

# **GENETEC TECHNOLOGY BERHAD**

Registration No. 199701030038 (445537-W)

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

(Effective From 29 May 2025)

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### **INTERPRETATION**

- (a) "BOD" means the Board of Directors
- (b) "Company" means GENETEC TECHNOLOGY BERHAD [Registration No. 199701030038 (445537-W)].
- (c) "Group" means the Company and its subsidiary companies
- (d) "RMC" means the Committee established by the Board as the Company's Risk Management Committee.

### **1. INTRODUCTION**

Risk is inherent in every business. The increasing complexity of today's risk landscape driven by evolving business models and regulatory requirements has made effective risk management more critical than ever in unlocking potential value and sustaining long-term business performance.

Whilst the BOD retains ultimate responsibility for overseeing risk management and determining the Group's risk appetite, a RMC has been established to provide assurance to the BOD on the adequacy and effectiveness of the Group's risk management framework and overall risk profile.

### **2. OBJECTIVE**

The objective of the RMC is two-fold: -

- ☐ To be at the forefront of the Group's Risk Management initiatives and to ensure that a risk management structure is effectively embedded across all levels of the Group's operations; and
- ☐ To ensure that the risk management structure is consistently adopted throughout the Group and is aligned with the parameters and risk appetite established by the BOD.

### **3. AUTHORITY AND SCOPE**

The RMC has delegated authority from the BOD with a remit that encompasses all risk management activities within the group including compliance with the risk management strategy. The RMC reports to the BOD.

### **4. COMPOSITION**

- 4.1 All members of the RMC shall be appointed by the Board from amongst the directors of the Company pursuant to a Board Resolution.

- 4.2 The composition of the RMC must not be less than three (3) members, with a majority of them being independent. Where the members for any reason are reduced to less than three (3), the Board shall, within three (3) months, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 4.3 The members of the RMC shall elect a Chairman from amongst themselves.
- 4.4 All members shall hold office only for so long as they serve as directors of the Company. Conversely, the members may relinquish their membership in the RMC with prior written notice to the Board.
- 4.5 The Board shall have power at any time and from time to time to rescind the appointment of any directors in the RMC and appoint new members to the RMC as it shall deem fit.
- 4.6 An alternate director shall not be a member of the RMC.

## **5. SECRETARY**

The Company Secretary of the Company or such other person(s) authorised by the Board shall act as the Secretary of the RMC.

## **6. MEETINGS & DECISIONS**

- 6.1 The RMC shall meet at least twice (2) for each financial year. Additional meetings shall be convened at any time at the discretion of the RMC Chairman.
- 6.2 Notice of meeting, not less than three (3) working days shall be given for the calling of any meeting to those entitled and required to be present.
- 6.3 The quorum for the meeting shall consist of not less than two (2) members.
- 6.4 The RMC Chairman shall preside at the meeting. In the absence of the RMC Chairman, the members present at the meeting shall elect one among themselves to chair that particular meeting.
- 6.5 Any RMC member may participate in a meeting by means of a conference telephone, video conference or any other means of audio-visual communications and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 6.6 The head of the Risk Management Working Group shall be in attendance at all meetings to present and discuss the risk management reports and other related matters as well as the recommendations relating thereto, and to follow up on all relevant decisions made by the RMC. Internal Auditors and other management may attend the meetings at the invitation of the RMC.
- 6.7 The RMC has the explicit right to convene meetings with the External Auditors, Internal Auditors or both as the case requires.
- 6.8 The RMC shall decide amongst themselves as to the manner of arriving at any or all decisions with regard to the risks and controls.
- 6.9 The RMC Chairman shall report the proceedings of each meeting to the Board and update the Board on any significant issues and concerns discussed, if so required, and make necessary recommendations to the Board it deems appropriate where action or improvement is needed.
- 6.10 All RMC members are required to declare and abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.
- 6.11 A resolution in writing, signed or assented to by letter, telex, telefax or other written electronic communications by a majority of the RMC members for the time being who is sufficient to form a quorum shall be as valid and effective as if it has been deliberated and decided upon at a meeting of the RMC. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

## **7. AUTHORITY**

- 7.1 The RMC is authorised by the Board and at the expense of the Company to perform the following:
- a. Secure the resources in order to perform its duties as set out in the terms of reference.
  - b. Have direct communication channels with unrestricted access to all information, records, reports, properties and personnel of the Company and Group necessary for the RMC to discharge its duties and responsibilities.
  - c. Instruct the Risk Management Working Group to perform duties as necessary to support the RMC in discharging its responsibilities.
  - d. Obtain outside legal or other professional advice on any matters within its terms of reference.
- 7.2 The RMC is authorised to make recommendations to the Board on appropriate actions to be taken, resulting from such assessment.

## **8. RESPONSIBILITIES OF THE RMC**

The RMC is responsible for: -

### **a. Establishing Strategic Context**

Ensuring the strategic context of the risk management strategy is complete and takes into account the environment within which the Group operates and the requirements of all stakeholders.

