

**TOP GLOVE CORPORATION BHD**

(Company No. 474423-X)

(Incorporated in Malaysia)

**TERMS OF REFERENCE OF BOARD RISK MANAGEMENT COMMITTEE**

**1. Objectives**

The principal objective of the Board Risk Management Committee (“BRMC” or “the Committee”) is to assist the Board of Directors in their responsibilities to identify, assess and monitor key business risks and oversee the risk management activities of the Company and the Group to safeguard shareholders’ investments and the Company’s assets.

**2. Composition of members**

The Board of Directors shall elect the BRMC members from amongst themselves, on the recommendation from the Board Nomination and Remuneration Committee, composed at least three (3) members, majority of whom must be independent directors.

The appointment of a BRMC member shall automatically be terminated if the member ceases to be a Director for any reason whatsoever or as determined by the Board.

Member of the BRMC may relinquish their membership with prior written notice to the Board of Directors.

**3. Chairman**

The Chairman of the BRMC shall be elected from amongst the BRMC members. The Chairman of the BRMC shall be an independent director and approved by the Board of Directors.

The Chairman of the BRMC shall report the proceedings, findings and recommendations to the Board on any matter that need to be brought to the Board’s attention and approval at the Board meeting.

**4. Secretary**

The Secretary of the BRMC shall be the Company Secretary of the Company and the person(s) appointed by the BRMC. The Secretary is responsible to prepare the minutes of the BRMC meetings and circulate the minutes of the BRMC meetings promptly to all members of the BRMC and table the same to the Board for notation.

**5. Term of Office**

The term of office and performance of the BRMC and each of its members shall be reviewed at least once every three years by the Board of Directors; to assess

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whether the BRMC and its members have carried out their duties in accordance with their terms of reference.

A formal evaluation of the performance of all BRMC members should be undertaken by the Board Nomination and Remuneration Committee annually.

**6. Meetings**

The BRMC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, every quarterly or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

Notice of BRMC Meetings shall be given by the Secretary to all the BRMC members at least seven (7) days prior to each meeting unless the BRMC waives such requirement. In the absence of the Chairman, the Non-Executive Directors/members can elect from amongst themselves the Chairman for the Meeting. Other Directors, key executives and employees may attend any particular meeting by invitation of the BRMC.

BRMC member may participate BRMC meeting by means of telephone conference or video conference or any other means of audio/visual communications and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.

A member of the BRMC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which give rise to an actual or perceived conflict of interest situation.

For good governance, each member must attend at least 50% of the meetings held within the year, failing which the Board Nomination and Remuneration Committee will decide on the member's disqualification.

**7. Minutes**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the BRMC and also to other members of the Board for notation.

The minutes of the BRMC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

**8. Reporting**

The BRMC shall report to the Board of Directors the proceedings, findings and recommendations of each meeting.

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**9. Quorum**

A quorum shall consist of three (3) members, comprised majority Independent Directors.

**10. Written Resolutions**

A resolution in writing signed by a majority of the BRMC Members for the time being shall be as valid and effectual as if it had been passed at a Meeting of the BRMC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more BRMC Members. Any such document, may be accepted as sufficiently signed by a BRMC Member if transmitted to Company by letter or other written electronic communications purporting to include a signature of a BRMC Member.

**11. Authority**

The BRMC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the BRMC;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the Risk Officer <sup>1</sup>and Senior Management of the Company and Group;
- (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary; and
- (d) instruct Risk Department to perform duties as necessary to support the Committee in discharging its functions and duties. The Head of Risk Department is accountable to the Committee and shall have direct access to the Chairman of the Committee, if necessary.

**12. Duties and Responsibilities**

The duties and responsibilities of the BRMC are as follows:

- Oversight the establishment and implementation of the Group's risk management framework and activities to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks, including cyber risk and review the effectiveness of the risk management framework;

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<sup>1</sup> Risk Officer is the person responsible for facilitate, coordinate and observe the activities of BRMC, including evaluate the independence and overall effectiveness of the risk management framework.

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- Review, monitor and assess the risk appetite and risk tolerance for the Group;
- Report to Board of Directors regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risks faced by Group's Business Unit.
- Review the key risks, funding options and costs, and investment returns associated with proposed major investments which are subject to the Board's approval as per the Company's Limits of Authority, prior to the submission of such proposal to the Board.
- Review the Company and the Groups' risk profiles and evaluate the measures taken to mitigate the business risks.
- Review and discuss periodically with Senior Management and Risk Management Department:
  - a. the key guidelines and policies governing the Group's significant processes for risk assessment and risk management;
  - b. the validity of the identified risks and ensuring that appropriate actions are taken to mitigate the risks;
  - c. the adequacy of infrastructure, resources and system for risk management, the staff responsible for implementing risk management system perform those duties efficiently and effectively; and
  - d. the periodical risk rating report and risk management activities.
- Review the disclosure in the statement on risk management and internal control in the Company's Annual Report.

**13. Amendments to the Term of Reference**

The Term of Reference shall be reviewed periodically by the Committee and amendments to be made from time to time with the Board's approval.

<p><b>Adopted by Board: 13 June 2013</b> <b>1<sup>st</sup> revision approved by Board: 14 October 2014</b> <b>2<sup>nd</sup> revision approved by Board: 18 June 2019</b></p>
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