



DXN Holdings Bhd.

Registration No. 199501033918 (363120-V)
(Incorporated in Malaysia)

TERMS OF REFERENCE RISK MANAGEMENT COMMITTEE



Revision History

Revision Code	Revision Description	Effective Date
00	New Terms of Reference was reviewed and approved	22 February 2022



Table of Contents

1. Objectives	4
2. Composition	5
3. Meeting Procedures	5
4. Voting	7
5. Authority.....	7
6. Secretary.....	8
7. Functions & Responsibilities.....	9
8. Reporting	11
9. Review of the Committee	11
10. Disclosure	11
11. Deeming Provision	12
12. Revision to the Terms of Reference	12



1. Objectives

- 1.1 The primary function of the Risk Management Committee (“**RMC**” or “**the Committee**”) of DXN Holdings Bhd. (“**DXN**” or “**the Company**”), in line with the Malaysian Code on Corporate Governance (“**MCCG**”) revised and updated on 28 April 2021, is to assist the Board of Directors of the Company (“**Board**”) in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes in order to manage the overall risk exposure of DXN and its subsidiary company(ies) (collectively, “**DXN Group**” or “**the Group**”).
- 1.2 The RMC acts on behalf of the Board and shall assist the Board to:
- (a) review and recommend the Group’s risk management policies and strategies for the Board’s approval. This includes reviewing major investment business proposals and management’s assessment of the key associated risks, including funding options and costs, and investment returns prior to the Board’s approval;
 - (b) integrate effective governance structures and processes with performance-focused risk management and internal control at every level of the Group and across all operations;
 - (c) apply the principles and best practices recommendations of corporate governance, sustainability and corporate responsibility and to ensure compliance with applicable regulatory and legal requirements;
 - (d) fulfil the Board’s corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group; and
 - (e) establish an effective risk management and internal control framework and ensure the adequacy and effectiveness of the framework.



2. Composition

- 2.1 The Committee shall be appointed by the Board from amongst the directors of the Company (“**Directors**”). It shall consist of no less than three (3) members of which majority of whom must be Independent Non-Executive Directors (“**INED**”). In this respect, the criteria for independence of the “independent directors” shall be as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”).
- 2.2 The Chairman of the Committee shall be an INED of the Company.
- 2.3 No alternate Director of the Board shall be appointed as a member of the Committee.
- 2.4 In the event of any vacancy in the RMC resulting in the reduction of the number of members to below three (3) or vacancy of the position of Chairman of the Committee, the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.
- 2.5 All members of the RMC, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- 2.6 The RMC members shall and collectively:
- (a) have sufficient understanding and knowledge of the Group’s business and industry which the Group operates; and
 - (b) have the ability to understand key business and financial risks and related controls and control processes.

3. Meeting Procedures

- 3.1 The Committee is to meet at least two (2) times during the financial year or more frequently as the need arises or if so requested by any member of the Committee or by the Chairman of the Committee or, where applicable, the Head of Group Governance and Risk Management Department.



- 3.2 Quorum for any meetings shall be two (2) members, the majority of the members present must be INEDs. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting and who shall be an INED.
- 3.3 Unless the meeting is called on a short notice basis, the Secretary, in conjunction with the Chairman of the Committee, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the Committee.
- 3.4 Head of Group Governance and Risk Management Department will usually attend the meeting.
- 3.5 The Committee may, as and when deemed necessary, invite other Board members and key senior management members, employees, counsels and consultants, as applicable, to attend the meetings, specific to the relevant meeting, as and when necessary.
- 3.6 The Chairman of the Committee shall submit an annual report to the Board, summarising the Committee's activities during the year and the related significant results and findings thereof, including details of relevant training attended by each Committee member.
- 3.7 The Committee shall record its conclusion on issues discussed during meetings and report to the Board at the quarterly Board meetings. The minutes shall be circulated to members of the Board and duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee.
- 3.8 Subject to the notice and quorum requirements, the Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall be entitled to vote and be counted in a quorum accordingly.
- 3.9 The Chairman of the Committee should attend the Annual General Meeting to answer any shareholders' questions on the Committee's activities.



4. Voting

- 4.1 Subject to item 3.1 above, in appropriate circumstances, the RMC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by a majority of members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the RMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members and forwarded or otherwise delivered to and shall be recorded by the company secretary.
- 4.2 Matters for decisions which arise at the Committee meeting will be decided by a majority vote. If the votes are equal, the Chairman of the meeting has a second casting vote. However, the Chairman will not have a second casting vote where only 2 Directors form the quorum or at which only 2 Directors are competent to vote on the question at issue.
- 4.3 An RMC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

5. Authority

- 5.1 The RMC shall:
- (a) have explicit authority to investigate any matter within its terms of reference concerning fraud, illegal acts or corruption or suspected violation of ethics code;
 - (b) perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
 - (c) have the resources which are required to perform its duties;
 - (d) have full and unrestricted access to any information and documents / records / resources pertaining to the Company and Group as well as personnel of the Group;
 - (e) have direct communication channels with the advisors (if so appointed) and person(s) carrying out the risk management function or activity (if any) and with the management of the Group; and



- (f) be able to obtain independent professional or other advice, at the expense of the Company wherever necessary and reasonable and in accordance with a procedure to be determined by the Board, in order to perform its duties.
- 5.2 The Chairman of the RMC shall engage on a continuous basis with senior management, such as the Chairman of the Board, the Chief Executive Officer, Head of Group Governance & Risk Management Department, the internal auditors and the external auditors in order to be kept informed of matters affecting the Group.

