



**TERMS OF REFERENCES – BOARD RISK & COMPLIANCE COMMITTEE**

**1. INTRODUCTION**

- 1.1** The Board of Directors (“**Board**”) recognises that for Straits Energy Resources Berhad (“**Straits**” or “**the Company**”) 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 recognises and aims to adopt related better practices and guidance from the following documents:-
- (i) The Malaysian Code on Corporate Governance 2021 (“**MCCG 2021**”) issued by the Securities Commission Malaysia
  - (ii) Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers
  - (iii) The Corporate Governance Guide – 4<sup>th</sup> 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 and regulatory compliance.

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

**3. ROLES**

The BRCC has the overall responsibility for overseeing the Group's key business risks, anti-bribery and corruption risks, environmental, social and governance risks, risk management system, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, assessment, management and monitoring as well as regulatory compliance.

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 as well as oversee regulatory compliance.
- 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 on Risk Management and 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. In the event of any vacancy in the BRCC resulting in the non-compliance of the above, the Company must fill the vacancy within six (6) months; Notwithstanding the foregoing, the Board may at its discretion to further extend the period to fill in the vacancy for a reasonable cause.
- 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 BRCC.

**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 and shall be in attendance at each BRCC meeting and record the proceedings of the meeting thereat.



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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.

**5.8 Resolution in writing**

A resolution in writing signed or approved by all members of the BRCC for the time being by letter, telefax, electronic mail or any means of electronic communication, shall be as valid and effectual as if it had been passed at a meeting of the BRCC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the BRCC.

**5.9 Other provision**

The BRCC meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference.

**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 Framework for Enterprise Risk Management to the Board.



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- (c) Acquisitions, Joint Ventures, Diversification, Borrowing and Provision of Financial Assistance - To review, prior to the Management entering into a definite agreement, proposed acquisition, joint venture, diversification, borrowing or provision of financial assistance that equal to or exceed 2.5% of the Net Asset of Straits Group based on the latest published audited financial statements.
- (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.
- (f) To assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks.
- (g) To review the following and report the same to the Board of the Company:
  - (i) Monitor the Group's exposure to corruption risk and to make recommendations on anti-corruption management and corruption risk mitigation;
  - (ii) Assess the design and effectiveness of the Group's anti-corruption framework;
  - (iii) Monitor the implementation of the Group's anti-corruption monitoring program in relation to the Group's exposure to corruption risks;
  - (iv) To ensure the implementation of the Group's anti-corruption compliance programmes and to review its effectiveness thereof;
  - (v) To assess the resources and effectiveness of the anti-corruption function of the Group and to determine the adequacy of corruption risk reporting;
  - (vi) To foster knowledge sharing on anti-corruption initiatives throughout the Group;
  - (vii) To ensure that employees, contractors, agents and suppliers are fully aware of the Group's anti-corruption policies and stand;
  - (viii) To ensure that the Company's website contains information that is up-to-date and coherently reflective of the Group's anti-corruption approaches, policies and procedures, systems and activities, which is updated on a periodic basis;



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- (ix) To investigate any corruption related matters within its terms of reference and shall have the resources which it needs to do so and to seek any information it requires from any officers or employee of the Group and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries on a timely manner and to co-operate with the BRCC; and
  - (x) To engage independent professional advice (including legal advice), where necessary, and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary to assist in any anti-corruption matter.
- (h) To assign and adequately resource a person or function (which may be external to the organisation) to be responsible for the Group's anti-corruption framework as well as anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the corruption programme.
- (i) To direct efforts to improve upon the effectiveness of its corruption risks management framework.
- (j) To provide guidance and having oversight on regulatory compliance which include but not limited to requirements imposed by licensing issuer and authorities.