



DELEUM

TERMS OF REFERENCE

OF

BOARD RISK COMMITTEE

REVISION NO: 3/17

**Approved by the Board of Directors of Deleum Berhad
on 22nd August 2017**

DELEUM BERHAD

Terms of Reference of the Board Risk Committee

1.0 AIM OF THE BOARD RISK COMMITTEE (BRC)

The purpose of the Board Risk Committee of Deleum Berhad (the "Company") is to assist the Board in fulfilling its corporate governance oversight responsibilities with regards to the identification, evaluation and mitigation of enterprise wide risks and ensure they are effectively managed.

2.0 OBJECTIVES OF THE BRC

2.1 To provide a forum for identifying risk issues through establishment of appropriate processes and systems by:

- 2.1.1 Viewing risks in a holistic manner;
- 2.1.2 Having focused deliberation on risk management issues;
- 2.1.3 A central resource for risk socialization.

2.2 Oversee risk management by:

- 2.1.1 Monitoring key risk indicators, assess adequacy of risk management processes;
- 2.1.2 Reporting key risk issues to the Board on a timely basis.

3.0 SCOPE OF THE BRC

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

4.0 COMPOSITION OF THE COMMITTEE

- 4.1 The Committee members, who reports directly to the Board, is to be appointed by the Board from among a majority of whom must be independent, which shall comprise of three directors.
- 4.2 The Secretary of the Committee shall be the Company Secretary.
- 4.3 The Chairman of the Committee shall be an Independent Non-Executive 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 BRC include assisting the Board to understand risks which may impact the Group from meeting its business objectives encompassing:

- impacting the Group's performance.
- affecting health, safety or welfare of employees.
- compliance with rules, regulations and contractual obligations.
- impacting community and environment in which the Group operates.
- 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 identify, review and evaluate the risks facing the Group and to review the adequacy of the Group's processes and procedures to identify and mitigate key organisational risks.

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- 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 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.
- 5.1.5 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.
- 5.1.6 To make the necessary recommendations to the Board on risk management and control, where appropriate.
- 5.1.7 To update the Board on the activities of the Committee at its quarterly meetings.
- 5.1.8 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.
- 5.1.9 The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

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 two members.
- 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.

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- 6.4 No business shall be transacted at any meeting unless a quorum is present.
- 6.5 The Chairman of the Committee shall chair the Committee meetings and in his absence, the remaining Members present shall elect one of the other independent members to chair the meeting.
- 6.6 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.
- 6.7 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.
- 6.8 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.
- 6.9 The Committee may deal with matters by circular resolution in lieu of convening a formal meeting.
- 6.10 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 BRC will be reviewed annually conducted by the Company Secretary.