6. Secretary

- 6.1 The company secretary shall be the Secretary of the Committee.
- 6.2 The secretary shall organize and provide assistance at RMC meetings and have the following key responsibilities:
- (a) ensure meetings are arranged and held accordingly.
 - (b) assist the Chairman of the Committee in planning the RMC's activities.
 - (c) draw up meeting agendas in consultation with the RMC Chairman and maintain the minutes and draft its scheduled activities for the financial year.
 - (d) ensure structured communication channels between the Board and the RMC.
 - (e) ensure proceedings of meetings are recorded and the minutes circulated in a timely manner and reviewed by the RMC before disseminating them to the Board.
 - (f) ensure the RMC recommendations presented to the Board are supported by papers that explain the rationale for the RMC's recommendations.



7. Functions & Responsibilities

- 7.1 In fulfilling its primary objectives, the Committee shall be guided by Guidelines for Directors of Listed Issuers for the Statement on Risk Management and Internal Control issued by Bursa Malaysia Berhad in undertaking its duties and responsibilities including the following scope of concerns:

Risk Management Framework

- (1) Review the Enterprise Risk Management (“**ERM**”) Framework document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues and recommend changes as needed to ensure that the Group has in place a risk management policy which addresses the strategic, operational, financial and compliance risks for the Board’s approval.
- (2) Where applicable, facilitate the appointment of a dedicated senior management personnel to coordinate the **ERM** activities within the Group.

Anti-Corruption & Bribery and Whistleblowing

- (3) Review of corruption risk assessment continuously, at least every 3 years pursuant to Malaysian Anti-Corruption Commission Act 2009 in order to provide assurance that the Group is operating in compliance with the current policies and procedures in relation to corruption and to determine that the policies and procedures are established and in place for whistleblowing and to prevent bribery and corruption.
- (4) Review and approve policies and procedures on whistle-blowing established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- (5) Review and approve policies and procedures on anti-corruption.
- (6) Review the effectiveness of anti-corruption measures taken.



Risk Identification, Assessment, Monitoring and Reporting

- (7) Ensure the infrastructure, resources and systems are in place and adequate for risk management and that risk management processes for the identification, measurement and analysis, reporting, and mitigation of risks are in place within the Group and are operating in an efficient and effective manner.
- (8) Identify and communicate to the Board the key risks (present and potential) faced by the Group, their changes and management action plans to manage the risks.
- (9) Approve risk methodologies for measuring and managing risks arising from the Group's business and operational activities.
- (10) Monitor the Group's level of risk tolerance and risk exposure and periodically review the same to ensure that these are aligned with risk strategy and objectives.
- (11) Review effectiveness and efficiency of the key internal control procedures and processes in place to manage risks successfully and to oversee the conduct of periodic testing of the effectiveness and efficiency of the internal control procedures and processes to ensure that the system is viable and robust.
- (12) Review, together with other Committees, the management, internal auditors and external auditors, any significant risks and exposures that exist and assess the steps that the management has taken to minimise such risks to the Group.
- (13) Promote a healthy risk culture Group wide.
- (14) To consider and examine such other matters as the RMC considers appropriate.

Strategic planning and others

- (15) Review and provide guidance to the Group's strategic plan as proposed by management vis-à-vis the Group's ERM.
- (16) Review business continuity management including emergency plans and crisis readiness. Review incidents within the scope of the RMC and assess the remedial actions.



- (17) Review and recommend the statement on internal control and risk management.
- 7.2 Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities.
- 7.3 Undertake any other responsibilities as authorised by the Board.

8. Reporting

- 8.1 The Chairman of the Committee shall, at the conclusion of each meeting, report to the Board on activities that it had undertaken and key recommendations for the Board's consideration and approval as well as follow-up status on any key recommendations from previous internal audits.

9. Review of the Committee

- 9.1 The RMC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in these terms of reference and report the results to the Board.
- 9.2 The Board or the Nomination Committee (as authorised by the Board) will review the term of office and performance of the RMC to determine whether the RMC and members have carried out their duties and responsibilities effectively and in accordance with the terms of reference of the RMC and to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 9.3 All assessments shall be properly documented.

10. Disclosure

- 10.1 The RMC is required to prepare an annual report at the end of each financial year to be included and published in the Annual Report of the Company.
- (a) the composition of the Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);



- (b) the number of Committee meetings held during the financial year and details of attendance of each member; and
- (c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities.

10.2 The RMC shall assist the Board in making the following additional statements in the Company's Annual Report:

- (a) Statement on risk management and internal controls of the Group.

11. Deeming Provision

11.1 The provisions under these terms of reference have been drafted in a manner to also incorporate the provisions under the MMLR, MCCG and other statutes, regulations and guidelines applicable to the RMC. In the event the applicable provisions of the MMLR, MCCG and/or relevant governing statutes, regulations and guidelines relating to RMC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon these terms of reference shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, MCCG, statutes, regulations and guidelines.

12. Revision to the Terms of Reference

- 12.1 The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.
- 12.2 Upon the Board's approval, the said revision or amendment shall form part of this terms of reference and these terms of reference shall be considered duly revised or amended.
- 12.3 The terms of reference of the RMC must be made available on the Company's website.