

**WEIDA (M) BHD**  
**(Company No: 504747-W)**

**TERMS OF REFERENCE**  
**RISK MANAGEMENT COMMITTEE**

**1. Constitution**

The Risk Management Committee (“the Committee”) was established on 26 May 2015. The functions and authority of the Committee extend to Weida (M) Bhd (“the Company”) and all its subsidiaries, collectively referred to as “the Group”.

**2. Primary objectives**

The primary objective of the Committee is to assist the Board of Directors (“the Board”) in:

- a) overseeing the Company’s risk management framework and policies and make recommendation to the Board;
- b) ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders’ interest and the Group’s assets; and
- c) determining the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

**3. Membership**

The Committee shall be appointed by the Board from amongst their members, and shall consist of not less than three (3) members including the Group Executive Chairman and the Chairman of Audit Committee, majority of whom shall be independent directors. No Alternate Director shall be appointed as a member of the Committee.

If membership of the Committee for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

**4. Chairman**

The Chairman of the Committee shall be the Group Executive Chairman. In the absence of the Chairman of the Committee, members present at the meeting shall elect one (1) of them to chair the meeting.

**5. Secretary**

The Secretary to the Committee shall be any one (1) of the Joint Company Secretaries.

In the absence of the Secretary at the meeting, the members present at the meeting shall elect any other person as the Secretary of the meeting.

## 6. Quorum

A quorum of a meeting of the Committee shall be two (2) members. For purpose of determining whether the quorum for the transaction of the business of the Committee exists in the case of a meeting of the Committee, in addition to the members present at the meeting, any member in telephonic, video conferencing or electronic communication with such meeting shall be counted in the quorum.

## 7. Meetings and Minutes

The Committee shall hold at least one (1) meeting a year. Additional meetings may be held as and when necessary, upon request by any Committee member, the Management, Internal or External Auditors. Internal Auditors or persons carrying out the internal audit function or activity and Senior Management are normally invited to attend the meetings. Other members of the Board, relevant Heads of Business Units and Heads of Departments shall attend the meetings upon the invitation of the Committee.

Notice of any meeting of the Committee may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:

- (a) the quorum of Committee is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them, subject as hereinafter mentioned throughout the meeting;
- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, video conferencing or such other electronic devices, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone, video conferencing or such other electronic devices is unintentionally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone, video conferencing or such other electronic devices had not been disconnected;
- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

Notice of meeting and board papers shall be given to all members of the Committee at least fourteen (14) days and five (5) business days respectively before the date of meeting.

The Secretary shall discuss with Senior Management on the agenda. The final agenda for the meeting will be approved by the Committee's Chairman or in his absence, by any one (1) of the Committee's members. The Secretary will inform/remind the relevant persons to submit their reports/materials/papers on presentation to him at least eight (8) days before the date of meeting. In the case where the subject matter/agenda item is sensitive or otherwise confidential or in a state of flux, the reports/materials/papers shall be directly circulated/presented at the meeting.

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as *prima facie* evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the Secretary and distributed to each member of the Committee. The Chairman of the Committee shall report on each meeting to the Board from time to time.

A resolution in writing signed by all members of the Committee shall be deemed to have been passed at a meeting held on a date on which it was signed by the last member of the Committee.

## **8. Authority**

The Committee is authorised by the Board to:

- i) have full and unrestricted access to information pertaining to the Group;
- ii) maintain close relationship with the Company's Audit Committee to minimise and/or prevent any overlapping of functions with the Audit Committee, which include the review of the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls;
- iii) have the resources which it needs to perform its duties as set out in its terms of reference; and
- iv) be able to obtain external professional advice in the performance of its duties and secure the attendance of external parties with relevant experience and expertise if it considers this necessary. In the event that any member of the Committee needs to seek external professional advice in furtherance of his duties, he shall first consult with and obtain approval of the Chairman of the Committee.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

## 9. Functions and Duties

The duties of the Committee are:

- (a) reviewing the scope, effectiveness and objectivity of the Risk Management Function and ensure that the Risk Management Function has adequate infrastructure and resources, and be staffed by an appropriate number of experienced and qualified employees who are sufficiently independent to perform their duties objectively;
- (b) review the Group's Risk Management Policies and Procedures, and provide a forum to review material exposures and strategies to mitigate risks;
- (c) advise the Board on the Group's risk appetite vis-a-vis to its business strategies;
- (d) review the adequacy of the Group's overall risk assessment processes, and the ability of the Group to identify and manage new and/or emerging risks;
- (e) review the strategies and controls for current and new significant risks, including recommendations and/or guidance to Management of risk treatment;
- (f) review the strategies and controls pertaining to the transfer of insurable risks, and the adequacy of coverage of such risks, vis-a-vis the risk appetite and the risk profile of the Group;
- (g) review the strategies and processes pertaining to business continuity plans;
- (h) review specific operational segments of the Group that may be posing unusual significant risks that may have a material impact on the risk profile of the Group, and review reports on any material breaches of risk limits and the adequacy of proposed remedial actions;
- (i) report to the Board, at least annually, on:
  - the adequacy and effectiveness of the Group's Risk Management Policies and Procedures;
  - the appropriateness, adequacy and effectiveness of insurance coverage taken by the Group in respect of transferable risks; and
  - the adequacy and effectiveness of the strategies and processes pertaining to business continuity plans.
- (j) review terms of reference of the Committee and recommend to the Board for approval.

## **10. Review of the composition of the Committee**

The Nominating Committee shall review the term of office, performance and effectiveness of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with the Committee's terms of reference.