

S P SETIA BERHAD

**RISK MANAGEMENT
COMMITTEE**

TERMS OF REFERENCE

INTRODUCTION

This is the Risk Management Committee terms of reference for S P Setia Berhad and Group of Companies (“Group”).

The Risk Management Committee (“Committee”) is appointed by the Board of Directors of the Group for the purpose of overseeing the risk management process within the Group.

The terms of reference governs the processes of the Committee and outlines the procedures and guidelines in relation to its risk governance role.

RISK MANAGEMENT COMMITTEE

The Board of Directors has the overall responsibility for risk oversight and risk management within the Group. As a committee of the Board, the Committee is responsible to the Board for:

- i. leading the Group’s strategic direction in the management of the Group’s business risks;
- ii. oversight on the establishment and implementation of a risk management framework;
- iii. reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and direct the risk culture and processes throughout the Group to take advantage of opportunities while managing and monitoring risks that may adversely affect the Group’s achievement of its business objectives.

COMPOSITION

The Committee shall comprise at least three members, at least two of whom must be independent non-executive directors. The Board shall appoint an independent non-executive director from amongst one of these members as the Chairman of the Committee. If a member retires or resigns from his position, that member ceases to be member of the Committee. The Board may appoint a successor.

FREQUENCY OF MEETINGS

The Committee shall meet at least 4 times a year. The Committee may call such additional meetings as the Chairman decides are necessary for the Committee to fulfil its obligations.

AGENDA

The Chairman shall review the agenda for each Committee meeting prior to its issue. A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to the Committee seven (7) days before the date of the meeting.

ATTENDANCE AT MEETINGS

The Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”), Chief Financial Officer (“CFO”) and Executive Vice Presidents (“EVPs”) shall attend the Committee meetings. Other senior management team may attend the meeting upon the invitation of the Committee. The Committee may obtain external professional advice and assistance to enable it to discharge its duties as it considers appropriate.

The Company Secretary shall be the secretary of the Committee.

QUORUM

The quorum for the meeting shall be two (2) Committee members.

MINUTES

Minutes of the proceedings of Committee meetings shall be recorded by the Secretary, approved in draft form by the Chairman and circulated to all the Committee members. Wherever possible, minutes of the Committee meetings will be confirmed at the next meeting and signed by the Chairman.

DUTIES AND RESPONSIBILITIES

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

- i. Oversee and recommend the risk management policies and procedures of the Company;
- ii. 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 and compliance risks;
- iii. Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group’s business risks;
- iv. Set reporting guidelines for management to report to the Committee on the effectiveness of the Group’s management of its business risks;
- v. Review the Group and its subsidiaries’ risk profiles and evaluate the measures taken to mitigate the business risks.

The Committee is to review its duties and responsibilities on an annual basis.

REPORTING TO THE BOARD

The Committee shall report to the Board following each meeting. The report will cover on the matters as set out in the Committee's duties and responsibilities.

ACCESS TO INFORMATION

The Committee can seek information directly from the Group's employees or external party, including the Group's auditors and other professional advisers.

REVIEW

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 term of reference.

The Risk Management Committee terms of reference has been approved by:

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Tun Dato' Seri Zaki Bin Tun Azmi
Chairman of the Board of S P Setia Berhad
Dated: