



**GHL Systems Berhad** (293040-D)

Incorporated in Malaysia

**TERM OF REFERENCE**  
**FOR**  
**RISK MANAGEMENT COMMITTEE**

April 2013

## 1. Constitution

The Board of Directors ("Board") of GHL Systems Bhd ("GHL" or "Company") had resolved to establish a Committee of the Board of Directors to be known as the Risk Management Committee ("RMC" or "Committee") on \* .

## 2. Reporting

The Committee shall report to the Audit & Risk Committee ("ARC").

## 3. Composition

The Committee must comprise of at least two members, the Group Chief Executive Officer ("CEO") and the Group Chief Finance Officer ("CFO"). The Chairman of the Committee shall have the right to appoint to and remove from the Committee any other member from the Group's management. The head of the internal audit function of the Company shall be invited to all the Committee's meeting. It is expected that the Group Financial Controller (or equivalent) and the respective country heads (and their CFOs) should normally be members of the RMC.

## 4. Chairman of the Committee

The Chairman ("Chairman") of the RMC shall be the Group CEO. However, the Board may, at its sole discretion, appoint another person to be Chairman in his or her place.

In the event the Chairman is not able to attend a meeting, the Group CFO shall be nominated as Chairman for the meeting.

## 5. Meetings of the Committee

### Frequency

The Committee shall meet at least two (2) times during a year of which one meeting shall cover the first half of the year and another the second half of the year. The Chairman may call for additional meetings of the RMC at his or her discretion but shall do so if requested by the Chairman of the ARC. Prior notice shall be given for the Committee's meetings.

The Committee should use its best efforts for the RMC to meet prior the scheduled quarterly meeting of the ARC so that the Chairman may report its finding and recommendations to the ARC at ARC meeting.

The Committee may, as and when necessary, invite members of the Board and other management to attend the meetings to provide further information or details on matters that are being discussed and deliberated.

#### Quorum

A minimum of two (2) members shall form the quorum, of which one shall be the Group CEO or Group CFO.

#### Secretary of the Committee

The Chairman shall appoint a secretary for the Committee and he or she will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection if required.

A copy of the minutes of RMC meetings shall be provided to the Chairman of the ARC no later than 2 weeks after the meeting being held. Such minutes will be tabled as part of Committee formal report at the next meeting of the ARC.

### 6. Authority

The RMC is authorized by the Board as follows:

- a) Have explicit authority to review or investigate any matter within its terms of reference;
- b) Have the resources which it needs to perform its duties;
- c) 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, the expenses of which will be borne by the Group. In the event that any member of the Committee needs to seek external professional advice in furtherance of his or her duties, he or she shall first consult with and obtain approval of the Chairman of the Committee.
- d) The Chairman will have unrestricted access to the Audit & Risk Committee.

### 7. Duties and Responsibilities

The RMC is the vehicle through which management implements the processes for identifying, evaluating, monitoring and reporting of risks and internal controls, taking appropriate and timely corrective actions as needed and for providing periodically, assurance to the Board, via the ARC, that the processes have been adequately and effectively carried out.

The responsibilities of the RMC include:

- i. To protect the Group corporate assets and ensure its continued ability to meet or exceed its business strategies and objectives;
- ii. To ensure that the Company is in compliance with Bursa Malaysia's Main Market Listing Requirements in so far as they relate to Corporate Governance and Risk Management and that such requirements are properly and periodically communicated to senior management;

- iii. To establish proper processes exists for determining, monitoring and reviewing the risk profile of the Group and the proper communication of this to the relevant business units;
- iv. To establish risk policies and procedures;
- v. To establishing process for identifying, evaluating and addressing risks in a timely manner;
- vi. To establish process for monitoring internal controls and risk management and to provide reasonable assurance that they continue to operate as intended and are modified as business conditions change;
- vii. To ensure that the risk management and control framework is embedded into the culture, processes and structures of the Group;
- viii. To continuously assess the adequacy of infrastructure, resources and systems for effective risk management;
- ix. To report periodically to the ARC:
  - a) The business risks that have impacted or likely to impact the Group; and
  - b) The effectiveness of the risk management and internal control systems in mitigating those risks;
- x. The Group CEO and Group CFO shall at least annually provide assurance to the Board, based on the RMC's assessments, on whether the risk management and internal control systems of the Group have been adequate and effective in all material aspects during the year under review and up to the date of approval of the Statement on Risk Management and Internal Control for including in the annual report.

#### 8. Revision and updates

This Term of Reference will be reviewed and updated at least once a year to ensure it remains consistent with the Boards and Committee's objectives and responsibilities.

This Term of Reference is approved by the board and adopted by the Committee effective from 8 April 2013.