

APEX EQUITY HOLDINGS BERHAD

[Company No.: 199001016563 (208232-A)]

(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE GROUP BOARD RISK COMMITTEE

(1st revision approved by the Board of Directors on 9 August 2022)

1. OBJECTIVES

- 1.1 The principal objectives of the Group Board Risk Committee (“**GBRC**”) are to assist the Board of Directors (“**Board**”):
- 1.1.1 in fulfilling its statutory and fiduciary responsibilities including ensuring that the Company and its subsidiary companies (“**Group**”) have in place a sound and robust risk management and internal control framework and ensure that such framework has been effectively implemented to enhance the Group’s ability to achieve its strategic objectives;
 - 1.1.2 reviewing the management of the Group in addressing key risks including but not limited to financial, operational, regulatory compliance, anti-corruption, cybersecurity, sustainability and reputational risks;
 - 1.1.3 reviewing the effectiveness of the risk management framework in identifying, assessing and monitoring key business risks and internal processes and ensuring that the Management maintains sound risk management processes to safeguard shareholders’ investments and the Group’s assets, and enhance enterprise value;
 - 1.1.4 reviewing reports from the Group Risk Management Committee (“**GRMC**”) on risk exposures and risk management plans to cover compliance with the Group’s policies and the overall risk mitigation plan; and
 - 1.1.5 ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

2. COMPOSITION

- 2.1 The Committee members shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members, comprising exclusively of Non-Executive Directors, a majority of whom are independent.
- 2.2 All members of the Committee, including the Chairman, shall hold office only for so long as they serve as Non-Executive Directors of the Company.
- 2.3 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary.
- 2.4 In the event of any vacancy arising in the Committee resulting in the number of members falling below three (3), the vacancy shall be filled within three (3) months of that event.

3. CHAIRMAN

- 3.1 The Chairman of the Committee shall be appointed by the Board and he shall not be the Chairman of the Board.
- 3.2 The following are the main duties and responsibilities of the Chairman:
- 3.2.1 Assist the Committee fulfil the goals it sets by assigning specific tasks to members of the Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
 - 3.2.2 Engage with the Secretary of the Committee on matters relating to its Terms of Reference and how those responsibilities should be discharged.
 - 3.2.3 Provide a reasonable time for discussion at the meeting. Organise and present the agenda for regular or special Committee meetings based on input from members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage healthy debate on the issue at hand and bring to the Committee a healthy level of skepticism and independence.
 - 3.2.4 Provide leadership to the GBRC, ensure proper flow of information to the Committee and review the adequacy and timing of documentation.
 - 3.2.5 Secure good corporate governance and ensure that members look beyond their Committee function and accept their share of responsibilities of governance materials in support of the Management's proposals.
 - 3.2.6 Manage the processes and workings of the GBRC and ensure that the GBRC discharges its responsibilities in accordance with the Terms of Reference.
 - 3.2.7 Ensure that every GBRC resolution is put to a vote to ensure that it is the will of the majority that prevails.
- 3.3 In the event of any reason that the Chairman of Committee ceases to be the Chair, the Board shall elect a new Chairman within three (3) months.

4. SECRETARY

- 4.1 The Secretary of the Committee shall be the Company Secretary.

5. AUTHORITY

- 5.1 The Committee shall have the authority to:
- 5.1.1 access and secure the necessary resources to perform its duties set out in its Terms of Reference;
 - 5.1.2 investigate any matter within its terms of reference and to appoint such independent experts, as appropriate, at the Company's cost.

- 5.1.3 have full, free and unrestricted access to any employee, all information, records, and properties of the Company and of any other companies within the Group, which are required to perform its duties;
 - 5.1.4 be able, at the Company's cost, to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee.
- 5.2 The Committee is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on risk related matters for its consideration and implementation.

6. DUTIES AND FUNCTIONS

The main duties and functions of the Committee shall include but are not limited to the following:

- 6.1 Provide oversight, direction and counsel to the Group's risk and compliance management process which includes the following:
 - 6.1.1 establish the Group's risk, compliance and integrity management frameworks based on internationally recognised standards.
 - 6.1.2 conduct an annual review and periodic testing of the Group's risk, compliance and integrity management frameworks. This should include any insights it has gained from the review and any changes made to the respective management frameworks arising from the review.
 - 6.1.3 monitor the Group level risk exposures and management of the significant financial and non-financial risks identified.
 - 6.1.4 evaluate new risks identified by the GRMC including the likelihood of the emerging risks happening in the future and consider the need to put in place the appropriate controls.
 - 6.1.5 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.
 - 6.1.6 review the status of the implementation of management action plans in mitigating significant risks identified.
 - 6.1.7 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.
- 6.2 Establish and periodically review the Group's risk, compliance and integrity management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.

