

MALAYSIAN BULK CARRIERS BERHAD

TERMS OF REFERENCE

RISK MANAGEMENT COMMITTEE

Function

The purpose of the Risk Management Committee ("RMC") shall be to assist the board in its oversight of the Group's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The RMC's role includes oversight of risk management of the Group's companies.

The Chairman of the RMC shall coordinate with the chairman of the Audit Committee to assist the Audit Committee in its review of the Group's risks that have been delegated to the Audit Committee in its terms of reference.

Composition

The Committee shall comprise at least three (3) members. All members of the Committee shall be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

The members of the RMC shall elect a chairman from among their number, who shall be a Independent Non-Executive Director. In the absence of the Chairman, the remaining members present shall amongst themselves elect a chairman who must be Independent Non-Executive Director to chair the meeting.

Meetings and Attendance

The RMC shall meet at least four (4) times a year. The RMC may call such additional meetings as the Chairman decides are necessary for the Committee to fulfill its obligations.

The quorum for a meeting shall consist of a majority of Independent Directors. Directors, employees, auditors or others may attend meetings upon the invitation of the RMC.

RMC Circular Resolution

A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the RMC. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members.

Duties and Responsibilities

Risk assessment and risk management are the responsibility of the Group's management. The Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports described below.

The RMC shall have the following authority and responsibility:

1. To review and discuss with management the Group's risk governance structure, risk management scope and framework, risk assessment and risk management guidelines, policies and processes and the adequacy and effectiveness of the Group's risk management policies and systems.
2. To review and discuss with management the Group's risk appetite and strategy relating to key risks, including credit risks, liquidity and funding risk, market risk, product risk, relationship risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

3. Before a decision to proceed is taken on by the Board, advise the board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Group, and taking independent external advice where appropriate and available.
4. To discuss with the Group's Chief Risk Officer (if one is appointed), the Group's risk assessment and risk management guidelines, policies and processes, as the case may be.
5. To receive, as and when available, reports from the Group's Internal Audit function on the results of risk management reviews and assessments. To review reports on any material breaches of risk limits and the adequacy of proposed action.
6. To review and evaluate the effectiveness of the actions and measures taken to mitigate the risk identified.
7. To approve the appointment and, when and if appropriate, replacement of the Group's Chief Risk Officer, who shall have a reporting relationship with the RMC.
8. To review the adequacy of resources allocated for effective management of risk within the Group.
9. To review disclosure regarding risk statements to be included in the annual report concerning the adequacy and effectiveness of the Group's risk management systems.
10. To review reports on selected risk topics as the Committee deems appropriate from time to time.
11. To benchmark risk management practices of the Group against international recognised standards and companies in the similar industry.
12. To discharge any other duties or responsibilities delegated to the Committee by the Board.

Access to Information

The RMC can seek information directly from the Group's employees or external party, including the Group's auditors and other professional advisers.

Reporting to the Board

The RMC shall report its actions and any recommendations to the Board and shall conduct and present to the Board an annual performance evaluation of the RMC. The RMC shall review at least annually the adequacy of this terms of reference and recommend any proposed changes to the Board for approval.