Terms of Reference of the Risk Management Committee of Duopharma Biotech Berhad

Version: 8.0

Effective Date: 27 February 2018

Reference No: Duopharma Biotech/TORRC/08

Updated: 15 May 2025

Risk Management Committee
of Duopharma Biotech Berhad

Terms of Reference

This Terms of Reference sets out the matters concerning the governance of the Risk Management Committee ("RMC" or the "Committee").

1. Purpose

1.1 The purpose of the Committee is to assist the Board of Directors ("Board") in ensuring that there is a sound system for risk management and effective oversight of integrity and whistleblowing practices which includes investigation matters concerning Duopharma Biotech Berhad ("Duopharma Biotech" or the "Company") and its subsidiaries (collectively referred to as the "Group"); and

1.2 In the exercise of its functions, it is understood that the RMC may be delegated with some decision-making powers. With respect to matters for which the RMC is not delegated with decision-making powers, the RMC shall report its recommendations to the Board for decision. For matters that the RMC is delegated with decision-making powers, the RMC shall report its decisions to the Board for notation. The existence the RMC does not diminish the Board's ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the Committee.

2. Principles

2.1 The Group consciously takes measured amount of risks and manages financial and non-financial risks effectively to meet its long term goals and objectives;

2.2 Risk management is an integral part of the Group's business practice at all levels of the Group; and

2.3 The Committee will keep under review the effectiveness of the Group's risk management system, taking into account:

(a) the development and maintenance by management of a comprehensive risk management framework;
(b) the integration of material economic, environmental and social considerations in the operations of the Group;
(c) the Group's culture of risk management (including awareness, education and training for all levels of staff);
(d) feedback from the Management, internal auditor and the external auditor on the effectiveness of Risk Management system;
(e) changes to the Group's risk profiles, arising from the material, financial and non-financial exposures surrounding any part of the Group;
(f) the likelihood, impact and mitigation of significant risk events; and
(g) the formulation of a strong ethical and integrity culture within the Group.

3. Composition

3.1 Size

(a) The Committee shall have at least three (3) members.

3.2 Membership

(a) The Committee shall comprise a majority of Independent Directors *(Step Up 10.3, Malaysian Code on Corporate Governance)*; and

(b) The Chairman of the Board shall not be a member of the Committee *(Practice 1.4, Malaysian Code on Corporate Governance)*.

3.3 Chairman of the committee

(a) The Chairman of the Committee shall be a Non-Executive Director; and

(b) Before appointment as Chairman of the RMC, it is desirable for the appointee to have served on the RMC for an appropriate period.

3.4 Secretary of the Committee

(a) The Secretary of the Committee ("Secretary") shall be the Company Secretary or his representative.

4. Appointment of members

4.1 The Nomination and Remuneration Committee ("NRC") shall recommend the appointment of RMC members to the Board;

4.2 Members shall be appointed based on their ability to devote time, skills and experience relevant to their duties within the RMC; and

4.3 The members serving the RMC shall be changed at appropriate and regular intervals. In order to ensure that the entire Committee is not replaced at any one time, such change of members shall be done on a progressive basis.

5. Performance evaluation

5.1 The effectiveness of the RMC (including skills mix and contribution of members) shall be assessed annually by the NRC *(paragraph 15.08A of Main Market Listing Requirements by Bursa Malaysia Securities Berhad and Practice 5.1 of the Malaysian Code on Corporate Governance)*.

6. Duties of Committees

Subject to any resolution of the Board, the duties of the Committee are to:

6.1 To carry out the following, in relation to the **risk oversight:**

(a) Determine the Group's risk appetite, framework, policies and processes for identifying and managing and/or accept risks beyond the approval discretion provided to Management.

(b) Provide recommendations to the Board on the risk strategy, parameters of the Group's risk-reward trade-off, monitor the alignment of the Group's risk profile with the risk appetite and ensure that the Group maintains an appropriate level and quality of capital in line with the risks inherent in its activities and projected business performance;

(c) Monitor changes anticipated for the business environment, including consideration of emerging risks, legislative or regulatory changes, major initiatives and other factors considered relevant to the Group's risk profile and provide report on the same to the Board for overall consideration on the Group's business and operations;

(d) Engage Group Risk Management and Integrity Department ("GRMID") in ongoing risk appetite dialogue and provide timely input to the Senior Management as business condition changes and new opportunities arise;

(e) Receive, review, scrutinise and provide commentaries on reports from the GRMID concerning:

i) Risk management policies, strategies, processes and controls, status of the implementation and effectiveness thereof, within the divisions and, if thought fit, approve or vary them;

ii) Alignment or integration of risk management activities with other management activities/tools which include formulation of strategies, development of business plans, budgeting, forecasting and performance review, within the divisions; and

iii) Identification, management and mitigation of enterprise risks which could impact the achievement of business objectives.

