



MELEWAR INDUSTRIAL GROUP BERHAD

(Company Number 8444-W)
(Incorporated in Malaysia under the Companies Act, 1965)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

Melewar Industrial Group Berhad ("MIG") shall be governed by the following terms of reference:

1. COMPOSITION

- 1.1 The Risk Management Committee shall be appointed by MIG Board from among its Independent Non-Executive Directors. The Committee shall consist of not less than (3) members the majority of whom are Independent Directors.
- 1.2 No Alternate Director shall be appointed as a member of the Committee.
- 1.3 The Committee shall elect a Chairman from among its members who shall be an Independent Non-Executive Director of the Company.

2. TERMS OF MEMBERSHIP

- 2.1 The term of office and performance of the Risk Management Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine if the Risk Management Committee and its members have carried out their duties in accordance with the terms of reference.
- 2.2 Members of the Committee will be eligible for reappointment at the end of the three (3) year period, subject to a review by the Board of the performance of the members.

3. MEETINGS

- 3.1 The Committee shall meet at least twice (2) in a financial year.
- 3.2 The Chairman shall convene a meeting of the Committee if requested to do so by any Committee member or the Board of Directors to consider any matters within the scope and responsibilities of the Committee.

3.3 The Chairman of the Committee shall report on each meeting to the Board of Directors on the activities of the Committee.

3.4 In the absence of the Chairman, the Committee shall appoint one of the Independent members present to Chair the meeting.

4. ATTENDANCE AT MEETINGS

4.1 The Committee may invite any persons to be in attendance to assist in its deliberations.

5. SECRETARY TO THE COMMITTEE

5.1 The Secretary of the Committee shall be appointed by the Chairman of the Committee. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairman and shall be responsible for keeping the minutes of the meetings of the Committee and circulating them to the committee members. The Agenda together with relevant explanatory papers and documents shall be circulated to the committee members prior to each meeting.

5.2 The Risk Management Committee may require any employee and a representative of the external auditors to attend its meetings. The Committee may also, as and when necessary, invite other Board members, senior management personnel and external independent professional advisers to attend its meetings.

6. QUORUM

6.1 A quorum of any meeting of the Risk Management Committee shall consist of not less than two (2) members; the majority of the members present shall be independent Directors.

7. DUTIES AND RESPONSIBILITIES

The Risk Management Committee is responsible for:

7.1 Reviewing existing controls that may reduce the risk factors of the Company.

7.2 Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval.

- 7.3 Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
- 7.4 Ensuring adequate infrastructure, resources and systems are in place for an effective risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the insurer's risk taking activities; and
- 7.5 Reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

8. POLICY AND AUTHORITY

8.1 Policy

- 8.1.1 To establish the process of identifying, evaluating and managing risks faced by the Company and its subsidiaries and associate companies.
- 8.1.2 To adopt a proactive and effective approach in managing its business risks in a rapidly changing business environment.
- 8.1.3 To comply with the relevant guidelines in the Malaysia Code of Corporate Governance and all applicable Malaysian laws in relation to risks.
- 8.1.4 To promote an effective risk awareness culture whereby risk management is recognised as an important aspect of the Group Management System.
- 8.1.5 To provide adequate infrastructure, resources and systems for effective risk management.
- 8.1.6 To maintain a high standard of service to the Company's clients at all times.
- 8.1.7 To preserve the safety, health and welfare of its employees
- 8.1.8 To ensure financial stability and to protect the interest of all its stakeholders.

- 8.1.9 To ensure that the Company's operations are of the highest standard within steel industry and conform to the Government's environmental requirements.

8.2 Authority

- 8.2.1 The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- 8.2.2 The Committee is also authorised to obtain external legal or independent professional advice as it considers necessary as well as to appoint Risk Management Sub-Committees.