

PACIFIC & ORIENT BERHAD

RISK MANAGEMENT COMMITTEE

CHARTER

1. CONSTITUTION

The Risk Management Committee was established on 29th November 2017 as a standing committee of the Board of Directors. The functions and authority of the Committee extend to Pacific & Orient Berhad and all its subsidiaries, collectively referred as “the Group”.

2. OBJECTIVES

2.1 The primary responsibility of the Committee is to assist the Board to oversee the enterprise risk management framework approved by the Board. This includes:

- a) Overseeing the senior management’s activities in identifying and assessing all key risks that the Group faces and in establishing a risk management framework capable of addressing those risks effectively.
- b) Recommending the enterprise risk management framework for the full Board’s approval.

3. MEMBERSHIP

3.1 The members of the Committee shall be appointed by the Board of Directors from amongst the Non-Executive Directors of the Company and shall consist of not less than three (3) members.

3.2 The Committee shall consist of a majority of Independent Directors.

3.3 The members of the Committee shall elect a Chairman, who must be an Independent Director, from among their number. In the absence of the Chairman, the members present may nominate and elect one of them to Chair the meeting.

3.4 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members, who must be non-executives.

4. MEETINGS

- 4.1 The quorum for a Committee meeting shall be at least two thirds of the members of which the majority shall be Independent Non-Executive Directors. For purpose of determining whether the quorum for the transaction of the business of the Committee exists in the case of a meeting of the Committee, in addition to the members present at the meeting, any member in telephonic, video conferencing or electronic communication with such meeting shall be counted in the quorum.
- 4.2 The Committee shall hold regular meetings, at the minimum once every quarter, or more frequently as circumstances dictate.
- 4.3 The Company Secretary shall act as the Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- 4.4 Briefing materials will be provided to the Committee as far in advance of meetings as practicable.
- 4.5 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee and thereafter to circulate the minutes to the Committee members and other Board members.
- 4.6 In addition to the availability of detailed minutes of the Committee's meetings to all Board members, the Chairman of the Committee, at each Board meeting, will report a summary of significant matters and resolutions.
- 4.7 Personnel involved in the management of risk shall attend all meetings of the Committee to provide it with relevant input and reporting.
- 4.8 Other personnel may be invited to attend the meetings to assist the Committee to make effective decisions.

5. RIGHTS AND AUTHORITY

- 5.1 The Committee is authorised to:
 - a) Have adequate resources required to perform its duties.
 - b) Have full and unrestricted access to information, records and documents relevant to its activities.

- c) Have the authority to meet with and seek any information it requires from employees, officers and Directors of the Company and the Group as well as with the External Auditors.
- d) Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

5.2 The Committee shall report to the full Board.

6. FUNCTIONS

6.1 The Committee is responsible for the following:

- a) Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval.
- b) Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
- c) Ensuring adequate infrastructure, resources and systems are in place for an effective risk management, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's and the Group's risk taking activities.
- d) Monitoring the Company's and the Group's risk profile - their on-going and potential exposure to risks of various types.
- e) Overseeing the effectiveness of risk management action plans developed by management to address key risks identified.
- f) Reviewing and assessing the effectiveness of the Company's enterprise-wide risk assessment processes and recommend improvements, where appropriate.

6.2 The Committee shall ensure the preparation of the following information for inclusion in the corporate governance disclosures in the Company's Annual Report:

6.2.1 For inclusion in the "Statement on Corporate Governance":

- a) The membership of the Committee.
- b) The responsibilities of the Committee.

- c) The number of Committee meetings held in a year together with the number of meetings attended by each member of the Committee.
- d) An explanation on any departure from the established terms of reference of the Committee and circumstances justifying such departures.

6.2.2 For inclusion in the “Statement on Risk Management and Internal Control” of the Company as a Group in respect of the financial year:

- a) The main features of risk management and internal control systems.
- b) The process of identifying, evaluating and managing significant risks.
- c) The process applied by the Company in reviewing the risk management and internal control systems.

7. CHARTER REVIEW

7.1 The Committee shall review the Charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements.

7.2 The Charter shall be submitted to the full board for approval after each review.