



Registration No. 201001016854 (900557-M)  
(Incorporated in Malaysia)

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

### **DEFINITIONS**

“BAuto” or “Company”	:	Bermaz Auto Berhad
“Board”	:	Board of Directors of BAuto
“Group”	:	BAuto and its subsidiaries
“Management”	:	Management of BAuto Group
“RMC” or “Committee”	:	Risk Management Committee of BAuto

### **1. Composition**

- 1.1 The RMC shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, with a majority of independent non-executive directors.
- 1.2 No alternate Director shall be appointed as a member of the RMC.
- 1.3 The terms of office and performance of the RMC and each of its members shall be reviewed by the Nomination and Remuneration Committee annually.
- 1.4 The RMC shall comprise members who have risk and business management knowledge and experience, including sufficient understanding of the industries in which the Company operates, in order to provide relevant inputs/advice and facilitate robust discussions with the Management of the Company on key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Company.
- 1.5 The Chairman of RMC is required to attend and address any query or concerned that may be raised by the Company’s shareholders on the RMC activities at the general meeting(s).

### **2. Authority**

- 2.1 RMC shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group.
- 2.2 RMC reports directly to the Board and is authorized by the Board to oversee, manage and report on all the risk management activities within the Company.

### **3. Scope and Functions**

3.1 RMC's scope of work encompasses, among others, the following:

- a) to be at the forefront of the Company's risk management programme and ensure that the risk management programme is embedded in the governance framework of the Company;
- b) to monitor, review and assess the risk management programme to ensure that it is consistently adopted throughout the Company and is within the parameters established by the Board; and
- c) to ensure the risk management programme is in compliance with all relevant regulatory requirements including Bursa Malaysia Securities Berhad's Main Market Listing Requirements, Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers) and the Malaysian Code on Corporate Governance.
- d) to oversee the integration of sustainability-related risks and opportunities into the Group's enterprise risk management framework in accordance with recognised sustainability reporting standards (for example, IFRS S1 and IFRS S2 or any successor or equivalent standards) and Malaysia's National Sustainability Reporting Framework (NSRF) where applicable.
- e) to monitor developments in sustainability reporting standards and to recommend material updates to the Board.
- f) to ensure that sustainability disclosures adopt the same reporting boundary as the consolidated financial statements unless a different boundary is justified and documented, and to provide independent oversight of assurance-readiness and escalate material gaps to the Board.
- g) to review and recommend the Group's Risk Appetite Statement to the Board at least annually, and shall ensure the Risk Appetite Statement includes, where applicable, quantitative and/or qualitative thresholds for sustainability and climate-related risks and tolerance levels for key risk categories.
- h) to oversee climate and other scenario analysis where material, review the outputs for Board consideration, and ensure appropriate inclusion of results in IFRS S2-aligned disclosures or equivalent reporting.

3.2 In general, the role of RMC includes, among others, the following:

#### 3.2.1 Establishing Strategic Context

Ensuring that the strategic context of the risk management strategy is complete and takes into account the environment within which the Company operates and the requirements of all stakeholders and the Board such as the followings:

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

### 3.2.2 Establishing Risk Management Processes

Determining the overall risk management processes that should be adopted by the Company and developing appropriate guidelines and policies for implementation such as the followings:

- a) Conducting risk identification  
RMC establishes and develops a comprehensive process for risk identification using a well-structured and systematic process for the organisation and communicates the requirements to all the business units. The respective business units are responsible for completing the risk identification based on the process developed by RMC. The risk identification process should always be kept up to date.
- b) Conducting risk evaluation  
RMC determines the factors that should be taken into account to evaluate risks and the level of complexity that should be adopted by the respective business units to complete the assessment.
- c) Determining risk treatments  
RMC establishes the most appropriate options/procedures for the respective business units to deal with the risks identified.

RMC is responsible for ensuring that the most appropriate strategies are adopted and for establishing the processes for:

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

RMC shall ensure that sustainability-related risks are captured in the risk identification and evaluation processes and that risk registers explicitly record sustainability and climate risk exposures, controls, owners, and mitigation timelines.

### 3.2.3 Establishing Risk Management Structure

Ensuring the short, medium and long term risk management strategy, framework and methodology are clearly communicated, implemented and applied consistently throughout the Company such as the followings:

- The risk management strategy;
- The risk management framework; and
- The risk management methodology.

### 3.2.4 Embedding Risk Management Capability

Ensuring risk management processes are embedded into all the core business units' processes and that the culture of the Company reflects the risk consciousness of the Board, which includes, among others, the followings:

- Integration of risk management processes into all core business units' processes;
- Establishment of organisational structure to support risk management strategy to ensure there is clear ownership and communication of risk;
- Establishment of organisational policies and goals to assist in determining whether a risk is acceptable or not;
- Clear escalation processes;
- Risk management to be included as part of the personal performance management system; and
- Appropriate training in risk management at all levels.

