

COMPUGATES®

Compugates Holdings Berhad

Registration No. 200401030779 (669287-H)

RISK MANAGEMENT COMMITTEE

Terms of Reference



Updated as at

20 April 2023

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Risk Management Committee Terms of Reference

1.0 Status

1.1 The Risk Management Committee ("RMC" or "Committee") is established as a Committee of the Board of Directors ("Board") of Compugates Holdings Berhad ("Company").

2.0 Composition

2.1 The RMC shall be appointed by the Board from amongst the Directors of the Company and shall comprised at least three (3) members, whereby all members must be non-executive directors, the majority of whom being independent directors.

2.2 No alternate director shall be appointed as a member of the Committee.

2.3 The members of the RMC are required to possess a diverse range of expertise and experience, including a solid understanding of the industries in which the Company and its subsidiary companies ("Group") operates. This is essential to enable them to effectively engage in rigorous discussions concerning the management of the Group's critical risk areas. Additionally, they should possess the capability to anticipate, evaluate, and mitigate potential future risks that may affect the Group.

2.4 Any members of the RMC that wish to step down is/ are expected to provide written notice one (1) month in advance to the Board.

2.5 If a member of the Committee resigns or for any other reason ceases to be a member and as a result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3.0 Primary Purposes

3.1 The RMC is responsible to oversee the risk management matters relating to the activities of the Group. It assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.

4.0 Duties and Responsibilities

4.1 Specific risk governance and risk management responsibilities include the following:

- (1) Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for the Board's approval to safeguard shareholders' investments and the Company's assets;
- (2) Assist the Board to establish an effective risk management framework ("Framework") and disclose the adequacy and effectiveness;
- (3) Periodically review and test the Framework;
- (4) Disclose the adequacy and effectiveness of risk assessment results based on the actual findings and potential impact of any failure or weakness, particularly those related to financial performance or conditions that may affect the Group;

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- (5) Discuss with the Management on actions to be taken to improve the Framework;
- (6) Ensure the implementation of the Framework and its adequacy in determining the Group's risk appetite through scope and quality of management's ongoing monitoring of risks and robustness of the management process;
- (7) Provide the Board with reasonable assurance that adverse impacts arising from foreseeable uncertainties are mitigated and managed;
- (8) Ensure the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment;
- (9) Ensure there is an active process to identify, assess, manage and monitor principal risks to safeguard shareholder's investment and Group's asset and give timely input to both the Board and the Management;
- (10) Ensure that risk management and internal control system are adequate to manage the risk and corrective measures are available to remedy failure and/or weaknesses;
- (11) Ensure the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks);
- (12) Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects;
- (13) Submit all findings and recommendations of the Committee to the Board for approval and notation; and
- (14) Promote healthy risk culture and observe dysfunctional trends that could undermine the performance of the risk management process.
- (15) Sustainability reporting matter:
 - (a) Oversee the management of principal business risks and significant/material economic, environmental and social risks;
 - (b) Ensure resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
 - (c) Review the Sustainability Statement of the Group in the Company's Annual Report.

5.0 Authority

5.1 The RMC shall have the authority to:

- (1) Have full and unrestricted access to information and resources required from the management of the Company to perform its duties.

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- (2) Call for anyone in the Company to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
- (3) Appoint, at the Company's expense, an independent party to conduct or to assist in conducting any investigation as may be required pursuant to the Whistleblower Policy for the Group, upon the terms of appointment to be approved by the RMC.
- (4) Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary.
- (5) Investigate any matter within the RMC terms of reference ("TOR").
- (6) Authorise the RMC chairman to carry out the RMC's responsibilities as required under the Whistleblower Policy for the Group.
- (7) Recommend to the Board any appropriate changes to the duties of the RMC.

6.0 Meetings

6.1 Frequency

The Committee shall meet at least once a year and at such other time(s) as it deems necessary to fulfil its responsibilities.

In the event the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

6.2 Notice of meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting. Minutes of the last meeting and relevant papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6.3 Quorum

A minimum of two (2) members to form the quorum and the majority of members present must be independent directors.

6.4 Mode

A meeting of the RMC may be by being present in person or by means of a video conferencing, telephone or other electronic and communication facilities which allows all persons at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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6.5 Casting vote

The decision that gained the majority votes shall be the decision of the RMC. In the event of an equality of votes, the chairman of the RMC shall be entitled to a second or casting vote.

6.6 Minutes of the Committee meeting

The secretary of the Committee shall record, prepare and circulate the minutes of the meetings of the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The minutes of each Committee meeting shall be approved and signed by the chairman of that meeting or by the chairman of the next succeeding meeting shall be deemed confirmed as evidence of the proceedings that the meeting was duly convened and held. Relevant members of Management shall be provided with the minutes and matters arising for following up on key actions required.

7.0 Communication to the Board

7.1 The RMC may from time to time submit or report to the Board its recommendation on matters within its purview, for the Board's decision.

7.2 The RMC chairman shall update the Board on the activities undertaken by the RMC at each Board meeting and the minutes of each RMC meeting shall be tabled to the Board for notation.

7.3 Where the RMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the RMC must promptly report such matter to the Bursa Securities.

8.0 Circular Resolution

8.1 A written resolution signed or approved by a majority of the members of RMC, shall be as valid and effectual as if it had been passed at a meeting of the RMC. Such resolution may consist of several documents in like form each signed by one (1) or more members or their alternates and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded in the minutes book. The expressions of "in writing" or "signed" include approval by telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices approved by the members for such purpose from time to time incorporating, if the members deem necessary, the use of security and/or identification procedures and devices approved by the members. In the case any of the RMC members are absent from Malaysia, a resolution signed by all the other members with the majority of whom being independent directors who are present in Malaysia, shall be valid and effectual.

9.0 Secretary

9.1 The company secretary of the Company shall be the secretary of the Committee.

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10.0 Appointment Process

10.1 The Board may revoke the appointment of an RMC member and/or vary the term of appointment of a member at any time as it deems fit.

11.0 Amendment, Variation and/ or Modification

11.1 This TOR may be amended, varied or modified in writing as and when necessary subject to the Board's review and approval. Upon the Board's approval, the said revision or amendment shall form part of this TOR and shall be considered duly revised or amended.

END.