

IOI PROPERTIES GROUP BERHAD

Company Registration No. 201301005964 (1035807-A)

RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

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1. MEMBERSHIP

The Risk Management Committee (“RMC”) shall be appointed by the Board of Directors (the “Board”) from amongst the Directors and shall consist of no fewer than three (3) members, with a majority of whom are Independent Non-Executive Directors.

The RMC shall elect a Chairman from among its members who is an Independent Non-Executive Director.

In the event that a member or the Chairman of the RMC resigns, dies or for any other reason ceases to be a member or Chairman with the result that the number of members is reduced below three (3) or there is no Chairman in the RMC, the Board of Directors shall, within three (3) months of that event, appoint such number of new members or Chairman.

2. OBJECTIVES

The primary objectives of the RMC are to:

- 2.1 Oversight on the establishment and implementation of a risk management framework and the effectiveness of risk reporting structure.
- 2.2 Review 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.
- 2.3 Review and recommend strategies, policies and risk tolerance for the Board’s approval.

3. AUTHORITY

The RMC is authorised by the Board to:

- 3.1 Investigate any matter within its terms of reference and have full and unrestricted access to any information pertaining to the Company and the Group.
- 3.2 Have direct communication channels with Group Risk Management (“GRM”).
- 3.3 Full access to any employee or member of the management.
- 3.4 Instruct GRM to perform duties as necessary to support the RMC in discharging its function and duties. The Head of GRM is accountable to the RMC and shall have direct access to the Chairman of RMC.

The RMC is also authorised by the Board to have access to all the resources and to obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the RMC will need to undertake the following duties and responsibilities summarised below:

- 4.1 To conduct an annual review and periodic testing of the Group's risk management framework and to ensure the risk management framework adopted by the Group is based on an internationally recognised risk management framework.
- 4.2 To establish and review the Group risk management guidelines and policies and ensure implementation and compliance of the objectives outlined in the Terms of Reference.
- 4.3 To recommend for the Board's approval the policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto.
- 4.4 To review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.
- 4.5 To review the adequacy of the scope, functions, competency and resources of the GRM and ensure that it has the necessary authority to carry out its work.
- 4.6 To evaluate the effectiveness of the GRM structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks and to ensure it is continuously improved as the business environment changes.
- 4.7 To review the status of the implementation of management action plans in mitigating significant risk identified.
- 4.8 To engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise.
- 4.9 To review all major investment, which is above 10% of the market capitalisation or above RM100 million or equivalent quantum as stated in the Investment/ Development Contract/Capital Expenditure (CAPEX) Policy, in particular in the following:-
 - 4.9.1 Evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment.
 - 4.9.2 Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment.
 - 4.9.3 Monitor the execution/operationalisation of investments and highlighting key risks to the Board as relevant.
 - 4.9.4 Review the effectiveness of risk mitigating actions post approval for major investments based on GRM assessment, and reporting the same to the Board.
 - 4.9.5 Review actual financial and operational performance of investments against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board.

- 4.10 To review the statement on risk management for disclosure in the Group's Annual Report.
- 4.11 To conduct investigation on any matters within this terms of reference as authorised by the Board.

5. CONDUCT OF MEETINGS

5.1 Frequency and Attendance

- 5.1.1 The RMC shall meet at least two (2) times a year. Additional meetings shall be scheduled as considered necessary by the Chairman of the RMC.
- 5.1.2 The Head of GRM shall attend meetings of the RMC as a permanent invitee. Other members of management may attend the meetings by invitation of the RMC.
- 5.1.3 The RMC shall meet with the Head of GRM without executive board members present at least twice a year. The RMC may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised.

5.2 Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

5.3 Meeting Mode

- 5.3.1 Meetings of the RMC ("RMC meetings") may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the RMC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- 5.3.2 Minutes of all RMC meetings shall be confirmed by the RMC Chairman or Chairman of the meeting and circulated to all members.
- 5.3.3 The RMC may pass resolutions by circulation. A resolution in writing signed by a majority of RMC members, shall be as valid and effectual as if it had been passed at a meeting of the RMC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

5.4 Voting

In the event of an equality of votes, the Chairman shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

6. ATTENDANCE AT ANNUAL GENERAL MEETING

The RMC Chairman (or in his absence, an alternative member of the RMC) shall attend the Annual General Meeting of the Company.

7. SECRETARY AND MINUTES

The Company Secretary shall be the secretary of the RMC and as a reporting procedure, the minutes shall be circulated to all members of the Board.

8. REVIEW OF THE TERMS OF REFERENCE

The RMC with GRM may review the Terms of Reference of the RMC annually or as and when deemed necessary.

Approved and adopted by the Board of Directors on 23 February 2018.