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SKP RESOURCES BHD

[Registration No. 200001021690 (524297-T)]
(Incorporated in Malaysia)

Risk Management Committee Charter

1. INTRODUCTION

Enterprise Risk Management is defined as a process, affected by an entity's Board of Directors, Management and other personnel, applied in a strategic setting and across the enterprise. It is designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

2. PURPOSE

The Board of Directors (the "**Board**") via the Risk Management Committee ("**RMC**" or the "**Committee**") has constituted a Risk Management Working Group (the "**RMWG**"). The purpose of the formation of this Group is to assist the RMC in fulfilling its oversight responsibilities with respect to the Group's risk management processes, including the assessment of key strategic and operational risks.

Also, to comply with the Malaysian Code of Corporate Governance ("**MCCG**") recommendations and Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") that require listed companies to establish a risk management committee.

3. COMPOSITION OF MEMBERS

(i) Composition of the RMC

Based on the recommendation of the MCCG, the majority of the Committee should comprise of Independent Director. In this case, The Board of Directors (the "**Board**") of SKP Resources Bhd ("**SKP**") shall appoint the RMC members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be Non-Executive Directors, with a majority of Independent Directors.

The Committee may form and delegate authority to one or more subcommittees (including a Sub-Committee consisting of a single member), as it deems appropriate from time to time under the circumstances. A sub-committee is formed on an ad-hoc basis to address or monitor a risk issue.

(ii) Criteria for selection

Members of the Committee need to have the will to deliberate issues, rationally, objectively and practically. Secondly, the Members shall not be worried of "witch-hunt" or suppression by fellow Directors in discharging their responsibilities.

4. REPORTING

The RMC shall report to the Board of Directors the proceedings, findings and recommendations discussed at each meeting and on any specific matters referred to it by the Board.

5. QUORUM

The quorum for all meetings of the RMC shall not be less than two (2) members, where the members present shall comprise a majority of Independent Directors.

6. MEETINGS

The RMC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least four (4) times per year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

Notice of RMC Meetings shall be given to all the RMC members at least seven (7) days prior to each meeting unless the Risk Management Committee waives such requirement.

Questions arising at any meeting of the RMC shall be decided on a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Meeting shall have a second or casting vote.

the Board or the Audit Committee shall normally be invited to attend the meetings. Other Management members, RMWG and Internal Auditor ("IA") maybe be invited to attend as and when required by the RMC.

7. SECRETARY

The Company Secretary of the Company shall be the Secretary of the RMC and shall provide the necessary administrative and secretarial services for the effective functioning of the RMC. The draft minutes shall be circulated to the RMC members for comment and the signed minutes shall be tabled at the subsequent RMC meeting.

8. CIRCULAR RESOLUTIONS

A resolution in writing signed by all of the RMC members for the time being shall be as valid and effectual as if it had been passed at a Meeting of the RMC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more RMC members. Any such document, may be accepted as sufficiently signed by a RMC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a RMC member.

9. FUNCTION

The Board has defined the roles and responsibilities of RMC. This is to ensure that risk management framework is in place with an adequate awareness and understanding of risk and control by the Management and risk owners in order to safeguard stakeholders' interests and add value to the organisation.

As such, the Board has delegated the monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.

(i) Role of Chairman

The Chairman will act as facilitator at meetings of the RMC and ensure that no RMC member, dominates the discussion, and that appreciates discussion takes places and that relevant opinion among RMC members are forthcoming.

The key roles and accountabilities of the Chairman include:

- (a) Managing RMC communications and its effectiveness.
- (b) Creating conducive environment for effective deliberation and decision making.
- (c) Ensuring Company's policies and procedures are in compliance with good conduct and best practices.
- (d) Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associates.
- (e) Ensuring that quality information to facilitate decision-making is delivered to the Board in a timely manner.
- (f) Focal point of communications with external parties (in particular External Auditors, Investors, bankers and shareholders).

The Chairman shall also coordinate with the Chairman of the Audit Committee to assist the Audit Committee in its review of the Company's system of internal control that has been delegated to the Audit Committee in its charter.

(ii) Role of RMC

The function of RMC in which their authority and responsibilities have been incorporated shall be as follows:

- (a) To review and discuss with RMWG the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management.
- (b) To review and discuss with the Board and the Management of the Company's risk appetite.
- (c) To discuss with the Chairman of the RMWG of the Company's risk assessment and risk management guidelines, policies and processes, as the case may be. The Committee may have a private meeting (excluding the Managing Director / Executive Directors) as and when necessary.
- (d) To receive, as and when appropriate, reports from the Company's Internal Auditors' internal audit function on the results of risk management reviews and assessments.
- (e) To receive, deliberate and accept, as and when appropriate, reports from the Company's RMWG their risk management report.
- (f) To approve the appointment and, when and if appropriate, replacement of the Company's Chairman of the RMWG, whom shall have a reporting relationship with the RMC.

- (g) To review the disclosure regarding the risk management and internal control statement.
- (h) To review reports on selected risk topics as the RMC deems appropriate from time to time.
- (i) To be given unrestricted access to the Group's Management and the accurate and complete information pertaining to the Company and/ or the Group including from the Company and / or the Group's auditors and consultants.
- (j) To discharge any other duties or responsibilities delegated to the RMC by the Board.
- (k) The RMC shall have the authority to delegate any of its responsibilities to sub-committees as the RMC may deem appropriate. The RMC shall have authority to retain such outside legal counsel. Experts and other advisors as the committee may deem appropriate in its sole discretion. The RMC shall have sole authority to approve related fees and retention terms.
- (l) The RMC shall report its actions and any recommendations to the Board and shall conduct and present to the Board an annual performance evaluation of the Committee. The RMC shall review at least annually the adequacy of this Charter and Framework and recommend any proposed changes to the Board for approval.
- (m) Attend all necessary and required trainings (internal and external courses) at the expense of the Company in order to equip and update themselves on the latest pronouncement and regulations concerning risk management and internal audit.

(iii) New RMC members

A new RMC member shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Company and its subsidiaries ("**Group**").

Copies of the following documents shall be provided to the newly appointed RMC member:

- (a) Board Charter;
- (b) Risk Management Charter;
- (c) Auditor Committee Charter;
- (d) Constitution;
- (e) Committees' composition and terms of reference;
- (f) Latest annual reports and financial statements; and
- (g) Organisation chart.

8. AUTHORITY

(i) Executive Powers of the Committee

Independent Advisors

The RMC shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Group. The RMC is empowered, without further action by the Board, to cause the Group to pay the compensation of such advisors as establish by the Committee.

Implementation of Controls

The RMC shall have the authority to instruct any of the Management to execute the corrective action plan proposed by the Risk Owners as long as the plan does not hamper/in conflict with the Organisation's objectives. The RMC also have the authority to request the Risk Owner or the Management to report directly to the RMC of their action plan.

9. CORPORATE GOVERNANCE DISCLOSURE

The RMC guided by paragraph 15.27 of the MMLR shall ensure the Company provide adequate narrative statement of its risk management framework ("**RMF**").

The Risk Management and Internal Control Statement would be concurrently recommended by the RMC and also the Audit Committee. Both the Committees shall then propose to the Board of Directors for approval. Disclosure of the statement is made by way of circulating the Annual Report in publicly available domain and at the Company's website (if recommended) by the Board.

The RMC shall also oversee the publication of the risk management framework the official company's official website.