

**ABRIC BERHAD (187259-W)**  
(Incorporated in Malaysia)

**RISK MANAGEMENT COMMITTEE (“RMC”)**

**TERMS OF REFERENCE**

**1. Membership**

The RMC will be appointed by the Board and will comprise of:

Ir. Hon Hin See (Chairman)  
Ong Ying Hwey, Adeline  
Ong Xing Hwey, Caroline  
Bobby Tan See Ann

- 1.1 The RMC shall comprise at least three (3) members. Membership shall include the Chairman of the Audit Committee.
- 1.2 Members of the committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the RMC.
- 1.3 The Head of Finance or representative from Finance department shall be in attendance at all meetings.
- 1.4 In the event of any vacancy in the RMC resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.
- 1.5 Only members of the RMC have the right to attend RMC meetings. However, other individuals such as the Chairman of the Board, other Directors, Risk Officer, other representatives of the Risk Function, Compliance, and Internal and External Audit may be invited to attend all or part of any meeting as and when appropriate and necessary.

**2. Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be two (2) members. A duly convened meeting of the RMC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the RMC.

#### **4. Frequency of meetings**

The RMC shall meet at least two (2) times a year at appropriate times and otherwise as required.

#### **5. Notice of meetings**

5.1 Meetings of the RMC shall be called by the Secretary of the RMC at the request of any of its members if he or she considers it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the RMC, any other person required to attend and all other Non-Executive Directors, no later than five (5) calendar days before the date of the meeting. Supporting papers shall be sent to RMC members and to other attendees as appropriate, at the same time.

#### **6. Minutes of meetings**

6.1 The Secretary shall minute the proceedings of all meetings of the RMC, including recording the names of those present and in attendance. The minutes of the meetings shall be maintained by the Secretary.

6.2 Draft minutes of RMC meetings shall be circulated promptly to all members of the RMC. Once confirmed, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

#### **7. Annual General Meeting**

The RMC Chairman should attend the Annual General Meeting to answer shareholder questions on the RMC's activities.

#### **8. Authority and Duties**

The role of the Committee shall be as follows:

8.1 Advise the Board on the Group's overall risk appetite, tolerance and strategy, taking into account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments that may be relevant for the Company's risk policies.

8.2 Oversee and advise the Board on the current risk exposures of the Group and future risk strategy.

8.3 In relation to risk assessment –

- 8.3.1 Review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used.
- 8.3.2 Review regularly and approve the parameters used in these measures and the methodology adopted.
- 8.3.3 Set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.

8.4 Review the Group's capability to identify and manage new risk types.

8.5 Review reports on any material breaches of risk limits and the adequacy of proposed action.

8.6 Review the effectiveness of the Group's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

8.7 Review and monitor management's responsiveness to the findings and recommendations of the Risk Officer.

**9. Reporting responsibilities**

9.1 The RMC Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The RMC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The RMC shall produce a report of its activities and the Group's risk management and strategy to be included in the Group's Annual Report.

**10. Other matters**

The RMC shall:

10.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

10.3 Give due consideration to laws and regulations, the provisions of the MCCG and the requirements of the Bursa's Listing Requirements and any other applicable Rules, as appropriate.

10.4 Oversee any investigation of activities which are within its terms of reference.

## **11. Authority**

The RMC is authorised:

11.1 To seek any information it requires from any employee of the Group in order to perform its duties.

11.2 To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference as it deems necessary or appropriate.

11.3 Request any employee/Executive Management to attend meetings of the committee for discussion as and when required.

29 AUGUST 2013