### 3.2.5 Establishing Reporting Mechanism

Providing a consolidated risk and assurance report to the Board and Audit Committee to support the statement in the Company's annual report relating to internal control. RMC to provide consistent and complete view of risk across the Company, which includes, inter-alia, the followings:

- A consolidated view of the risk profile and identification of any major exposures including the remedial actions associated with those exposures;
- Assurance as to the adherence to the risk management structure;
- Assurance as to compliance with external regulations such as Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.
- Assurance that consolidated risk reporting includes sustainability risk metrics, the reporting boundary used, progress against Risk Appetite thresholds (including sustainability thresholds), results of scenario analysis where material, and an assurance readiness status for material metrics.

### 3.2.6 Establishing Business Benefits

Identifying possible business opportunities through the enhancement of risk management capabilities within the Company. RMC is responsible for identifying and monitoring the implementation of potential business benefits through the enhancement of risk management capabilities, which in turn is linked to the organisational policy and the need for the appropriate skill sets to be acquired and retained.

### 3.2.7 Establishing Effectiveness of Risk Management Processes

Simplifying and improving the effectiveness of the risk management structure and reviewing them on a regular basis to identify:

- Consistent reporting procedures;
- Duplication of activities; and/or
- Inefficient practices

### 3.2.8 Managing Risk Management Programme

Supporting the implementation of the risk management processes within the Company whereby RMC to act as the steering committee and ensure that the Risk Management Programme objectives are met, which includes the followings:

- Implement best practice risk management processes that improve the overall effectiveness; and
- Meet corporate governance requirements.

RMC is responsible to ensure that appropriate structure is retained to enable on-going compliance with the risk management structure upon implementation of the Risk Management Programme.

## **4. Frequency and Attendance**

- 4.1 The RMC will meet at least once a year or whenever deemed necessary or required.
- 4.2 A quorum for the meeting shall be three (3) RMC members, of which at least two (2) members must be independent non-executive directors. In the absence of the Chairman of the Committee, the members present shall elect one (1) of their members to chair the meeting.
- 4.3 Matters arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the meeting shall have a casting vote. However, the Chairman of the meeting shall not have a casting vote if only two (2) members are present or when only two (2) members are eligible to vote. The question in issue shall be tabled at the next meeting of the RMC or referred to the Board of the Company, whichever is more expedient.

- 4.4 The meetings of RMC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.
- 4.5 A resolution in writing signed or approved by letter, facsimile or electronic communication by a majority of members shall be effective for all purposes as if it were a resolution passed at a meeting of the RMC duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members. All such resolutions shall be recorded by the Secretary in the minutes book.
- 4.6 The Company Secretary shall be the Secretary of the RMC. The agenda for the RMC meeting(s) shall be determined by the Chairman of the RMC. The Group Chief Executive Officer, Chief Financial Officer, Managing Director of the respective active subsidiaries, and representative of Internal Auditors shall normally be invited to attend meetings of the RMC.
- The RMC may, as and when deemed necessary, invite other Board members and Management to attend the meetings.
- 4.7 Unless otherwise agreed by all members of RMC for a shorter period, the notice and agenda for meetings shall be circulated at least five (5) business days prior to the date of meeting to all RMC members and to those who are requested to attend.
- 4.8 Proceedings at meeting shall be properly documented and minutes of meeting to be approved by the Chairman of the meeting or by the Chairman of the next succeeding meeting. Upon approval by the Chairman of the meeting, it shall be conclusive evidence without any further proof of the facts thereon and the minutes of meeting shall then be circulated to the Board. The Management shall be provided with the minutes and list of matters arising for follow up on key actions required.
- 4.9 The Chairman of RMC shall report to the Board at the next Board meeting following the RMC meeting. Relevant information and supporting documents (if any) shall be provided to the Board for them to have an informed decision and to facilitate making the relevant disclosures and/or announcements to the authorities, where appropriate.
- 4.10 RMC shall be present at the Annual General Meetings of the Company to assist in responding to any question that may be posed to them by the shareholders.

## **5. Review of the Terms of Reference**

The RMC will review the terms of reference periodically to ensure that it reflects current best practice in corporate governance and risk management. Board approval is required for any changes in the terms of reference. The RMC and the Board shall thereafter be duly informed of such amendments and modifications. A copy of the Terms of Reference of the RMC is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

The previous Terms of Reference was last reviewed and approved by the Board on 11 September 2025.

This Terms of Reference was reviewed and approved by the Board on 11 June 2026.