



Management Procedure	RANHILL BOARD OF DIRECTORS	Issue No.	05
Document Title	Board Charter – Appendix III: Governance and Risk Management Committee: Terms Of Reference	Revision No.	04
ISO & OHSAS Element		Issue Date	26 August 2022
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GOVERNANCE AND RISK MANAGEMENT COMMITTEE: TERMS OF REFERENCE

The Governance and Risk Management Committee (“**GRMC**”) is a committee of the Board of Ranhill Utilities Berhad (“**the Company**”). The authority, functions, responsibilities and duties of GRMC are extended to all subsidiary companies in the Group.

1.0	Primary Functions	<p>To assist Board in:-</p> <ul style="list-style-type: none"> a) applying the principles and best practices recommendations of corporate governance, integrity, business ethics, sustainability and corporate responsibility and to ensure compliance with applicable regulatory and legal requirements; b) providing in-depth governance of risk for the Group; c) fulfilling its corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group; and d) ensuring an effective Whistleblowing Policy and Procedures and Risk Management Policy and Procedures are implemented and monitor its compliance.
2.0	Composition	<ul style="list-style-type: none"> a) GRMC shall consist of not fewer than three (3) Board members, with at least two (2) being Independent Directors; and b) Chairman of the GRMC shall be an Independent Director.
3.0	Meetings	<p><u>Frequency</u></p> <p>GRMC shall meet at least four (4) times annually or more frequently as considered necessary by the Chairman of GRMC.</p> <p><u>Quorum</u></p> <ul style="list-style-type: none"> a) Quorum for the meeting shall be two (2) members; both of whom shall be Independent Directors including the Chairman. In the absence of the appointed Chairman, the members present shall elect another Independent Director as Chairman for the meeting from amongst the members present; b) The President and Chief Executive (“PCE”) and Group Chief Corporate Officer (“GCCO”) and Group Chief Financial Officer (“GCFO”) shall normally be invited to attend the meetings. Other



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		<p>members of the Board, Senior Management and Heads of Divisions may be invited to the meetings where necessary.</p> <p><u>Conduct of meetings</u></p> <p>a) The notice and agenda of meetings shall be circulated at least 7 business days in advance of each meeting. The meeting agenda shall be the responsibility of the Chairman with input from the members;</p> <p>b) The meeting materials shall be dispatched to the members at least 5 business days in advance of each meeting in order to provide the members sufficient information and time to prepare for meetings;</p> <p>c) All resolutions of the GRMC shall be adopted by a simple majority vote. In case of a tie, the Chairman shall have a second or casting vote;</p> <p>d) The minutes of the meeting shall record the deliberations, decisions and agreed actions of the GRMC. Copies of the draft minutes shall be distributed to GRMC members within a week from the meeting and finalised within 3 weeks. Minutes of the meetings shall be duly entered in the minutes books and circulated to members of the GRMC, Board and Senior Management;</p> <p>e) A meeting shall normally be conducted in persons. However, meetings may also be conducted via teleconferencing or video conferencing as determined by the AC; and</p> <p>f) The Company Secretaries shall be appointed as Secretaries of the GRMC.</p>
4.0	Authority	<p>The GRMC is authorised by the Board to:-</p> <p>a) review any matter within its terms of reference;</p> <p>b) have full and unrestricted access to any information pertaining to the Group;</p> <p>c) have direct communication channels with all employees of the Group;</p> <p>d) authorise an investigation where there is possible fraud, illegal acts or suspected violation of the Code of Conduct and Business Ethics involving Senior management or member of the Board;</p>



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		<ul style="list-style-type: none"> e) have adequate resources to perform its duties; and f) obtain independent professional or other advice, if required.
5.0	Responsibilities	<p><u>Governance Oversight</u></p> <ul style="list-style-type: none"> a) Periodically review and assess the adequacy of the Group's Corporate Governance Practices and Principles including the terms of reference for the Board and the Company's Articles of Association (Constitution) and recommend the necessary enhancement and updates; b) Review the Corporate Governance Overview Statement and Corporate Governance Report with reference to the MCCG or such other applicable best practices for inclusion in the annual report for Board's approval together with reasons for not complying with the MCCG and the alternative measures adopted by the Company; c) Review the mechanisms in engaging stakeholders as a means to monitor stakeholder relations in order to gauge and assess their input; d) Drive the Ethics Programme across the Group, including ensuring the implementation of the Code of Conduct and Business Ethics ("CCBE") are complied with; e) Review and endorse the ethics programme for Board's approval and monitor progress of implementation. Assess its effectiveness and the ethical climate of the entire organisation, and recommend necessary changes to the Board; f) Oversee the conduct and review the results of any risk assessments, control measures and performance and reporting of critical risks to the Board; g) Oversee the internal control and preventive measures for anti-corruption framework and conduct systematic review, monitoring and enforcement of the Company's anti-corruption policy in the CCBE; h) Ensure provision of tools, system and resources being adequately provided as required to perform the Company's anti-corruption policy in the CCBE and its compliance program as well as training and communication; and i) Ensure all material matters that affect the Group are brought to the Board's attention in a timely manner to promote effective decision making by the Board.



