



GDB HOLDINGS BERHAD
(1036466-U)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

1. OBJECTIVE

The Risk Management Committee (“the Committee”) was established to act as a Committee of the Board of Directors (“the Board”), with the primary objective to assist the Board in:

- a. carrying out its responsibility of overseeing the risk management framework and policies of the Company and its subsidiary (“Group”);
- 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 it is willing to take in achieving its strategic objectives.

2. COMPOSITION

The members of the Committee shall be appointed by the Board from among its members and shall comprise not less than three (3) members with a majority of them being Independent Directors.

3. CHAIRMAN

The Chairman of the Committee shall be elected from amongst the Committee members. The Chairman of the Committee shall be an Independent Director and approved by the Board.

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.

4. MEETINGS OF THE COMMITTEE

a. **Meetings**

The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. In the event issues requiring the Committee’s decision arise between meetings, such issues shall be resolved through circular resolution. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by members of the Committee pursuant to the Constitution of the Company.

For the Committee's meetings (except in the case of an emergency), prior notice shall be given in writing to all the members of the Committee.

Other Board members, senior management, internal auditors may be invited to attend the Committee meetings.

b. Quorum

A minimum of two (2) members shall form the quorum.

c. Secretary of the Committee

The Secretary of the Committee shall be the Company Secretary of the Company and/or such person(s) appointed by the Committee.

d. Minutes of the Committee Meeting

Every meeting of the Committee must be minuted either by the Company Secretary or any other person approved by the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The Minutes of each meeting signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be evidence of the proceedings that the meeting was duly convened and held.

5. AUTHORITY

The Committee is authorised by the Board to have the resources whichever required to perform its duties within its term of reference, including but not limited to the following:-

- a. have explicit authority to review or investigate any matter within its terms of reference;
- b. to secure full and unrestricted access to any information concerning the Group;
- c. to seek information and communicate directly with the external and internal auditors, directors, management and/or employees of the Group;
- d. to seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary; and
- e. to convene meetings with the external and internal auditors or both without the presence of directors and employees of the company, whenever deemed necessary.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:-

- a. to recommend to the Board the Group's appetite for risk and its policy for risk management.

- b. to recommend and review the implementation of the Group's internal controls and risk management framework.
- c. to review the processes and procedures for ensuring that all material business risks are properly identified and that appropriate systems of monitoring and control are in place.
- d. to receive and review risk management and relevant regulatory information and reports and make recommendations for changes in policies and procedures as and when appropriate.
- e. to consider material breaches of the agreed risk limits, review the actions taken in response, and to prevent a repeat.
- f. to consider the effect on the risks of the Group of material findings of compliance risks, as well as reported breaches and any proposed regulatory changes.
- g. to consider the effect on the risks of the Group of the findings of the internal auditor (if any) or any independent review carried out for the Audit Committee.

7. EXECUTIVE MANAGEMENT RESPONSIBILITIES

The existence of the Committee does not relieve the Managing Director, Executive Directors and Management of their individual responsibility for internal controls and risk management and the Board remains responsible at all times for reviewing the effectiveness of the same notwithstanding the delegation of certain aspects to the Committee.