

PUNCAK NIAGA HOLDINGS BERHAD

[199701000591 (416087-U)]

TERMS OF REFERENCE OF THE PNHB's COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

TERMS OF REFERENCE

1. OBJECTIVE

The main objective of the CICR is to assist the Board of PNHB in discharging its fiduciary responsibilities in overseeing PNHB Group's risk management and internal control framework and identifying, assessing and monitoring risks to safeguard shareholders' investment and the Group's assets.

2. COMPOSITION

2.1 The Members of the CICR shall be appointed by the Board of PNHB and shall solely comprise the Independent Non-Executive Directors of the Company.

2.2 The Chairman of the Audit Committee shall be the Chairman of the CICR Committee.

2.3 The Head of the CICR shall be the Managing Director of PNHB.

2.4 The Secretary of the CICR shall be the Management personnel of Internal Audit Department responsible for risk management.

2.5 The Committee Chairman shall answer the shareholders' queries, if any, on matters related to the CICR at the Company's Annual General Meetings.

3. ATTENDANCE AT MEETINGS

The Managing Director of PNHB, Managing Directors of key subsidiaries, Chief Financial Officer and the relevant Executive Directors of PNHB shall be in attendance at each CICR Meeting.

4. QUORUM

No business shall be transacted at any Meeting of the CICR unless a quorum is present. The quorum for each Meeting of the CICR shall be three (3) Members present at the Meeting, including the Chairman.

5. DUTIES AND RESPONSIBILITIES

5.1 The main duties and responsibilities of the CICR are as follows:

- i. Formulating long and short term strategies to manage the overall risks associated with the Group's activities.
- ii. Recommending the appropriate risk management policies and procedures, which shall be reviewed frequently to ensure consistency with fundamental changes in the economy, market conditions and regulations.
- iii. Reviewing and assessing the current risk portfolio composition, assessing the adequacy and effectiveness of the Group's risk management processes in identifying key organisational risks and the systems and processes in place to monitor and manage these risks which shall include risks on fraud, corruption, cyber security and cyber fraud, if relevant, determining the desired exposures of each major area of risk to be in line with the Group's overall objectives.
- iv. Monitoring and assessing the risk portfolio composition of significant activities of the Group.
- v. Keeping abreast of both current risk management techniques and theories, and any possible or actual changes in the regulatory environment, and recommending the appropriate action.
- vi. Reviewing the effectiveness, adequacy and integrity of the Group's internal control including internal control processes and systems on information technology security and control, financial, auditing and accounting policies

and compliance procedures on business practices and enterprise wide internal controls.

vii. Reviewing and approving the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report.

5.2 Carry out any other matters or functions in relation to risk management and internal control as directed by the Board of PNHB.

6. AUTHORITY OF THE CICR

6.1 In carrying out its duties and responsibilities, the CICR shall have the following powers and authority and at the expense of PNHB:

- i. Have the authority to investigate any matter within its Terms of Reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full and unrestricted access to any personnel, information, records and reports pertaining to the Group; and
- iv. Obtain independent professional advice or expert advice on risk management and internal control related matters, if necessary.

6.2 The CICR shall make recommendations to the Board on risk management and internal control related matters for the Board's approval and subsequent implementation by PNHB Group.

7. MEETING PROCEDURES

7.1 Frequency of Meetings

- i. The CICR shall meet at least four (4) times in a year.
- ii. Additional meetings shall be held as deemed necessary upon the directive of Chairman of CICR.

7.2 Notice of Meetings/Meeting Materials

- i. The Notice of Meeting shall set out the venue, time and date together with the Agenda and shall be circulated to each Member of the CICR at least seven (7) working days before the date of the CICR Meeting by the CICR Secretary. The CICR Status Report which encompasses summarised Risk Scorecards of PNHB's Subsidiaries/Business Units and Support Services shall be prepared by the CICR Secretary and circulated together with the Notice of Meeting.
- ii. Short Notice of the Meeting may also be called upon the directive of the Chairman of the CICR, as appropriate.

7.3 Minutes of Meeting

- i. The Secretary to the CICR shall prepare the Minutes of the Meetings of the CICR and distribute it to each Member of the CICR.

The Secretary to the CICR shall ensure that the Minutes of the Meetings of the CICR are properly kept and produced for inspection, if required.

7.4 Circular Resolution

A circular resolution in writing signed by all Members of the CICR shall be valid and effective as if the same has been passed at a Meeting of the CICR duly convened.

8. REPORTING TO BOARD

The CICR shall report to the Board following each Meeting. The report will cover on the matters as set out in the CICR's duties and responsibilities.

9. REVIEW OF TERMS OF REFERENCE

The terms of reference of the CICR shall be reviewed from time to time by the Board to ensure that it reflects current best practices in corporate governance, risk management and internal control.