



**DELEUM**

**TERMS OF REFERENCE  
OF  
BOARD RISK COMMITTEE**

**REVISION NO: 05/2022**

**DELEUM BERHAD**

**Terms of Reference of the Board Risk Committee**

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**1.0 AIM OF THE BOARD RISK COMMITTEE**

The purpose of the Board Risk Committee (“the Committee”) of Deleum Berhad (“Deleum” or “Company”) is to assist the Board in fulfilling its corporate governance oversight responsibilities with regards to the risk management, compliance (integrity & ethics), sustainability, and investment related matters and ensure they are effectively managed, which aligned to Company’s strategy.

**2.0 OBJECTIVES OF THE COMMITTEE**

The objective of the BRC is to assist the Board of Directors (“the Board”) of the Company in the following matters:

- 2.1 Overseeing the implementation of the risk management (including business continuity management) framework, policies and procedures in identifying and managing risks across the Company’s business operations, including growth / investment opportunities.
- 2.2 Overseeing the Company’s governance and compliance matters (issues of corruption, fraud, malpractices, and unethical conduct) by the formulation of good governance, ethical and integrity culture within the Company.
- 2.3 Assisting the Board on whistleblowing management by providing avenues for legitimate concerns to be objectively investigated and addressed.
- 2.4 Overseeing the sustainability matters in relation to the sustainability strategy, implementation and performance around the sustainability material matters including the climate change related matters.

**3.0 SCOPE OF THE COMMITTEE**

The Committee has delegated authority from the Board with a remit that encompasses all sustainable development and risk management activities within the Group including compliance with the sustainability and risk management strategies.

The Committee provides a platform for a focused consideration and deliberation of risk issues arising from any aspect of the Group’s activities that could expose the Group to unacceptable risks.

The Committee is to consider and deliberate on risk issues, risk policies, risk management strategies and the risk management framework.

Terms of Reference of the Board Risk Committee

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**4.0 COMPOSITION OF THE COMMITTEE**

- 4.1 The Board shall appoint the Members of the Committee which shall comprise at least three (3) directors of whom majority shall be Independent Directors.
- 4.2 The Secretary of the Committee shall be the Company Secretary.
- 4.3 The Chairman of the Committee shall be an Independent Director.
- 4.4 All Members shall hold office only for so long as they serve as Directors of the Company.

**5.0 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The key objectives of the Committee include assisting the Board to understand risks which may impact the Group from meeting its business objectives encompassing:

- impacting the Group's performance.
- affecting sustainability matters or issues including the health, safety or welfare of employees, community and environment in which the Group operates.
- compliance with rules, regulations and contractual obligations.
- impact on the Group's reputation or that of employees.

- 5.1 The following are the main duties and responsibilities of the Committee collectively, which are not exhaustive and can be augmented if necessary with the Board's approval:-

- 5.1.1 To review the Group risk appetite and key risks, and to establish and monitor the effectiveness of the risk management framework, systems, plans, processes and controls for identifying, evaluating, monitoring and reporting of risks which includes new and emerging risks. Risk appetite is defined as the level and type of risk a company is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

For this purpose, Deleum's risk appetite is derived based on the Project Risk Management Guidelines criteria which is set at 25% (Moderate Risk) of Deleum's Net Tangible Asset.

- 5.1.2 To oversee that the Management team has identified and assessed the risks that the Group faces and had established a risk management infrastructure that is capable of addressing those risks.

- 5.1.3 To review the risk assessment report for projects which are deemed significant and to meet the criteria set under the Project Risk Management Guideline and thereafter update /advise the Board on the outcome of the assessment.
- 5.1.4 To review and assess prospective investment opportunities, as well as divestments, presented by Management, taking into account of factors such as strategic rationale, return on investment, resource requirements of those prospects, the adequacy of the due diligence undertaken by Management, and the identified risks associated with it together with any proposed mitigating actions / control measures in addressing said risks.
- 5.1.5 To ensure that continuous risk assessment and monitoring of key risk indicators and exposures are performed by Management and that adequate risk mitigation processes, action plans and controls formulated and implemented by Management are functioning effectively.
- 5.1.6 In carrying out its oversight responsibilities, each Committee member shall be entitled to rely on the integrity and expertise of those persons providing information to the Committee and on the accuracy and completeness of such information, to the best of their knowledge.
- 5.1.7 To make the necessary recommendations to the Board on risk management and control, where appropriate.
- 5.1.8 To update the Board on the activities of the Committee at its quarterly meetings.
- 5.1.9 The Committee may meet in joint sessions with the Audit Committee of the Board from time to time to discuss areas of common interest and significant matters including, but not limited to, major investment portfolio issues, frauds, major regulatory enforcement actions, major litigation or whistleblower matters, cybersecurity and systemic technology issues.
- 5.1.10 To oversee and recommend the Business Continuity Management Framework, policies and best practices of the Group based on internationally recognized standards and relevant regulations;
- 5.1.11 To oversee the Group-wide development and implementation of sound and effective business continuity.
- 5.1.12 To review and recommend the Group's compliance (integrity & ethics) related framework, policy and procedure based on internationally recognized standards and relevant regulations.

- 5.1.13 To review and recommend the whistleblowing policy and investigation procedures for implementation by the Group.
- 5.1.14 To oversee management of complaint via whistleblowing reporting channels, investigation process and outcome; and overall compliance (integrity & ethics) process and practices within the Group.
- 5.1.15 To conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from external legal expertise or other advisory parties, as necessary, to perform its duties and responsibilities.
- 5.1.16 To provide oversight and guidance on the establishment, implementation and performance of the Group's sustainability including the climate change related matters, strategies, priorities, goals, targets, initiatives, practices, and propagation of awareness, and recommend to the Board for approval.
- 5.1.17 To evaluate overall sustainability risks and opportunities, including climate change related risks and opportunities.
- 5.1.18 To review sustainability, risk and compliance related disclosure statements in Annual Report, website or any public documents and recommend to the Board for approval.

## **6.0 COMMITTEE MEETINGS**

- 6.1 The Committee shall convene meetings regularly as and when required provided that the Committee shall meet at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
- 6.2 The quorum for each meeting shall be at least two members with majority of the attending members being Independent Directors. No business shall be transacted at any meeting of the Committee unless a quorum is present.
- 6.3 The Chairman of the Committee or any other member of the Committee through the Secretary shall at any time summon a meeting of the Committee by giving three (3) days' notice.
- 6.4 The Chairman of the Committee shall chair the Committee meetings and in his absence, the remaining Members present shall elect one of the other members who shall be an Independent Director to chair the meeting.
- 6.5 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting.

- 6.6 The Secretary shall prepare the minutes of the meeting and distribute to each member. The minutes of the meeting shall be confirmed and signed by the Chairman of the Committee.
- 6.7 The minutes of each meeting shall be entered into the minutes' book kept at the registered office of the Company under the custody of the Company Secretary.
- 6.8 The Committee may deal with matters by circular resolution in lieu of convening a formal meeting.
- 6.9 Appropriate officers of the Company or professional advisers may be invited to attend the meetings where the Committee considers their presence necessary.

## **7.0 REVIEWS**

- 7.1 The Terms of Reference shall be reviewed periodically, or when deemed necessary and updated or revised as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements.
- 7.2 Any revision or amendment to these Terms of Reference shall be subject to the approval of the Board.
- 7.3 Upon the Board's approval, the said revision or amendment shall form part of these Terms of Reference and these Terms of Reference shall be considered duly revised and amended.
- 7.4 The performance of the Committee will be reviewed annually conducted by the Company Secretary.