

## **BP PLASTICS HOLDING BHD (644902-V)**

### **TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE**

#### **1. OBJECTIVE**

The Risk Management Committee (“**RMC**”) is a committee of the Board of Directors (“**Board**”) of BP Plastics Holding Bhd (“**BPPLAS**”). The RMC supports the Board by setting and overseeing the risk management framework and activities of the BPPLAS Group of Companies (“**Group**”), and regularly assessing the Group’s risk management processes to ascertain their adequacy and effectiveness. The principal objective of the RMC is to assist the Board in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets.

#### **2. COMPOSITION AND APPOINTMENT**

- 2.1 The RMC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members who must be Non-Executive Directors, the majority of whom shall be Independent Directors.
- 2.2 No alternate Director shall be appointed as a member of the RMC.
- 2.3 The Chairman of the RMC shall be an Independent Director appointed by the Board.
- 2.4 In the event of any vacancies arising in the RMC resulting in the number of members of the RMC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancies.
- 2.5 Collectively, the RMC shall have a wide range of necessary skills and knowledge to undertake its duties and responsibilities, and are expected to be familiar with the areas of risk management.

#### **3. AUTHORITY**

The RMC is authorised by the Board and at the expense of the Group to perform the following:-

- 3.1 Secure the resources in order to perform its duties as set out in its terms of reference.
- 3.2 Have direct communication channels with and unrestricted access to Management including without limitation, its information, records, reports, properties and personnel.
- 3.3 To be assisted by the Management-level Risk Management Committee (“**MRMC**”) to perform duties as necessary to support the RMC in discharging its functions and duties. The Chairman of MRMC is accountable to the RMC and shall have direct access to the Chairman of the RMC, if necessary.
- 3.4 Obtain external legal or other independent professional advice as necessary.

#### **4. FUNCTIONS AND DUTIES**

The main functions and duties of the RMC shall include but are not limited to the following:-

- 4.1 Provide oversight, direction and counsel to the Group's risk management process which includes the following:-
  - 4.1.1 Establish the Group's Enterprise Risk Management ("ERM") framework based on an internationally recognised risk management framework.
  - 4.1.2 Review and approve the inclusion of revisions to the risk management principles, framework processes arising from the RMC's or the Board's decision to ensure they remain relevant for use.
  - 4.1.3 Review the Group's Risk Profile, including the Group's level of risk tolerance and ensure that all significant risks that are outside tolerable ranges are being responded with appropriate management action plans taken in a timely manner in mitigating the significant risks identified.
- 4.2 Establish and periodically review the Group's risk management policies, and ensure the compliance and integration of the necessary risk management processes into all business processes of the Group by Management.
- 4.3 Recommend for the Board's approval the Group's ERM framework, risk management policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto.
- 4.4 Review the minutes of meetings of the MRMC and be satisfied that all matters arising therefrom are being appropriately addressed by the MRMC.

#### **5. MEETINGS**

- 5.1 The RMC shall meet at least two (2) times in a year. The RMC may call such additional meetings as the Chairman decides are necessary for the RMC to fulfil its obligations.
- 5.2 The Managing Director, Executive Directors, Chairman of MRMC and Risk Manager shall attend meetings of the RMC. Other members of Management may attend the meetings by invitation of the RMC.
- 5.3 A notice of each meeting confirming the date, time, venue and agenda together with the relevant meeting papers/documents/information shall be forwarded to the RMC members and all those who are required to attend the meeting at least five (5) working days before the date of the meeting.
- 5.4 The quorum for a meeting of the RMC shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.
- 5.5 A meeting of the RMC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the RMC. A member of RMC may participate

in a meeting of RMC by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

- 5.6 All resolutions of the RMC shall be adopted by a simple majority vote, each member having one vote. A RMC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

## **6. MEETING MINUTES**

- 6.1 Minutes of each RMC meeting shall be kept at the registered office and shall be distributed to all RMC members and also to the other members of the Board. The minutes shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 6.2 The RMC, through its Chairman, shall update the Board on the activities undertaken by the RMC at each Board meeting.

## **7. CIRCULAR RESOLUTIONS**

The RMC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a circular resolution in writing, in lieu of formally convening a meeting. The circular resolution in writing signed or approved by letter, electronic mail, telex or telefax or other form of electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "Risk Management Committee Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one or more members.

## **8. SECRETARY**

- 8.1 The Secretary of the RMC shall be the Company Secretary or his / her representative or a person recommended by the Company Secretary and approved by the Board.
- 8.2 The Secretary shall be responsible for keeping the minutes of meetings of the RMC, circulating them to members of the RMC and to the other members of the Board and for following up on outstanding matters.

## **9. REVIEW OF THE TERMS OF REFERENCE**

The RMC shall recommend any changes to its terms of reference in such manner as the RMC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary, to reflect the current best practice in corporate governance and risk management, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RMC's role.