



# **Terms of Reference of Board Risk & Compliance Committee**

No.	Items	Terms of Reference
1.	Purpose	<p>a) The establishment of the Board Risk &amp; Compliance Committee (“BRCC” or “the Committee”) is to assist the Board of Directors (“the Board”) of TDM Berhad (“TDMB” or “the Group” or “the Company”) to effectively discharge its primary responsibilities of identifying principal risks, implementing and ensuring there are appropriate risk assessment system and process within the Group.</p> <p>b) In the exercise of its functions, it is understood that the BRCC is not delegated with decision-making powers but shall report its recommendations to the Board for decision. The existence of the Committee does not diminish the ultimate fiduciary and statutory responsibility of the Board for the decision making related to the functions and duties carried out by the Committee.</p>
2.	Authority	<p>a) The BRCC is a Committee of the Board of TDMB from which it derives its authority and to which it regularly reports. The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.</p> <p>b) Unless otherwise provided by or subject to any applicable laws or legislative requirements, the Committee shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedure and at the expense of the Group, such as:</p> <ul style="list-style-type: none"> <li>(i) full and unrestricted access to information, records, properties and employees of the Group</li> <li>(ii) full and unrestricted access to advice and services of the Company Secretaries and Senior Management</li> <li>(iii) to obtain professional and independent advice from external advisors with relevant knowledge and experience, as and when necessary for the performance of its duties</li> </ul> <p>c) The Committee have explicit authority to investigate any matter within its terms of reference;</p>

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		<p>d) The Committee is required to promptly report its recommendations to the Board for its consideration, decision and implementation.</p> <p>e) To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements.</p>
3.	Membership	<p>a) The Committee members shall be appointed by the Board from among Board members and shall comprise exclusively of Non-Executive Directors of the Company.</p> <p>b) The number of BRCC members shall not be less than three (3)</p> <p>c) If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph (b) above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.</p> <p>d) No alternate director shall be appointed as a member of the Committee.</p> <p>e) For the avoidance of conflict of interest, a member of the Committee shall abstain from participating in discussions and decisions on any matters involving him/her.</p>
4.	Chairman	<p>a) The members of BRCC must elect a Chairman among themselves.</p> <p>b) In the absence of the Chairman of the BRCC, the other members of the Committee shall amongst themselves elect a Chairman to chair the meeting.</p> <p>c) The Committee Chair has a casting vote.</p>
5.	Tenure of Office	<p>a) The Committee Members shall be formally appointed and/ or terminated by the Board. However, members of the Committee may relinquish their membership in the Committee with prior written notice to the Board.</p>

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6.	Objectives	<p>a) To ensure that the enterprise risk management framework is consistently adopted throughout the group and is within the parameters established by the Board</p> <p>b) To ensure that risk management is embedded in the business operations</p> <p>c) To ensure compliance with external requirements such as the Bursa Malaysia Securities Berhad's Statement on Risk Management &amp; Internal Control and Securities Commission Malaysia's Malaysian Code on Corporate Governance.</p>
7.	Duties and Responsibilities	<p>The Committee undertakes, amongst others, the following responsibilities and duties:</p> <p><b><u>Risk management matters</u></b></p> <p>a) Identify, assess, control and monitor financial, economic risks and non-financial risks (including operational, technological, tax, legal, reputational and compliance risks) which the Group faces in cooperation with the respective Board Committees.</p> <p>b) Identify the potential impact of key issues that may affect the Risk Profile of the Group.</p> <p>c) 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.</p> <p>d) Assist the Board to establish an effective risk management framework and disclose the adequacy and effectiveness.</p> <p>e) Annually review and periodically test the framework .</p> <p>f) Disclose the adequacy and effectiveness of risk assessment result based on actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions that may affect the Group</p>

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		<p>a) Discuss with the Management on action taken to improve the Framework.</p> <p>b) Oversee the implementation of the Framework and its adequacy in establishing the Group's risk appetite through scope and quality of management's ongoing monitoring of risks and robustness of the management process.</p> <p>c) Oversee the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment.</p> <p>d) Oversee 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.</p> <p>e) Ensure that risk management and internal control system are available to manage the risk and corrective measures undertake to remedy failing and/or weaknesses</p> <p>f) Oversee and evaluate the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks)</p> <p>g) Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects</p> <p>h) Submit all findings and recommendations of the Committee to the Board for approval and notation.</p> <p>i) Reviewing and recommending risk management strategies and policies for the Board of Director's approval</p> <p>j) Continuously reviewing the risk, especially involving corporate risk on:</p> <ul style="list-style-type: none"> <li>• New Investment</li> <li>• New Project</li> <li>• New Loan/Borrowing</li> </ul> <p>k) The Committee is not responsible for the day-to-day management of risk</p>

