



CENSOF HOLDINGS BERHAD
[Registration No. 200801026945 (828269-A)]

TERMS OF REFERENCE OF THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

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- *Terms of Reference of the Risk Management and Sustainability Committee*

1. Objectives

1.1. The Risk Management and Sustainability Committee (“**RMSC**” or “**the Committee**”) was formed by the Board of Directors (“**the Board**”) of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

- (a) evaluate the Group’s level of risk tolerance, risk appetite and risk profile;
- (b) assess and monitor risks to be within its risk appetite; and
- (c) review the Company’s internal controls and engage with management to periodically test the adequacy and effectiveness of the risk management framework and internal control system.

2. Composition

2.1. The RMSC shall be appointed from amongst the Board and shall:

- (a) comprise no fewer than three (3) members;
- (b) comprise a majority of whom are independent;
- (c) elect a Chairman from its members. The Chairman shall be an Independent Non-Executive Director and is not the Chairman of the Board.

2.2. In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three (3), the Board shall upon the recommendation of the Nominating and Remuneration Committee to fill the vacancy within three (3) months. Therefore a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

3. Quorum and Meeting Procedures

3.1. The Committee shall meet at least twice (2) in each financial year. More meetings may be conducted if necessary.

3.2. The quorum for a meeting of the Committee shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting among the members present.

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- 3.3. The secretary of the Company or his/her representative shall act as the secretary of the Committee ("**the Secretary**"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.
- 3.4. The Secretary shall also be in attendance at each Committee meeting and responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and other members of the Board.
- 3.5. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 3.6. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

4. Advisers

- 4.1. The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group at the expense of the Company as and when it considers necessary in the discharge of its responsibilities.

5. Responsibilities and Duties

- 5.1. In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-
 - (a) review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems and assess the resources and knowledge of the management and employee involved in the risk management process.
 - (b) review the risk profile of the Group (including risk registers) and the Risk Management team's plans to mitigate business risks as identified from time to time.

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- (c) review the effectiveness of internal control systems deployed by the management to address those risks.
- (d) review and recommend the corrective measures undertaken to remedy failings and/or weakness.
- (e) review and recommend risk management strategies and policies.
- (f) review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring, mitigating, and controlling risk and the extent to which these are operating effectively.
- (g) ensure adequate infrastructure, resources and systems are in place for risk management.
- (h) review periodic reports from the management on risk exposure, risk portfolio composition and risk management activities.
- (i) review and recommend new policies or changes to policies, and to consider their risk implications including the procedures in place by management to prevent and detect fraud such as cyber fraud.
- (j) review the impact of risk on capital adequacy and profitability under normal and stress scenarios.
- (k) review and evaluate the various processes and systems engaged by the Company and to ensure that they are conducted within the standards and policies as set by the Board.
- (l) assess the adequacy of the business recovery/disaster recovery procedures.
- (m) To oversee the processes, framework and strategies designed to manage environmental, social and governance risks, covering matters such as the Company's reputation, health, safety, environment performance and other relevant sustainability matters.
- (n) oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance.
- (o) provide reporting and update the Board on key risk management issues.

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- (p) to review the statement with regard to the statement of risk management and internal controls, and Sustainability Statement and Report of the Company for inclusion in the Annual Report and report the same to the Board.
- (q) to review and monitor the Group's sustainability key performance against the sustainability strategies and targets.

6.2 The Chairman of the Committee shall engage on a continuous basis with Executive Directors, Senior Management, internal auditors and the external auditors in order to be kept informed of matters affecting the Group.

6. Monitoring, Periodic Review and Disclosure

6.1. This Terms of Reference should be reviewed annually by the RMSC.

6.2. Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

6.3. The Terms of Reference should be disclosed on the Company's website.