- 6.3 Review and monitor the implementation of compliance and integrity activities as that relate to the compliance and integrity management frameworks.
- 6.4 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.
- 6.5 Recommend for the Board's approval, the Group's compliance and integrity management frameworks, policies and strategies and any proposed changes thereto.
- 6.6 Evaluate the effectiveness of the Group Risk Management and Group Compliance structure, management processes and support system to identify, assess, monitor and manage the Group's key risks.
- 6.7 Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:
 - 6.7.1 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.
 - 6.7.2 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.
 - 6.7.3 monitor the execution/operationalisation of investments or projects and highlighting key risks to the Board as relevant.
 - 6.7.4 review the effectiveness of risk mitigating actions post approval for major investments and projects based on Group Risk Management Committee assessments, and reporting the same to the Board.
 - 6.7.5 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.
 - 6.7.6 review investment proposals considered significant including:
 - New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
 - New territories and countries (defined as expansion of existing businesses into new markets/ territories).
- 6.8 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 ("**Bursa Securities**")(**Listing Requirements**") 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.

7. MEETINGS

7.1 Frequency

- 7.1.1 The Committee shall meet at least four (4) times annually, or more frequently, if deemed necessary.
- 7.1.2 The Group Risk Officer shall attend meetings of the Committee as a permanent invitee. Other members of the Management may attend the meetings by invitation of the Committee.
- 7.1.3 The Chairman shall convene a meeting of the Committee if a request is made by any Committee member, the CEO or the Chief Risk & Compliance Officer.

7.2 Notice and Agenda

- 7.2.1 Unless otherwise agreed, the Secretary shall issue and circulate the notice of the Committee meetings confirming the venue, time and date at least seven (7) working days before each meeting by e-mail at the email address provided or by any means of telecommunication to the Committee members and all those who are required to attend the meeting. Committee members may waive the notice of any meeting either prospectively or retrospectively if required. The agenda and meeting materials shall be emailed to the Committee members and to other attendees as appropriate, at the same time when available.
- 7.2.2 The Committee meeting agendas shall be the responsibility of the Chairman with input from the Committee members, and assisted by the Secretary. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate in this process.

7.3 Quorum

- 7.3.1 The quorum for Committee meeting shall be a majority of the Committee members present in person.
- 7.3.2 In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

7.4 Meeting Mode

- 7.4.1 A meeting of the Committee shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted by means of telephone conferencing, video conferencing or other appropriate means as determined by the Committee, through which all persons participating in the meeting can hear and speak with each other.

7.4.2 Committee members participating in any such meeting shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in the quorum accordingly.

7.4.3 The meeting shall be deemed to be held at the place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

7.5 Voting

7.5.1 All decisions of the Committee shall be decided by a simple majority of votes, each member having one (1) vote. Any decision or recommendation made at the Committee shall be subject to the review and ultimate approval of the Board.

7.5.2 In case of equality of votes, the Chairman shall have a second or casting vote. Where two (2) Committee members form a quorum, the Chairman of a meeting at which only such a quorum is present or at which only two (2) Committee members are competent to vote in the question at issue, shall not have a casting vote.

7.5.3 Committee members are required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7.6 Minutes of Meetings

7.6.1 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 minutes of the Committee meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting.

8. RESOLUTION

8.1 A resolution in writing signed, confirmed or approved by letter, email or other means of written communications by majority of the Committee members sufficient to form a quorum, shall be as valid and effectual as if it has been passed at a meeting of the Committee duly called and constituted.

8.2 All such resolutions shall be described as "Group Board Risk Committee's Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more members.

9. REPORTING RESPONSIBILITIES

9.1 The Chairman of the Committee shall orally report on the proceedings of each Committee meeting to the Board at the first Board meeting following the Committee meeting.

- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed for consideration, approval and adoption but it has no executive power to implement the recommendations on behalf of the Board.
- 9.3 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee has the responsibility of promptly reporting such matter to Bursa Securities.

10. REVIEW OF TERMS OF REFERENCE

- 10.1 The Committee shall recommend any changes to its terms of reference in such manner as it deems appropriate to fulfill such other requirements as prescribed by applicable laws and/or to align the Committee with recommended best practices and proper corporate governance, to the Board for approval. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.

Revision History

Version	Effective Date
1	29.11.2021
1st Revision	09.08.2022