited to attend RMC meetings.

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8. The RMC member is required to make declaration and abstain from deliberations and voting in respect of any matter which may give rise to a conflict of interest or potential conflict of interest situation. The interested RMC member shall be counted as part of the quorum of the meeting.
9. The Company Secretary shall act as Secretary to the RMC and shall be responsible for taking the minutes of meetings, keeping the minutes and to produce the minutes for inspection when necessary.
10. The Company Secretary, in consultation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers to each RMC member prior to the RMC meeting.

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A. TERMS OF REFERENCE

A5. Reporting

1. General

1. The Chairman assisted by RMC shall report the proceedings of each RMC meeting to the Board and update the Board on significant issues and concerns discussed and where appropriate, make necessary recommendations to the Board.

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A. TERMS OF REFERENCE

A6. Review of the Terms of Reference

1. General

1. The RMC members 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 RMC's roles.
2. The Company Secretary shall be responsible to highlight and notify the RMC when the need arises for a review.
3. The RMC will recommend the changes for approval by the Board.
4. 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