

GADANG HOLDINGS BERHAD (278114-K)

TERMS OF REFERENCE OF THE BOARD RISK COMMITTEE

1. Objectives

The objectives of the Board Risk Committee (“BRC”) are threefold:

- a) To ensure that the enterprise risk management framework is consistently adopted throughout the group and is within the parameters established by the Board;
- b) To ensure that risk management is embedded in the business operations;
- c) To ensure compliance with external requirements such as the Bursa Malaysia Securities Berhad’s Statement on Risk Management & Internal Control and Securities Commission Malaysia’s Malaysian Code on Corporate Governance.

2. Authority and Scope

The BRC has delegated authority from the Board with a remit that encompasses risk management policy and risk management activities within the Group including compliance with the risk management policy. The BRC reports to the Board.

3. Composition

The BRC comprises a majority of independent directors.

4. Frequency of meeting

- a) The BRC shall meet on a quarterly basis. However, additional meetings may be called at any time at the BRC Chairman’s discretion.
- b) A quorum shall consist of two (2) members and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the independent members present.

5. Roles & Responsibilities

- a) Ensure implementation of the Risk Management Policy.
- b) Determine that there is a robust process in place for identifying, managing, monitoring and reporting of critical risks; oversee execution of the process; and ensure it is continuously improved as the business environment changes.
- c) Provide timely input to management on critical risk issues.
- d) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise.
- e) Oversee the conduct and review the results of company-wide risk management, including the identification and reporting of critical risks.
- f) Oversee the management of certain risks, with regard to the complexity and significance of these risk exposures.
- g) Provide advice to the board on risk strategies and coordinate the activities of the various standing board committees for risk oversight.
- h) Promote a healthy risk awareness culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process.
- i) Provide assurance to the Board to support the statement on risk management and internal control in the company’s annual report.
- j) Evaluation of risks for proposed investments or expansion into new markets e.g. overseas, new geographical area etc. before submission to the Board.
- k) Evaluate any other investments/proposals not under the normal operational decision-making process.
- l) Review proposals/feasibility studies/sensitivity analysis prepared by project sponsor to ensure all risks are considered.

6. Secretary

The Company Secretary shall be the Secretary for the BRC.