

**PAPPAJACK BERHAD**  
[Registration No.: 202001042414 (1398735V)]  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE**

**1. Compositions**

The Risk Management Committee (“the Committee”) shall consist of not less than three (3) members. All the members shall be appointed by the Board of Directors (“the Board”) from amongst the Directors of the Company and shall comprise of Non-Executive Directors, the majority of whom are independent.

In the event of any vacancy resulting in non-compliance of the minimum of 3 members, the Board shall appoint such number of Directors to fill up such vacancy within 3 months of the event.

**2. Quorum**

Two (2) members present shall form a quorum for meetings.

**3. Chairman**

The members of the Committee shall elect a Chairman from among their members. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

**4. Secretary**

The Secretary to the Committee shall be the Company Secretary or his/her representative(s).

**5. Meetings**

The Committee shall meet twice a year or at such other times as the Chairman of the Committee deemed necessary.

The Committee may invite any person to be in attendance to assist it in its deliberations.

Minutes of each meeting shall be distributed to each member of the Committee and the Secretary to the Committee shall keep the minutes of the meetings.

Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

Any resolution in writing, signed by a majority of the members of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the Committee.

## **6. Functions**

- (a) To review the effectiveness of the Group's risk management activities.
- (b) To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.
- (c) To evaluate the process that the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk.
- (d) To review risk management reports particularly the significant risk observations and risk response and ensure that appropriate action plan is in place to mitigate the risk.
- (e) To report to the Board any significant risk observations that warrants the Board's attention.
- (f) To provide reports and update of the Board on key risk management issues as well as ad-hoc reports and evaluation on investment proposals.
- (g) To review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, including information technology security and control.
- (h) To oversee the profiling of enterprise risk registers, management's assessment of the risks and action plans to mitigate business risks as identified from time to time.
- (i) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.
- (j) All other matters delegated by the Board.

## **7. Disclosure**

The Committee should disclose the number of committee meetings held in a year and the details of attendance of each individual member in respect of meetings held.

The Committee should disclose in the Company's annual report, a statement about the activities of the Committee in the discharge of its duties for the financial year. Such statement must include how the Listing Requirements are met and contain the following information:

- (a) The main features of the Company's risk management system;
- (b) The ongoing process for identifying, evaluating and managing the significant risks faced by the Company in its achievement of objective and strategies;
- (c) That such process has been in place for the financial year and to the date of approval of such statement for inclusion in the annual report;
- (d) The process applied by the Company in reviewing the risk management system and confirming that necessary actions have been or are being taken to remedy any significant risks identified from that review;
- (e) That a review on the adequacy and effectiveness of the risk management system has been undertaken;
- (f) Commentary on the adequacy and effectiveness of the risk management system;
- (g) Include a disclosure whether it has received assurance from the Managing Director on whether the Company's risk management system is operating adequately and effectively.

## **8. Revision of the Terms of Reference**

- (a) Any revision or amendment to this Terms of Reference, as proposed by the Risk Management Committee or any third party, shall first be presented to the Board for its approval.
- (b) Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.