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		<p><b><u>Sustainability reporting matter</u></b></p> <p>a) Overseeing the management of principal business risks and significant / material Economic, Environmental and Social risks.</p> <p>b) Ensuring resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets.</p> <p>c) Reviewing disclosures statements relating to Management of Sustainability matters of the Group in Annual Report.</p>
8.	Secretary	<p>The Secretary of the Company shall be the Secretary of the Committee. The Secretary shall in her absence, nominate a minute secretary to record the proceedings of the meeting of the Committee.</p>
9.	Meeting	<p>9.1 Notice of Meeting</p> <p>a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of BRCC.</p> <p>b) The Company Secretary with the concurrence of the Chairman, draw up and circulate the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting of at least five (5) days before the meeting.</p> <p>However, shorter notice may be issued due to the urgency of the matters that need deliberation by the Committee.</p> <p>9.2 Frequency of Meetings</p> <p>The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee considers necessary or appropriate.</p> <p>9.3 Quorum</p> <p>a) The quorum for meetings shall be at least two (2) members, of which one shall be an independent Director.</p> <p>b) In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.</p> <p>c) All or any of the members of the Committee, may participate in a meeting either in person or by means of a teleconference, video conference or any other means of electronic communication equipment, capable of recording and recognizing the participation of the members and allows all persons participating in the meeting to communicate with one another. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.</p>

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9.4	Attendance at meetings	<p>a) The Group Chief Executive Officer and the Risk Officer shall attend the meetings to assist in the deliberations and resolution of matters raised.</p> <p>b) Other Board members, members of the Management or any other person(s) may attend the Committee meeting on the invitation of the Committee.</p>
9.5	Minimum Attendance	Each individual member of the Committee is required to attend at least 50% of the Committee meetings held in each financial year.
9.6	Decision making	All decision shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.
9.7	Minutes of Meeting	<p>a. The Secretary shall minute the proceeding and resolutions of all Committee meetings including the names of those present and in attendance.</p> <p>b. The minutes of each Committee meeting shall be circulated to the Committee's members for approval and adoption at the next Committee meeting and presented to the Board for its notation.</p> <p>c. The original copy of minutes of the Committee meeting shall be kept under the custody of the Company Secretary.</p> <p>d. Any inspection of the minutes of meeting and request for the extract minutes by the Regulator, Auditors or Employee should have prior approval from the Head of Legal and Company Secretary.</p>
10.	Reporting	<p>a) The Chairman of the Committee will report formally to the Board on the key aspects of its proceedings after each meeting. The Committee shall not be delegated with decision making powers but shall report its recommendations to the Board for decision.</p> <p>b) The Committee shall provide, in the Group's annual report, an adequate disclosure about the features of its Sustainability Report and Risk Management and Internal Control framework. The Committee shall also provide a statement about its activities in the discharge of its duties for the financial year.</p>

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		<p>c) The Risk Officer has a direct reporting line to the Chairman of the Committee on matters within the Committee's scope and shall submit a report to the Committee at least twice a year or as and when required.</p> <p>d) The Chairman of the Committee shall attend the Annual General Meeting and shall answer questions, through the Chairman of the Board, on the Committee's activities and responsibilities.</p>
11.	Continuing Education	All members of the Committee should undertake continuous professional development.
12.	Assessment	<p>The Committee shall conduct regular review of its own performance and terms of reference to ensure its effectiveness and recommend any changes to the Board, as it considers necessary and in compliance with any regulations.</p> <p>The Committee shall conduct an assessment to monitor their overall effectiveness in meeting their responsibilities at least annually and report the results of the self assessment to the Board.</p>
13.	Revision of the Terms of Reference ("TOR")	<p>The TOR shall be reviewed at least once every 3 years or as and when necessary.</p> <p>Any revision or amendment to the TOR, as proposed by the Committee shall be presented to the Board for its approval.</p> <p>Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.</p>