

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE
FAR EAST HOLDINGS BERHAD
[Company No.: 197301001753 (14809-W)]
(Incorporated In Malaysia)

1.0 TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1.1 Objectives

- (a) To assist the Board in overseeing the risk management process within the Group. Proper risk management and internal control are important aspects of a Company's governance, management and operations. Risk management focuses on identifying threats and opportunities while internal control helps counter threats and takes advantage of opportunities. Proper risk management and internal control assist the Board in making the informed decisions about the level of risk that they want to take and implement the necessary controls to effectively pursue Company's objectives;
- (b) To ensure risks which may have a significant impact upon the Group are identified in a manner which would result in its expeditious treatment;
- (c) To provide reasonable assurance to the Group's stakeholders that the probability of attaining its objectives would be enhanced by the establishment of an Enterprise Risk Management framework;
- (d) To establish an environment or platform whereby risk management activities may be effectively undertaken;
- (e) To manage risks by adopting best practice methodologies for the identification, analysis, evaluation, reporting, treatment and monitoring of risks; and

- (f) To provide an assurance regarding the extent of its compliance with regulatory requirements and the policies and procedures contained within.

1.2 Authority

- (a) The Board of Directors is responsible for the Company's risk management and internal control systems. It should set appropriate policies on internal control and seek assurance that the systems are functioning effectively. The Board must also ensure that the system of internal control manages risks and forms part of its corporate culture.
- (b) The Committee is authorised by the Board to investigate any matter within its Terms of Reference, to obtain the resources, which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee or member of the management and all employees are directed to co-operate with any request made by the Committee.
- (c) The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers necessary.

1.3 Membership

- 1.3.1 The Committee should comprise at least three (3) members and a majority of Independent Directors where possible. However a minimum of at least 50% of Independent Directors is acceptable.
- 1.3.2 On an annual basis, the Board shall evaluate the Committee's performance and extent to which the Committee has met the requirements of its Terms of Reference, including the term of office and

performance of the Committee and each of its members. This performance assessment may constitute a part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

1.4 Duties and Responsibilities

1.4.1 In order to fulfil its responsibilities to the Board, the Committee shall:-

- (a) Oversee and recommend the risk management policies and procedure of the Company which will essentially integrate effective governance structures and processes with performance-focused risk management and internal control at every level of the company and across all operations;
- (b) Review and recommend changes as needed to ensure that the Group has in place at all times a Risk Management policy which addresses the strategic, operational, financial, sustainability and compliance risks;
- (c) Implement and maintain a sound Risk Management framework with a robust process in place for identifying, managing, and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes;
- (d) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (e) To review and verify annually the effectiveness of the Company's Risk Management Program and to review the

Company's major risk exposures and the steps management has taken to monitor and control such exposures;

- (f) Provide advice to the board on risk strategies and coordinate the activities of the various standing Board committees for risk management;
- (g) Review the Group and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks;
- (h) Review the process for communicating the Code of Conduct to the staff, and for monitoring compliance therewith;
- (i) Review the effectiveness of measures put in place to combat corruption in the Company; and
- (j) Review the annual Risk Management disclosure which includes a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation and sustainability were evaluated and the controls in place to mitigate or manage those risks. In addition, it should state if the risk management framework adopted by the company is based on an internationally recognised risk management framework.

1.5 Number of Meeting and Quorum

Meetings shall be held at least two (2) times a year with a minimum quorum of two (2) members. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.

In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting.

1.6 Attendance of Meetings

The Committee may invite any other Directors, Senior Executive Director, Chief Operating Officer, External Auditors and senior members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.

1.7 Secretary of the Committee and Minutes

- (a) The Company Secretary shall be the Secretary of the Committee;
- (b) The agenda and relevant papers for the committee meeting must be issued at least five (5) days prior to each of the committee meeting;
- (c) The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee; and
- (d) The discussion and conclusions of the committee meeting shall be minuted in a clear, accurate, consistent, complete and timely manner.

1.8 Reporting to the Board

- (a) The Committee shall report to the Board following each meeting. The report will cover on the matters as set out in the committees' duties and responsibilities.
- (b) The Committee shall assist the Board in preparing the following for publication in the Company's annual report.

1.9 Revision of Terms of Reference

The Terms of Reference shall be reviewed on an annual basis to ensure that it reflects current best practice in corporate governance and risk management. Board approval is required for any changes in the Terms of Reference.

2.0 APPROVAL

This Terms of Reference was reviewed and approved by the Board of Directors on 29 April 2020.