

# **SCIENTEX BERHAD**

## **RISK MANAGEMENT COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. PURPOSE**

The Risk Management Committee was established on 19 June 2014 to assist the Board of Directors (“the Board”) in maintaining a sound risk management and internal control system as well as reviewing its adequacy and effectiveness and to put in sufficient safeguard to manage the Group’s significant risks in order to safeguard the shareholders’ investments and the Group’s assets.

#### **2. COMPOSITION**

The Risk Management Committee shall be appointed by the Board from amongst the Directors of the Company and a majority of whom who are non-executive and shall also consist of the Managing Director of the Company.

The Board shall also appoint one of the members of the Risk Management Committee as the Chairman.

#### **3. FUNCTIONS, DUTIES AND AUTHORITY**

The Committee shall report to the Board and provide appropriate advice and recommendations on material risk issues, and a risk management system for the timely identification, mitigation and management of such significant risk that may have a material impact on the Group. In so doing, the Committee shall seek to safeguard the interests/investments of the Company’s shareholders and the Group’s assets by:-

- (a) ensuring that Management has in place an effective risk management system to identify, control and minimise risk exposures to the Group; and
- (b) maintaining a close relationship with the Company’s Audit Committee to minimise any overlap of functions with the Audit Committee, which include the review of the adequacy and effectiveness of internal control system, including financial, organizational, operational and compliance controls.

The functions and duties of the Risk Management Committee shall include the followings:-

- (a) To review the risk management and internal control system of the business and the material exposures and strategies to mitigate such significant risks;
- (b) To review the adequacy of the Group’s overall risk assessment processes and the ability of the Group to identify and manage new material risks;

- (c) To review, on an ad-hoc basis, the risk management systems and reporting processes for specific projects or investments;
- (d) To review, on an ad-hoc basis, specific operational segments or divisions of the Group that may be posing unusual significant risks that may have a material impact to the Group and review reports on any material breaches of risk limits and the adequacy of proposed action;
- (e) To oversee the overall compliance with applicable laws and regulations, internal control guidelines and procedures and any other relevant policies of the Group;
- (f) To report to the Board on the adequacy and effectiveness of risk management systems established by Management and the insurance coverage taken by the Group in respect of the transfer of risks and advise the Board on the Group's overall risk tolerance and risk system as and when required.

In carrying out its functions and duties, the Risk Management Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of external consultants or any other professional advice on any matter within its terms of reference where required. The Committee may also request the attendance of any members of other Board's committees and any employee of the Group or other individual at a meeting of the Committee as and when required.

#### **4. MEETINGS AND REPORTING PROCEDURES**

Risk Management Committee meetings are to be held as and when necessary with a minimum of 2 times a year. The quorum for each meeting shall be two (2). All meetings shall be chaired by the Chairman of the Committee.

Notice of the proposed agenda for each meeting will be distributed in a timely manner to the members of the Committee. As a reporting procedure, the secretary of the Committee shall keep the minutes of the proceedings of each meeting and circulate such minutes to the members of the Committee and also to all members of the Board for notation and action, where necessary. The Chairman of the Committee will report to the Board after each Risk Management Committee meeting.