(f) Encourage a healthy risk culture and watch for dysfunctional behaviours which may impair the effectiveness of the risk management process;

(g) Review and recommend to the Board the policies and procedures for managing risks within the Group, including assessing information technology and cybersecurity risks;

(h) Review and recommend to the Board the disclosure of the Integrated Annual Report which includes the Statement on Risk Management and Internal Control;

(i) Review the external auditor's management letter and management's response;

(j) Identifying and monitoring the Group's corruption risks;

(k) Approve and report the same to the Board the appointment and termination of the Head of Group Risk Management and Integrity;

(l) Review the job grade of the Head of Group Risk Management and Integrity;

(m) Review the adequacy of resources allocated for effective management of risk within the Group;

(n) Overseeing the GRMID so as to ensure it is carried out by the right personnel with the skills, experience, training and authority; and

(o) Oversee disclosures relating to risk management in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

6.2 To carry out the following, in relation to the **integrity oversight:**

(a) Review and recommend to the Board all matters related to the governance of integrity/anti-corruption within the Group.

(b) Review annually:

- the Group's business ethics and integrity policies and procedure and to make recommendations to the Board thereon; and

- the Group's business ethics and integrity processes and practices.

(c) Monitor the responses to the Group's whistleblowing line and other mechanisms used to raise concerns, and to oversee actions following breaches of the ethics and business integrity policy or allegations of misconduct;

(d) Review the whistleblowing preliminary evaluation, risk exposure and findings relating to integrity/anti-corruption matters and assess whether a detailed investigation is warranted pursuant to the completion of the preliminary evaluation by the Integrity Office;

(e) Review the findings of detailed investigation undertaken specific to whistleblowing cases (including but not limited to integrity/anti-corruption related matters within the Group). Decisions shall be made upon deliberation of the investigation's findings, and thereafter, updates and recommendations shall be made to the Board of Directors;

(f) Review and recommend to the Board the policies and practices of the Group in respect of business ethics and integrity in relation to the commencement of operations in any new country or territory in which the Group has not previously operated;

(g) Review and recommend to the Board, compliance with particular best practice guidance or codes in relation to business ethics, integrity and compliance;

(h) Review the implementation and monitoring of the Group's ISO 37001:2016 Anti-Bribery Management System; and

(i) Ensure that the Group's communication and training programmes on ethics and business integrity are effective in reinforcing ethical values and further enhance good corporate governance.

6.3 To carry out the following**:**

(a) The RMC may undertake to perform any additional functions delegated to it by the Board from time to time;

(b) Approve and report the same to the Board the appointment of consultants in relation to matters that fall within the duties of the RMC, where such appointment exceeds the Group Managing Director's or Management's limits of authority.

6.4 For the avoidance of doubt and to avoid duplicity of oversight by different Committees of the Board, and given that time may be of the essence in relation to an investment proposal, any proposal coming within the scope of the Terms of Reference of the Investment Committee of the Company ("IC") that is tabled to the IC need not be tabled to any other Committee of the Board (including the Risk Management Committee) before the proposal is tabled to the Board (if necessary to be tabled to the Board) or implementation of the proposal Provided However That if the proposal or investment involves related party transaction(s), the proposal or investment must (in addition to tabling the matter to the IC) also be tabled to the Audit Committee for its deliberation as a related party transaction(s).

7. Meetings

7.1 Meeting frequencies and calling of meetings

(a) The Committee shall meet at least once in every quarter or as frequently as the circumstances dictate; and

(b) Additional meetings shall be scheduled as considered necessary by the Committee. The Chairman of the Committee shall call for a meeting if requested to do so by the Chairman of the Board or requested by another member of the Committee.

7.2 Quorum and participation

(a) The quorum for meetings of the Committee shall be two (2) members;

(b) In the event the Chairman is unable to be present for a meeting, the members who are present at the meeting can appoint a chairman among themselves to chair the meeting;

(c) Each individual Committee member shall attend at least 50% of the Committee meetings held during the financial year;

(d) The Committee may request other Directors, members of Management, counsels or consultants to attend the Committee meetings by invitation if necessary; and

(e) The meetings shall convene in a face-to-face manner or remotely (i.e., via virtual means). The member shall ensure all deliberations or information being communicated remotely is treated with confidence, and he/she shall prevent any leakage of information/materials to any third party.

