

RESINTECH BERHAD (341662-X)
RISK MANAGEMENT COMMITTEE
- TERMS OF REFERENCE

1. INTRODUCTION

1.1 The Risk Management Committee (“**Committee**”) is appointed by the Board of Directors of the Company (“**Board**”) for the purpose of overseeing the risk management process within Resintech Berhad (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”).

1.2 The terms of reference governs the processes of the Committee and outlines the procedures and guidelines in relation to its risk governance role.

2. OBJECTIVE AND SCOPE

2.1 The Board has the overall responsibility for risk oversight and risk management within the Group.

2.2 The Committee is responsible to the Board for:

- i. leading the Group’s strategic direction in the management of the Group’s business risks;
- ii. overseeing the establishment and implementation of a risk management framework; and
- iii. 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.

2.3 The objectives of the framework are to ensure the provision of quality product and services and direct the risk culture and processes throughout the Group to take advantage of opportunities while managing and monitoring risks that may adversely affect the Group’s achievement of its business objectives.

3. COMPOSITION

3.1 The members shall be appointed by the Board and the members shall have a mixture of risk and business management knowledge and experience.

3.2 The Committee shall comprise at least three (3) members, at least two (2) of whom must be independent non-executive directors.

3.3 The Chairman shall be an independent non-executive director

3.4 If a member retires or resigns from his position as a Director, that member ceases to be member of the Committee. The Board may appoint a successor.

4. MEETING

4.1 Frequency of Meetings

The Committee shall meet at least two (2) times a year. The Committee may call such additional meetings as the Chairman decides are necessary for the Committee to fulfil its obligations.

4.2 Agenda

The Chairman shall review the agenda for each Committee meeting prior to its issue.

A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to the Committee seven (7) days before the date of the meeting.

4.3 Attendance at Meetings

A meeting of the Committee shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") shall attend the Committee meetings. Other senior management team may attend the meeting upon the invitation of the Committee.

The Committee may obtain external professional advice and assistance to enable it to discharge its duties as it considers appropriate.

4.4 Quorum

The quorum for the meeting shall be two (2) Committee Members.

4.5 Minutes

Minutes of the proceedings of Committee meetings shall be recorded by the Secretary, approved in draft form by the Chairman and circulated to all the members.

Wherever possible, minutes of the Committee meetings will be confirmed at the next meeting and signed by the Chairman.

5. CIRCULAR RESOLUTION

- 5.1 Any resolution in writing signed by a majority of members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 5.2 All such resolutions shall be described as "Risk Management Committee Members Circular Resolutions" and shall be forwarded or otherwise delivered to the registered office without delay and shall be recorded in the minutes book.
- 5.3 Any such resolution may be contained in a single document or may consist of several documents in the like form, each signed by one (1) or more members.
- 5.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

6. DUTIES AND RESPONSIBILITIES

In order to fulfil its responsibilities to the Board, the Committee shall:

- i. Oversee the Risk Management framework and policies of the Group. In doing this, the Committee is to identify for the Board's determination the Group's level of risk tolerance and to actively identify, assess and monitor key business risks of the Group;
- ii. Ensure alignment of Risk Management strategies and culture with the Group's business objectives;
- iii. Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to Management and the Board;
- iv. Ensure that a comprehensive Risk Management approach is in place to identify risks, communicate risk interrelationships and manage risk profiles across the organisation;
- v. Ensure that key risks are effectively managed in accordance with the Group's Risk Management strategies and policies;
- vi. Evaluate how the Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;
- vii. Ensure an appropriate system is established to identify and report on areas of potential business risk in sufficient time in order for remedial actions to be taken;
- viii. Recommend to the Board its findings and propose course of actions to be taken to ensure controls are put in place to address these risks. In this context, business risks include all risks (i.e. external/strategic risks and also internal operational, financial, compliance risks) which, due to their nature, can deter the business from achieving its strategic goals; and
- ix. Ensure that there are adequate resources to support the Group's Risk Management function in fulfilling its responsibilities.

The Committee is to review its duties and responsibilities on an annual basis.

7. AUTHORITY

The Committee shall have the authority to:

- i. Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary, to assist the committee members to discharge its duties as it consider appropriate;
- ii. Investigate any matter within its terms of reference, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group;

- iii. Have direct communication channels with the external auditors and internal auditors, and also to engage with the Senior Management on a continuous basis, such as the Chairman, the CEO and CFO of the Group and its operating subsidiaries in order to be kept informed of matters affecting the Group; and
- iv. Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the Board.

8. REPORTING TO THE BOARD

- 8.1 The minutes of each meeting shall be tabled to the Board for notation.
- 8.2 The Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, in a written report for noting or approval by the Board.
- 8.3 The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

9. SECRETARIAT

- 9.1 The Company Secretary of the Company or his or her delegate or such other person appointed by the Chairman of the Committee shall be the secretary of the Committee.
- 9.2 The secretary of the Committee shall be responsible for preparation of the agenda in consultation with the Chairman, and distribution to all the members the papers to be deliberated at the meeting.

10. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Main Market Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role.

These terms of reference were reviewed and approved by the Board of Directors on 27 May 2019.