Ensure that the risk management strategy is fully cognisant of:

- i. The relationship between the Group and its environment, identifying the Group's strengths, weaknesses, opportunities and threats.
- ii. The requirements for consistency in risk management processes operating within the different businesses.
- iii. The requirements of internal and external stakeholders and their risk perceptions.

The RMC role includes assisting the BOD to establish communication with the stakeholders.

### **b. Establishing Risk Management Processes**

Determining the overall risk management processes that should be adopted by the individual business unit or department. It should also develop appropriate guidelines and policies for the implementation of the said processes.

#### **i. Conducting Risk Identification**

The RMC establishes and sponsors the process for the comprehensive identification of risk using a well-structured and systematic process operated on an organisation-wide basis and communicates the requirements to the business units or departments.

The individual business units or departments are responsible for completing the risk identification in compliance with the agreed process.

The risk identification process should be kept up to date.

#### **ii. Conducting risk evaluation**

The RMC determines the factors that should be taken into account to evaluate risk and the level of complexity that should be adopted by the businesses to complete the assessment.

### **iii. Determining risk treatments**

The RMC establishes the most appropriate options that business units or departments can utilise to deal with the risks. The RMC retains responsibility for ensuring that the most appropriate strategies are adopted.

The RMC has responsibility for establishing a process for:

- ☐ Identifying treatment options and strategy
- ☐ Evaluating treatment options
- ☐ Selecting treatment options
- ☐ Preparing treatment options
- ☐ Implementing plans
- ☐ Monitoring implementation of plans
- ☐ Generating assurance to the BOD that the processes are operating as designed.

### **c. Establishing a Risk Management Structure**

Ensuring a short and long-term risk management strategy, framework and methodology have been implemented and consistently applied by all business units or departments.

Ensure that the following are implemented:

- i. A short and long-term risk management strategy which is clearly communicated and understood throughout the Group;
- ii. A Group risk management framework; and
- iii. A Group risk management methodology to enable a consistent approach and application to be adopted when evaluating risk and consistent with the risk management processes.

### **d. Embedding Risk Management Capability**

Ensuring risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the BOD.

Ensure that risk awareness is embedded throughout the Group, which requires: -

- i. Risk management processes to be integrated into all core business processes;
- ii. An organisational structure to support the risk management strategy and ensure there is clear ownership and communication of risks;
- iii. The organisational policy and goals to help define the criteria by which to decide whether a risk is acceptable or not;
- iv. Clear escalation processes;
- v. Risk management to be included as part of the personal performance management system; and
- vi. Appropriate training in risk management at all levels.

### **e. Establishing Reporting Mechanisms**

Providing a consolidated risk and assurance report to the BOD that supports its “Statement on Risk Management and Internal Control” in the Group’s annual report.

The RMC has the responsibility to provide a consistent and complete view of risk across the group, which requires: -

- i. A consolidated view of the risk profile of the Group and the identification of any major exposures including the remedial actions associated with those exposures; and
- ii. Assurance on the adherence to the risk management structure.

**f. Integrating & Coordinating Assurance Activity**

Ensuring alignment and coordination of assurance activity across the organisation.

Ensure that there is appropriate integration and coordination of assurance reporting through: -

- i. An integrated assurance plan for the Group;
- ii. Regular review of assurance reporting across the key business risks; and
- iii. Tracking the implementation of agreed actions.

**g. Establishing Business Benefits**

Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities within the Group.

The RMC has responsibility for identifying and monitoring the implementation of potential business benefits through the enhancement of risk management capabilities.

This is linked to the organisational policy and the need for the appropriate skill sets to be acquired and retained.

**h. Establishing Effectiveness of the Risk Management Process**

Simplifying and improving the effectiveness of existing risk management structures.

Ensure there is regular review of the risk management structure to identify:

- Simplified and consistent reporting procedures
- Duplication of activity
- Inefficient / outdated practices

**i. Managing the Group's Risk Management Initiative**

Supporting the implementation of the risk management processes within the business.

The RMC will ensure that the risk management objectives are met. These objectives include:

- Implementing best-practice risk management processes to enhance the Group's overall effectiveness; and
- Meeting corporate governance and all regulatory compliance requirements.

The RMC will be responsible for ensuring that an appropriate structure is maintained to support on-going adherence to the Group's risk management framework.

**9. COMPLIANCE**

Notwithstanding any of the powers conferred upon the RMC as herein provided, the RMC shall at all times comply with and adhere to all requirements or regulations set by the relevant governmental and/or regulatory authorities with regard to risks and controls.

**10. REVIEW OF TERMS OF REFERENCE**

- i. The terms of reference will be subject to periodic review and update to ensure that it remains relevant in accordance with the needs of the Group.
- ii. Any revision or amendment to the terms of reference, as proposed by the RMC, shall be presented to the Board for its approval.