



Company No: 199601040053 (412406-T)

## **TERM OF REFERENCE – BOARD RISK & COMPLIANCE COMMITTEE**

### **1. INTRODUCTION**

- 1.1.** The Board of Directors recognises that for Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) (“Straits”) and its subsidiaries (“the Group”) to achieve its corporate objectives within acceptable risk level, the Group needs to enhance its existing risk management process.
- 1.2.** The Terms of Reference (“TOR”) of the Board Risk & Compliance Committee (“BRCC”) aims to guide the BRCC with respect to its delegated responsibilities to assist the Board in fulfilling the Board’s statutory and fiduciary responsibilities in relation to risk management
- 1.3.** In addition, the TOR also recognizes and aims to adopt related better practices and guidance from the following documents:-
  - (i)** The Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) issued by the Securities Commission
  - (ii)** Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers
  - (iii)** The Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia Securities Berhad
- 1.4.** The key personnel of the business units are involved in the development of key Risk Profile/Register and the Corporate Risk Scored Report, its risk management tools/procedures, implementation and the continuous monitoring of these risks.
- 1.5.** The BRCC delegates to the Risk Management Committee (“RMC”) the responsibility for identification, assessment and management of operational risks, training and ensuring effective implementation and maintenance of operation and divisional level risk management system. In this respect, RMC will assist the BRCC by assuming direct responsibility for the routine risk management activities within the Group.
- 1.6.** The RMC provides updates on key risk management issues to the BRCC by providing regular reporting of its activities



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**1.7.** The TOR shall be assessed, reviewed and updated as and when necessary especially when there are new corporate objectives, or major changes to its existing corporate objectives, or changes to its current acceptable risk level and appetite.

**1.8.** Any change to the TOR shall be recommended to the Board for its approval.

## **2. PURPOSE**

**2.1.** The purpose of the BRCC is to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities in relation to risk management.

**2.2.** The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision making relating to the functions and duties of the Committee.

## **3. ROLES**

The BRCC has the overall responsibility for overseeing the Group's risk management system, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, assessment, management and monitoring.

Its primary roles include the following:-

- To assist and promote risk awareness so that risk identification, evaluation and management process and culture are adopted throughout the Group.
- To ensure the effective implementation of risk policy and procedures.
- To provide regular and timely reporting and update the Board on key risk management issues as well as ad-hoc evaluation and reporting of new ventures/ investments proposals.
- To ensure that risk management is incorporated in the Statement of Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approval of the Board.



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### **4. MEMBERSHIP**

- 4.1. The BRCC shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise not fewer than three (3) members with a majority being Independent Non-Executive Director.
- 4.2. The Chairman of the BRCC shall be a Non-Executive Director appointed by the Board.
- 4.3. No Alternate Director shall be appointed as a member of the Committee

### **5. MEETING PROCEDURES**

#### **5.1. Frequency and calling**

The BRCC shall meet at least twice a year, and as and when required. The Chairman is required to call for a meeting of the BRCC, if requested to do so by any BRCC members or any Executive Directors.

#### **5.2. Notice**

The notice period convening the meeting of the BRCC shall be at least five (5) days, which may be waived with the consent of all members of the BRCC.

#### **5.3. Quorum**

A minimum of two (2) members of the BRCC shall form a quorum.

#### **5.4. Attendees**

In addition to members of the BRCC, representatives from the RMC shall normally attend meetings. The BRCC may, from time to time, invite any Board member or any other person to attend any of its meetings so as to ensure that the BRCC is able to perform its duties and obligations better.

#### **5.5. Secretary**

The Secretary of the Company shall serve as the Secretary of the BRCC.



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### **5.6. Minutes of meeting**

The Secretary shall be responsible for keeping the minutes of meetings of the BRCC, circulating them to the BRCC. Minutes shall also be circulated to all Directors and as appropriate, to attendees.

The Chairman shall report the proceedings of each BRCC meeting to the Board.

### **5.7. Participation in meetings by conferencing**

All or any members of the BRCC may participate in a meeting of the BRCC by means of a tele-conference or video conference which allows all members of the BRCC participating in the meeting to communicate simultaneously with each other. A member of the BRCC so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled.

## **6. DUTIES**

- (a) Risks Assessment - Directs and oversees the formulation of the Group's overall enterprise risk management framework and strategise the identification, assessment, management and monitoring of risks to ensure their relevance and appropriateness to the Group's overall corporate objectives, position and businesses.
- (b) Periodic Risks Update - To provide periodic reporting and timely update on the effectiveness of the ERM framework to the Board.
- (c) Acquisitions, Joint Ventures and Diversification - To propose to the Board the qualitative and quantitative criterias of proposed investment and/or new ventures, which require the evaluation and recommendation of the BRCC before submission to the Board.
- (d) Risks Management - Reports to the Board key business risks and seeks its approval on the management of such key business risks to ensure alignment with the Group's risk appetite.
- (e) To review any possible future emerging risks at the request from the Board.