



**DESTINI BERHAD**  
**[Registration No. 200301030845 (633265-K)]**  
**(Incorporated in Malaysia)**

## **TERMS OF REFERENCE FOR RISK MANAGEMENT COMMITTEE**

### **1. OVERVIEW**

- 1.1 The Risk Management Committee ("RMC") is established as a committee of the Destini Berhad ("Destini") Board of Directors ("the Board").
- 1.2 The purpose of the RMC is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks for Destini group of companies ("the Group"), in line with the Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission and Bursa Malaysia Listing Requirements.

### **2. COMPOSITION**

- 2.1 The Committee shall comprise at least three (3) members, two (2) of whom must be independent non-executive directors and one (1) member must be an Executive Director.
- 2.2 The Chairman shall be an independent non-executive director appointed by the Board.
- 2.3 The RMC members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group's key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Group.
- 2.4 The RMC members may relinquish their membership in the RMC with prior written notice to the Company Secretary. In the event of any vacancies arising in the RMC resulting in the number of members of the RMC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancies.

### **3. AUTHORITY**

- 3.1 The RMC is authorised by the Board and at the expense of the Group to perform the following:
  - a) The RMC shall have the authority to make decision on matters which fall within the purpose and responsibilities of the RMC;
  - b) The RMC shall also have the authority to seek information and have unrestricted access to information pertaining to the Group and the Management, to fulfil its primary purpose and responsibilities;

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- d) The attendance of any particular RMC meeting by other Directors and employees of the Company shall be at the invitation and discretion of RMC and must be specific to the relevant meeting; and
- e) Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the Board.

#### **4. DUTIES AND RESPONSIBILITIES**

In fulfilling its primary objectives, the RMC shall undertake, amongst others, the following duties and responsibilities:

- 4.1 Provide oversight, direction and counsel to the Group's risk management process which includes the following:
  - a. Establish the Group's Risk Management Framework based on an internationally recognised risk management framework;
  - b. Conduct an annual review and periodic testing of the Group's risk management framework. This should include any insights it has gained from the review and any changes made to its risk management framework arising from the review;
  - c. Monitor the Group and Divisional level risk exposures and management of the significant financial and non-financial risks identified;
  - d. Review the Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner;
  - e. Review the status of the implementation of management action plans in mitigating significant risks identified; and
  - f. Review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.
- 4.2 Establish and periodically review the Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.
- 4.3 Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto.
- 4.4 Evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage the Group's key risks.

- 4.5 Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:
- a. Evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project;
  - b. Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project;
  - c. Monitor the execution/operationalisation of investments or projects and highlighting key risks to the Board as relevant;
  - d. Review the effectiveness of risk mitigating actions post approval for major investments and projects based on GF assessments, and reporting the same to the Board;
  - e. Review actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board; and
  - f. Review investment proposals considered significant including:
    - i) New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
    - ii) New territories and countries (defined as expansion of existing businesses into new markets/ territories).
- 4.6 Review the statement on risk management and internal control in the Group's Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") is disclosed. Disclosure in the Annual Report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks.

## **5. SECRETARY / SECRETARIAT**

- 5.1 The following persons shall be the joint secretaries to the RMC:
- a. Company Secretary; or
  - b. Person(s) appointed by the RMC from:
    - i) Strategic Planning Department; and/or
    - ii) Regulatory and Compliance Department.

- 5.2 The Company Secretary to the RMC shall be the Secretary or his/her nominee or such other persons authorised by the Board shall act as the Secretary of the RMC.
- 5.3 The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RMC and ensure that the minutes are properly kept and produced for inspection if required. The RMC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

## **6. MEETINGS OF THE COMMITTEE**

- 6.1 The RMC shall meet at least once a year and as frequently as considered necessary by the Chairman of the RMC.
- 6.2 Each member of the RMC is entitled to one (1) vote in deciding the matters deliberated in the meeting.
- 6.3 The decision that gained the majority votes shall be the decision of the RMC. In the event of an equality of votes, the Chairman of the RMC shall be entitled to a second or casting vote.
- 6.4 The meeting of the RMC may be conducted via face-to-face or by means of a telephone conference, video conference or any communication technology, which allows all members of the RMC participating in the meeting to communicate simultaneously with each other, or other appropriate means as determined by the RMC.
- 6.5 Other senior management team may attend the meeting upon the invitation of the Committee.

## **7. QUORUM**

The quorum for a meeting of the RMC shall consist of not less than two (2) members, at least one (1) member present must be Independent Non-Executive Director. In the absence of a quorum, the meeting shall be adjourned to such other date and at such other time and venue as the Committee may determine.

In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

## **8. NOTICE AND AGENDA OF MEETINGS**

- 8.1 The Secretary shall issue and circulate the notice of the RMC meetings confirming the venue, time and date at least seven (7) days before each meeting to the RMC committee members and all those who are required to attend the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.
- 8.2 The RMC meeting agendas shall be the responsibility of the Chairman with input from the RMC members. The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.

**9. MEETING MINUTES**

- 9.1 Minutes of the proceedings of Committee meetings shall be recorded by the Secretary, approved in draft form by the Chairman and circulated to all the members.
- 9.2 Wherever possible, minutes of the Committee meetings will be confirmed at the next meeting and signed by the Chairman.

**10. CIRCULAR RESOLUTION**

- 10.1 A resolution in writing signed by a majority of RMC members shall be as valid and effectual as if it had been passed at a meeting of the RMC duly called and constituted.
- 10.2 All such resolutions shall be described as "Risk Management Committee Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded in the minutes' book.
- 10.3 Any such resolution may consist of several documents in the like form, each signed by one (1) or more members.
- 10.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

**11. REPORTING TO THE BOARD**

- 11.1 The minutes of each meeting shall be tabled to the Board for notation.
- 11.2 The 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.
- 11.3 The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

**12. COMMITTEE'S DISCLOSURES IN ANNUAL REPORT / WEBSITE**

- 12.1 The Committee is to assist the Board to prepare a report on risk management at the end of each financial year as guided under the Listing Requirements, MCCG and Corporate Governance Guide.
- 12.2 This Terms of Reference shall be made available on the Company's website.

**13. ANNUAL PERFORMANCE ASSESSMENT**

- 13.1 The RMC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this terms of reference and report the results to the Board.

- 13.2 The Board shall review the composition, performance and effectiveness of the RMC and each of its members annually to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles. All such assessments shall be properly documented.

## **10. REVISION AND UPDATES**

This Terms of Reference shall be reviewed and updated by the Risk Management Committee as and when necessary. Any revisions or amendments to this Terms of Reference, as proposed by the Risk Management Committee or any third party, if any, shall be presented to the Board for approval. This Terms of Reference shall be made available on the Company's website.

**END.**  
**19 JUNE 2020**