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	<p><u>Strategic Plan</u></p> <p>a) Oversee the formulation of the strategic plan developed by Management;</p> <p>b) Review and provide guidance to the Group's strategic plan proposed by Management;</p> <p>c) Review and recommend the Group's strategic plan for adoption by the Board; and</p> <p>d) Monitor and review the implementation of the approved strategic plan and report its progress to the Board.</p> <p><u>Investment</u></p> <p>a) Determine and regularly review a clearly articulated investment policy for the Company. The policy shall specify asset allocation, investment and fund management guidelines which provide reasonable assurance that the Company can meet its business and financial objectives with a balance between risk, return and cost;</p> <p>b) Review the overall investment strategies and guidelines of the Group which are consistent with the objective to enhance shareholders' value;</p> <p>c) Assessing the viability of all project investments and divestments proposed to our Board for consideration. Project investments include Build-Operate-Transfer ("BOT") projects, mergers and acquisitions, and concession/privatisation;</p> <p>d) GRMC shall review the investments in accordance to the threshold triggered pursuant to the Ranhill Authority Manual ("RAM");</p> <p>e) Evaluate the risk exposure of any business proposal to ascertain that it does not breach the risk appetite of the Group;</p> <p>f) Evaluate the terms of any business agreements entered into by the Company; and</p> <p>g) Evaluate the terms of any form of funding (excluding project financing) which amount is greater than 30% of the Net Asset Value ("NAV") based on latest available audited consolidated financial statements, proposed to the Board for consideration.</p>
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		<p><u>Risk Strategy</u></p> <p>a) Review the Group’s Enterprise Risk Management (“ERM”) framework and to recommend to the Board for approval;</p> <p>b) Review the ERM policies, controls and systems of the Group in line with the approved risk management framework, and to recommend to the Board for approval;</p> <p>c) Formulate and propose to the Board the Risk Appetite and tolerance for the Company and its entities proposed by the management; and</p> <p>d) Maintain continued awareness of any changes in the Group’s risk profile to ensure that the Group’s business activities are in line with the overall ERM framework.</p> <p><u>Risk Organisation</u></p> <p>a) Oversee the overall management of all risks covering the businesses, markets, reputation and operations;</p> <p>b) Ensure that there are clear and independent organisational reporting lines and responsibilities for the management of risk;</p> <p>c) Cultivate a proactive risk management culture within the Group so that risk management processes are applied in the day-to-day business and activities; and</p> <p>d) Conduct independent review of the Group’s risk management infrastructure, capabilities, environment and processes whenever necessary.</p> <p><u>Risk Management</u></p> <p>a) Approve risk methodologies for measuring and managing risks arising from the Group’s business and operational activities;</p> <p>b) Ensure that risk management processes for the identification, measurement and analysis, reporting, and mitigation of risks are in place within the Group and are operating in an efficient and effective manner;</p> <p>c) Review Group risk profile and monitor management action plan to manage its critical and significant risks;</p>
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		<p>d) Periodically (at least quarterly) review risk exposures of the Group in line with its risk strategy and objectives; and</p> <p>e) Ensure the adequacy of tools, systems and resources for the successful management of risk within the Group.</p> <p><u>Other Matters</u></p> <p>The Chairman of GRMC shall coordinate with the Chairman of AC to review the Group's risks in ensuring that the appropriate internal controls are developed accordingly.</p>
6.0	Reporting	<p>The Chairman of GRMC shall:</p> <p>a) formally report to the Board on its proceedings, whereby the approved minutes of GRMC meetings shall be tabled to the Board for notation; and</p> <p>b) attend the Annual General Meeting, prepared to respond to any question from the shareholders on GRMC's activities.</p>
7.0	Performance	<p>The review on terms of office and performance of the GRMC and each of its members shall be evaluated by Nominating and Remuneration Committee on annual basis.</p>

End of Appendix III for GRMC