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SINCE 1993

**TSA GROUP BERHAD**  
**[Registration No. 202201010003 (1455700-A)]**  
**(Incorporated in Malaysia)**

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**TERMS OF REFERENCE OF  
RISK MANAGEMENT COMMITTEE**

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**REVISION HISTORY**

Version	Effective Date
1	08.05.2025
2	19.11.2025

## 1. OBJECTIVES

The principal objectives of the Risk Management Committee (“**the Committee**”) are to assist the Board of Directors (“**the Board**”) in discharging its statutory duties and responsibilities relating to governance structure, compliance and risk management of the holding company and each of its subsidiaries. In addition, the Committee shall:-

- a) determine the quality, adequacy and effectiveness of the Group's control environment;
- b) receives assurance from Executive Director and/or Chief Financial Officer on whether the Company's risk management, governance and internal control system are operating adequately and effectively, in all material aspects, based on the risk management, governance structure and internal control system of the Company; and

## 2. COMPOSITION AND APPOINTMENT

- a) The Board shall appoint the members of the Committee from amongst themselves, comprising no fewer than three (3) members, all of whom must be Non-Executive Directors, with the majority of whom, are Independent Directors, including the Chairman.
- b) Any vacancy, resulting in there being no majority of Independent Directors or the number of members reduced to below three (3), shall be filled within three (3) months.
- c) No alternate director of the Board or the Chairman of the Board shall be appointed as a member of the Committee.
- d) The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the members have carried out their duties in accordance with their terms of reference.
- e) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.
- f) The appointment terminates when a member ceases to be a Director.

## 3. CHAIRMAN

The Chairman of the Committee shall be elected from amongst their Committee members. The Chairman of the Committee shall be an Independent Director identified by the Board and is not the Chairman of the Board.

In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Director to chair the meeting.

## 4. SECRETARY(IES)

The Company Secretary(ies) shall be the Secretary(ies) of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it together with the supporting explanatory documentation before each meeting.

The Company Secretary(ies) will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members of the Committee and other members of the Board.

## 5. MEETINGS

The Committee may meet for the despatch of business, adjourn and otherwise regulate their meeting, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretary(ies) shall on the requisition of the members of the Committee summon a meeting of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Committee and any other person required to attend, **at least five (5) working days' notice** before the date of the meeting, except in the case of an emergency, where the Committee may waive such requirement.

To allow sufficient time for members of the Committee to consider the relevant information, agenda of items to be discussed is to be circulated at least five (5) days, or a shorter period where unavoidable, before the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is to be prepared and enclosed with the notice.

The members of the Committee 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.

The Chairman of the Committee shall engage continuously with senior management, such as the Chairman, the Managing Director/Chief Executive Officer, the Group Chief Financial Officer, the Internal Auditors and the External Auditors to be kept informed of matters affecting the Company.

Other Board members and employees may attend meetings of the Committee upon invitation of the Committee.

Questions arising at any meeting of the Committee shall be decided by a **majority of votes** of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

## 6. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board. The Chairman of the Committee shall report on each meeting to the Board.

The minutes of the meeting of the Committee shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The members of the Committee may inspect the minutes of the Committee at the registered office or such other place as may be determined by the Committee.

## 7. QUORUM

The quorum for the meeting of the Committee shall be the **majority of members present who must be Independent Directors**.

## **8. CIRCULAR RESOLUTIONS**

A resolution in writing signed by a majority of the Committee's members, for the time being, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more of the Committee members. Any such document may be accepted as sufficiently signed by a majority Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written messages to include a signature of a Committee member.

## **9. REPORTING**

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.

## **10. AUTHORITY**

The Committee shall, follow a procedure to be determined by the Board and at the cost and expense of the Company, where necessary and reasonable for the performance of its duties:-

- a) have explicit authority to investigate any matter or activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Committee.
- b) have the resources which are required to perform its duties as set out in its terms of reference or any requirements or statute or laws.
- c) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the Internal and External Auditors and senior management of the Company and Group.
- d) be able to obtain independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise, if necessary.
- e) have direct communication channels with the Internal Auditor, External Auditors and person(s) carrying out the internal audit function or activity (if any).
- f) be able to request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee of the Company to perform its duties.

## **11. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are as follows:-

- a) To review and recommend risk management strategies & policies and risk tolerance levels for the Board's approval.
- b) To ensure that the risk management framework and policy are embedded in and functions effectively throughout the Group and are within the parameters established

by the Board and to ensure that the risk management framework is based on an internationally recognised risk management framework.

- c) To discharge its risk management responsibilities through a formalised Risk Management Framework (“**RMF**”), established for identifying, measuring, managing, reporting and monitoring all categories of business risk across the Group.
- d) To review and monitor the adequacy and effectiveness of RMF from time to time in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively as well as the internal control system.
- e) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Group's risk-taking activities.
- f) To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- g) To provide awareness and education on risk management to all levels of the Group.
- h) To review and approve the statements to be included in the Annual Report concerning internal controls and risk management.
- i) To identify, assess and monitor the key risks to safeguard shareholders' interest and the Company's assets and evaluate their management, as well as define the level of risk tolerance.
- j) To consider the major findings of any corruption and whistle-blower matter, and deliberate and decide on the appropriate action on such matter that has not been resolved satisfactorily.
- k) To consider and examine such other matters as the Committee considers appropriate.
- l) To consider other matters as defined by the Board.

### **13. PUBLISHED AT THE WEBSITE**

The Terms of Reference of the Committee shall be made available on the Company's website.

### **14. REVIEW OF THE TERMS OF REFERENCE**

The Terms of Reference of the Committee shall be reviewed by the Board annually to ensure the Committee remains consistent with the Company's objectives and Board's responsibilities and in line with the relevant laws and legislations.

**END**