



IHH Healthcare Berhad
Registration No. 201001018208 (901914-V)
(“IHH” or “the Company”)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

Category	Terms of Reference
Subject/Title	Terms of Reference of the Risk Management Committee
Approved by	Board of Directors
Effective Date	25 February 2022
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1. Status

- 1.1 The Risk Management Committee ("**RMC**") is a committee of the Board of Directors ("**Board**") of IHH Healthcare Berhad ("**IHH**" or "**Company**").

2. Membership

- 2.1 The RMC shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members who must be Non-Executive Directors and the majority of whom shall be Independent Directors, drawing advice from experts, if necessary. In determining the independence of the members of the RMC, the Board will observe the requirements of Paragraph 1.01 of the Main Market Listing Requirement ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the relevant Practice Notes that may be issued by Bursa Securities from time to time.
- 2.2 All members of the RMC must possess sound judgement, objectivity, integrity and sufficient management experience.
- 2.3 The Chairman of the RMC shall be an Independent Non-Executive Director appointed by the Board. The Chairman of the Board shall not be the chair of the RMC.
- 2.4 Where the members of the RMC for any reason are reduced to less than three (3), the Board shall, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 2.5 All members of the RMC, including the Chairman, will hold office only so long as they remain as Non-Executive Directors of the Company.
- 2.6 Any member of the RMC may relinquish his/her membership in the RMC with prior written notice to the Company Secretary.

3. Primary Purpose

- 3.1 The RMC is responsible for:-
- (a) assisting the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the establishment and implementation of the Risk Management Framework of IHH group of companies ("**Group**") by Management so that the Group has in place a sound, effective and robust risk management and internal control framework;
 - (b) assisting the Board in fulfilling its key risk oversight responsibilities in an integrated and strategic manner; and
 - (c) Providing oversight, direction and guidance to Management on the Group's risk management matters.

4. Responsibilities of the RMC

The responsibilities of the RMC shall include but not limited to the following:

- 4.1 Provide oversight, direction and guidance to Management on the Group's risk management matters relating to the following:
- (a) maintenance and reporting by Management of a clear risk management and internal control framework and policies which identify, evaluate, monitor and manage the principal risks of the Group;
 - (b) review with Management the risk management strategies and risk culture as well as sustainability strategies, priorities and targets which are aligned with the Group's business;
 - (c) ensure that Management puts in place a comprehensive risk management system and an appropriate risk reporting structure to facilitate reporting of risks to the RMC and Board;
 - (d) review the Management's report on the conduct of an annual review and periodic testing of the Group's internal control and risk management framework;
 - (e) review the Management's report on the conduct of an annual review of the Group and operating countries' risks, present and future risk trends and any material risk issues facing the Group or countries in which the Group operates;
 - (f) review with Management that risks are effectively managed and sufficient resources and procedures and controls are in place to ensure risks are addressed and mitigation plans are followed;
 - (g) review with Management the primary elements comprising the Group's risk culture, including establishing "a tone from the top" that reflects the Group's core values and the expectation that employees act with integrity and promptly escalate non-compliance in and outside of the Group; accountability mechanisms designed to ensure that employees at all levels understand the Group's approach to risk as well as its risk-related goal;
 - (h) review with Management the Group's risk appetite and risk tolerance and assessment on whether the Group's strategy is consistent with the agreed-upon risk appetite and tolerance for the Group and propose to the Board appropriate levels of risk tolerance;
 - (i) review with Management the design of the Group's risk management function and the qualifications and backgrounds of the senior risk personnel and the policies applicable to risk management, to assess whether they are appropriate and ensure that there are sufficient resources to support the risk management function given the Group's size and scope of operations;
 - (j) oversee the conduct and results of Group-wide risk assessments, including the identification and reporting of critical risks by Management and review with Management the mitigation plans put in place for the identified risks; report to the Board on the appropriacy of existing mitigation plans;