7.3 Notice on meetings and information flow

(a) Notice of a meeting shall be sent to all members in a timely manner, which should include the date, time, venue and the agenda of the meeting *(Paragraph 4- notice on meetings, Third Schedule of Companies Act 2016)*;

(b) The RMC meeting agendas shall be developed by the Chairman of the RMC and the Secretary in consultation with Management; and

(c) The Chairman together with the Company Secretary shall ensure that sufficient information such as the agenda and accompanying meeting materials for each meeting are circulated at least five (5) days before each meeting to the Committee members and all those who are invited to attend the meeting *(Guidance on Practice 1.5, Malaysian Code on Corporate Governance).*

7.4 Voting

(a) A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman has the casting vote. A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in the voting process.

7.5 Circular Resolution

(a) A circular resolution in writing shall be valid and effectual as if it had been passed at a meeting of the RMC when it is approved and signed by a majority of the RMC members.

7.6 Meeting minutes

(a) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee *(Paragraph 13, Third Schedule of Companies Act 2016)*;

(b) The minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive and contemporaneous evidence without any further proof of the facts thereon stated;

(c) All members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the Committee, which includes any dissenting comments made *(Guidance to Practice 1.6, Malaysian Code on Corporate Governance)*; and

(d) The reproduction of any parts of the meeting minutes shall only be performed through or by the Secretary.

7.7 Reporting

(a) The report of each Committee meeting shall be tabled and presented to the Board during the subsequent Board meeting to keep them informed and updated on the key issues deliberated by the Committee.

8. Authority

8.1 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the Committee shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedure and at the expense of the Group, such as:

(a) to obtain professional and independent advice from external advisors with relevant knowledge and experience, either through the Group Managing Director or Company Secretary's office, when it is deemed necessary; and

(b) full and unrestricted access to information concerning the Group.
(paragraph 15.04 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad)

9. Review and amendment of the terms of reference

9.1 This Terms of Reference has been approved by the Board. The Board shall review this Terms of Reference periodically and make amendments when necessary; and

9.2 The Secretary shall ensure that the provisions of this Terms of Reference continue to comply with legal requirements and corporate governance enumerations applicable to the Group and, if necessary, shall suggest amendments to the Terms of Reference for consideration by the Board.

Version	Release Date	Summary of Changes	Prepared by	Reviewed by	Approved by
1.0/2018	**27.02.2018**	**Adoption of the Terms of Reference of the Risk Management Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **Encik Razalee bin Amin, Chairman of the Risk Management Committee of**

Version	Release Date	Summary of Changes	Prepared by	Reviewed by	Approved by
					Duopharma Biotech Berhad
2.0/2018	**28.11.2018**	**Adoption of the revised Terms of Reference of the Risk Management and Sustainability Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif bin Mohd Yunus, Chairman of the Risk Management and Ssustainability Committee of Duopharma Biotech Berhad**
3.0/2019	**18.03.2019**	**Adoption of the revised Terms of Reference of the Risk Management and Sustainability Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif bin Mohd Yunus, Chairman of the Risk Management and Sustainability Committee of Duopharma Biotech Berhad**
4.0/2020	**13.02.2020**	**Adoption of the revised Terms of Reference of the Risk Management and Sustainability Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman,**

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				-sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	**Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif bin Mohd Yunus, Chairman of the Risk Management and Sustainability Committee of Duopharma Biotech Berhad**
5.0/2022	**17.05.2022**	**Adoption of the revised Terms of Reference the Risk Management Committee**	**KPMG Management & Risk Consulting Sdn Bhd (KPMG MRC)**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif bin Mohd Yunus, Chairman of the Risk Management Committee of Duopharma Biotech Berhad**
6.0/2023	**08.11.2023**	**Adoption of the revised Terms of Reference the Risk Management Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif bin Mohd Yunus, Chairman of the Risk Management Committee of Duopharma Biotech Berhad**

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7.0/2024	**22.02.2023**	**Adoption of the revised Terms of Reference the Risk Management Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif Bin Mohd Yunus, Chairman of the Risk Management Committee of Duopharma Biotech Berhad**
8.0/2025	**15.05.2025**	**Adoption of the revised Terms of Reference the Risk Management Committee**	**Group Legal and Secretarial Department**	-sgd- **Encik Leonard Ariff Bin Abdul Shatar, Group Managing Director** -sgd- **Encik Ibrahim Hussin Salleh, Chief Legal Officer and Group Company Secretary**	-sgd- **YBhg. Datin Paduka Kartini Binti Hj. Abdul Manaf, Non-Independent Non-Executive Chairman, Duopharma Biotech Berhad** -sgd- **YBhg. Datuk Mohd Radzif Bin Mohd Yunus, Chairman of the Risk Management Committee of Duopharma Biotech Berhad**