



Board Risk Committee Proposed Terms of Reference

Revised on 16 August 2022

TERMS OF REFERENCE OF THE BOARD RISK COMMITTEE

1.0 ESTABLISHMENT

The Board Risk Committee (“BRC”) was established by the Board of Directors of Malaysia Marine and Heavy Engineering Holdings Berhad (the “Board”) pursuant to its resolution to oversee the following:

- 1.1 MHB’s risk management framework, policies and practices; and
- 1.2 MHB’s sustainability matters including environment, social and governance (“ESG”).

2.0 COMPOSITION

- 2.1 Upon recommendation of the Nomination and Remuneration Committee, the BRC shall be appointed by the Board amongst its non-executive members and shall consist of not less than three (3) members, with the majority comprising Independent Directors. The Chairman of the Board shall not be a member of the BRC.
- 2.2 In the event of any vacancy in the BRC where membership falls below three (3), the vacancy must be filled within three (3) months or within such extension period approved by the Board.
- 2.3 At least one (1) member of the BRC must also be a member of MHB Board Audit Committee. This is to foster a common understanding of the risk management and internal control system and in ensuring co-ordination between the various standing Board Committees of MHB in its risk oversight roles.
- 2.4 No alternate Director of the Board can be appointed as a member of the Committee.
- 2.5 Subject to Paragraph 4.2, if a member is unable to attend any meeting due to illness or any other cause, the Committee Chairman/Elected Chairman may invite another Director of the Company to attend the meeting and such invited Director shall have the rights and authorities of a BRC member.

3.0 CHAIRMAN

The Board shall appoint a Chairman of the BRC from among the Board members who are Independent Directors.

4.0 MEETINGS

- 4.1 The BRC shall hold meetings every quarter and additional meetings may be held as and when required.
- 4.2 The quorum for each meeting shall be two (2) members who shall both be Independent Directors.
- 4.3 In the event the Chairman is unable to be present for a meeting, the remaining members present shall elect a Chairman amongst themselves to chair the meeting.
- 4.4 The proceedings of BRC meetings shall be recorded and maintained by the Secretary to the BRC. The Company Secretary of MHB or any other person appointed by the BRC shall be the Secretary of the BRC.
- 4.5 The Managing Director & Chief Executive Officer, the Chief Financial Officer and General Manager of Corporate Planning & Risk Management shall normally attend the meetings. Other representatives of Management and other attendees at the discretion of the BRC may be invited to attend the meetings on matters relevant to them.
- 4.6 The Secretary shall circulate the minutes of meetings of the BRC to all members of the Board.

- 4.7 The BRC shall regulate its own procedure, in particular:
- (a) the calling of meetings;
 - (b) the notice to be given of such meetings;
 - (c) the voting and proceedings of such meetings;
 - (d) the keeping of minutes; and
 - (e) the custody, production and inspection of such minutes.

5.0 CIRCULAR RESOLUTIONS

A resolution in writing signed by all BRC members who are eligible to vote shall be as valid and effectual as if it had been passed at a meeting of the BRC duly called and constituted. All such resolutions shall be described as "Board Risk Committee's Circular Resolutions" and may consist of several documents in the life form, each signed by one (1) or more Directors and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him/her in the Company's minutes book following the receipt thereof by him/her. A BRC's resolution in writing signed and transmitted by facsimile or any electronic means shall be deemed to be original.

6.0 AUTHORITY

The BRC is empowered by the Board with the following authority to execute any matters within its terms of reference ("TOR") at the cost to be borne by MHB:

- 6.1 Full and unrestricted access to resources and information which are required to perform its duties. This includes authority to seek information from any employees of the Group. Employees subjected to such request may be directed by the BRC to co-operate with the request;
- 6.2 Right to obtain independent professional advice or other advice. The BRC may also invite external independent professionals to its meetings if it deems necessary; and

- 6.3 Right to review its TOR and to recommend amendments, revisions and updates thereto, where necessary in line with changes to the relevant laws, the prevailing corporate governance best practices or other regulatory requirements, to the Board for approval.

7.0 FUNCTIONS

The BRC's functions are to review, evaluate, report and make appropriate recommendations to the Board on the following matters:

Risk Management and Bid Review and Recommendation

- 7.1 Adequacy and effectiveness of MHB's Risk Management Framework and the ongoing activities (including reports on key strategic and business risks, identifying, evaluating, monitoring and mitigating risks);
- 7.2 MHB Risk Profile to ensure that appropriate systems and processes are in place to effectively monitor and manage the identified risks;
- 7.3 Risk assessments conducted by the Corporate Planning and Risk Management or the Bid Approval Committee on business proposals and new initiatives including, but not limited to:
- 7.3.1 merger & acquisition, divestment and joint-venture proposals including incorporated and unincorporated joint-ventures, consortiums, partnerships and collaborations, where applicable;
 - 7.3.2 financial-related decisions (e.g. financing);
 - 7.3.3 bid review & recommendation (including any deviations arising therefrom) for the following:

- i. Heavy Engineering
 - a) Above RM500 million (or its equivalent in other currencies) for the Firm bids/ Umbrella Contract/ Frame Agreements/ Long Term Agreements
 - b) Above RM500 million (or its equivalent in other currencies) for the Mini bids/ Work Orders
 - ii. Conversion / New Built
 - a) Above RM200 million (or its equivalent in other currencies)
 - iii. Oil & Gas Services
 - a) Above RM200 million (or its equivalent in other currencies) for Umbrella/ Master Call-out contracts/ Frame Agreements/ Long Term Agreements
- 7.3.4 country-related decisions (e.g. entry or exit management);
- 7.3.5 key capital projects;
- 7.3.6 new business ventures or special/non-core business projects (including international projects requiring physical work/activities overseas); and
- 7.3.7 commercial transactions with material complexity and exposure.
- 7.4 Determination of MHB's level of risk tolerance; and
- 7.5 Any other matters as defined by the Board or Board Committees as well as feedback from Management or the Risk Council and the external or internal auditors on the effectiveness of MHB's Risk Management Framework.

Sustainability

- 7.6 Determination and management of MHB's sustainability and ESG risks in alignment with its business strategy; and
- 7.7 Any other matters related to sustainability as defined by the Board or Board Committees.