- (k) review the Management's report on the categories of risk the Group faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks, mitigating measures and action plans to be employed if a given risk materialises;
 - (l) review the Management's report on the ways in which risk is measured on an aggregate, Group-wide basis, the setting of aggregate and individual risk limits (quantitative and qualitative, as appropriate), the policies and procedures in place to hedge against or mitigate risks and the actions to be taken if risk limits are exceeded;
 - (m) review the Management's report on the assumptions and analysis underpinning the determination of the Group's principal risks and whether adequate procedures are in place to ensure that new or materially changed risks are properly and promptly identified, understood and accounted for in the actions of the Group;
 - (n) review the Management's report on the internal systems of formal and informal communication across divisions and control functions to encourage the prompt and coherent flow of risk-related information within and across business units and, as needed, the prompt escalation of information to Senior Management (and to the Board or Board Committees as appropriate);
 - (o) review the Management's report on the means by which the Group's risk management strategy is communicated to all appropriate groups within the Group so that it is properly integrated into the Group's enterprise-wide business strategy;
- 4.2 Receive update and provide input for matters reported in the following reports and report the same to the Board:
- (a) The Group's consolidated enterprise risk management reports;
 - (b) Regulatory, sustainability, cybersecurity and clinical compliance reports; and
 - (c) Any other reports from Management within the purview of the RMC and as required by the RMC / Board.
- 4.3 Recommend to the Board its findings and proposed course of actions to be taken to ensure controls are put in place to address these risks. In this context, business risks include all key risks (i.e. external/strategic risks and also internal operational, financial, compliance risks) which, due to their nature, can deter the business from achieving its strategic goals;

Others

- 4.4 Continuously assess its mandate and resources required to ensure the duties of the RMC are effectively carried out;
- 4.5 Review the reports/statements within the purview of the RMC for inclusion in the Annual Report and report the same to the Board;
- 4.6 Obtain regular updates from the Management, legal counsel and compliance team of the Group regarding regulatory and compliance matters;

- 4.7 Review the findings, queries or investigation by the regulatory agencies; and
- 4.8 Carry out any other function as directed by the Board.

5. Authority

The RMC shall have the authority to:

- 5.1 Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- 5.2 Investigate any matter within its terms of reference, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management whereby all employees of the Group are required to comply with requests made by the RMC;
- 5.3 Have direct communications channels with the Senior Management on a continuous basis, such as the Managing Director, the Chief Operating Officer and the Chief Financial Officer of the Group and its operating subsidiaries in order to be kept informed of matters affecting the Group;
- 5.4 Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the RMC; and
- 5.5 Have access to the advice and services of the Company Secretary.

6. Notice and Meetings

- 6.1 The RMC shall meet four (4) times each year and at such other time(s) as it deems necessary to fulfill its responsibilities. If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, or audio-visual, communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 6.2 The Company Secretary, in consultation with the Chairman of the RMC, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) working days prior to each Committee meeting.
- 6.3 The quorum for the RMC shall be two (2), both of whom must be independent directors.
- 6.4 Each member of the RMC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the RMC.
- 6.5 In the event of an equality of votes, the Chairman of the RMC shall not be entitled to a second or casting vote. Such matter would be escalated to the Board for decision.
- 6.6 A member of the RMC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.
- 6.7 The RMC has the full discretion to invite such other persons or officers of the Company to its meeting, as it deems necessary.

7. Communication to the Board

- 7.1 The minutes of each RMC meeting shall be tabled to the Board for notation.
- 7.2 The RMC Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, in a written report for noting or approval by the Board.
- 7.3 The RMC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
- 7.4 Where the RMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the RMC must promptly report such matter to Bursa Securities.

8. Circular Resolution

- 8.1 Any resolution in writing signed by a majority of all members of the RMC shall be as valid and effectual as if it had been passed at a meeting of the RMC duly convened and held.
- 8.2 All such resolutions shall be described as "RMC Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- 8.3 Any such resolution may be contained in a single document or may consist of several documents in the like form, each signed by one (1) or more members.
- 8.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

9. Secretariat

- 9.1 The Company Secretaries of the Company shall be the Secretary of the RMC.
- 9.2 The Company Secretary shall be responsible for preparation of the agenda in consultation with the Chairman, and distribution to all the members the papers to be deliberated at the meeting.

10. Review of the Terms of Reference

- 10.1 The Board will, at least every two years, review the Terms of Reference to determine its adequacy for current circumstances and the RMC may make recommendations to the Board in relation to the RMC's membership, responsibilities, functions or others.