

**22 February 2022**

**TERMS OF  
REFERENCE  
(TOR)  
RISK MANAGEMENT  
COMMITTEE**

## Terms of Reference Risk Management Committee

### 1. Introduction

- 1.1 The Board of Directors (the "Board") of Nova Wellness Group Berhad ("NWGB" or the "Company") has established a Risk Management Committee ("RMC" or the "Committee") drawn from amongst its members. This Terms of Reference ("TOR") sets out the matters concerning the governance of the RMC.
- 1.2 This TOR is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and is approved by the Board.

### 2. Objectives

- 2.1 To assist the Board to fulfill its responsibilities with regard to risk management in order to manage overall risk exposure for the Group. The RMC is also responsible to determine that there is a robust process in place for identifying, assessing and monitoring key business risks to safeguard shareholders' investment and the Company's assets.

### 3. Composition

- 3.1 The RMC members shall be appointed by and from the Board of NWGB and shall comprise not less than three (3) members of which majority must be Independent Non-Executive Directors.
- 3.2 The RMC shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director. The Chairman of the Committee shall not be the Chairman of the Board.
- 3.3 The term of office and performance of the RMC and each of its members shall be reviewed by the Nomination Committee and the Board annually to determine whether the members have carried out their duties in accordance with the TOR.
- 3.4 In the event a member/chairman of the RMC resigns, demise or for any reason ceases to be a member/chairman, resulting in RMC membership conditions not being fulfilled, the Board shall upon the recommendation of the Nomination Committee, appoint such number of new members/chairman as may be necessary to fulfil the requirements within three (3) months of the event.

### 4. Authority

- 4.1 The Board authorizes the RMC, within the scope of its duties and responsibilities set out in this TOR to:
  - 4.1.1 have the resources which are required to perform its duties;
  - 4.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
  - 4.1.3 obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities, advice, as it deems necessary;
  - 4.1.4 have explicit authority to review or investigate any matter within its TOR;
  - 4.1.5 to convene meetings with the external and internal auditors or both without the presence of Executive Directors and employees of the Company, whenever deemed necessary.

4.1.6 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 TOR based on an agreed-upon procedure and at the expense of the Group, such as:

- i. to appoint external counsels or other advisers and approve the terms and conditions of the appointment and obtain independent professional or other advice and services, and to invite outsiders with relevant experience to attend the RMC's meetings (if required) and to brief the RMC thereof if the RMC considers this as necessary; and
- ii, full and unrestricted access to information concerning the Group (paragraph 15.04 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad).

## 5. Secretary

5.1 The Company Secretary or his/her representative shall act as the secretary of the RMC (the "Secretary").

5.2 The Secretary shall be present to record and minute all proceedings of the RMC meetings.

5.3 The Secretary shall have the following responsibilities:

5.3.1 ensure all meetings are arranged and held accordingly;

5.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers seven (7) days prior to each meeting to enable full and proper consideration be given to issues;

5.3.3 prepare the minutes of the RMC meetings and record the conclusions of the RMC in discharging its duties and responsibilities.

5.3.4 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the RMC and make the same available to Board members who are not members of the RMC;

5.3.5 ensure that the minutes of the RMC meetings are properly kept and produced for inspection if required.

## 6. Meetings

6.1 The RMC shall meet at least two (2) times a year, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. Additional meetings may be called at any time, at the discretion of the Chairman of the RMC.

6.2 The quorum for a meeting shall be two (2) members of the RMC, majority of members must be Independent Directors.

6.3 In the absence of the Chairman, the members present shall elect a Chairman for the meeting, who shall be an Independent Non-Executive Director from amongst the members present.

6.4 The Executive Director and other appropriate officer(s) may be invited to attend where their presence is considered appropriate as determined by the RMC Chairman. Other Board members, employees of the Company and representatives of the internal/external auditors may attend meetings upon the invitation of the RMC.

- 6.5 A member of RMC may participate in a meeting by telephone conference or video conference or any other means of audio-visual communications, and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 6.6 The notice and agenda for each RMC meeting shall be sent to all members of the RMC and invitees who may be required to attend seven (7) days prior to each of the RMC meeting.
- 6.7 The Chairman of the RMC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the RMC that require the Board's approval at the Board meeting.
- 6.8 Subject to 6.1 above, in appropriate circumstances, the RMC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the RMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
7. **Responsibilities and Duties**  
In fulfilling its primary objectives, the RMC undertakes, amongst others, the following responsibilities and duties:
- 7.1 to recommend to the Board the Group's appetite for risk and its policy for risk management.
- 7.2 to recommend and review the implementation of the Group's internal controls and risk management framework.
- 7.3 to review the processes and procedures for ensuring that all material business risks are properly identified and that appropriate systems of monitoring and control are in place.
- 7.4 to receive and review risk management and relevant regulatory information and reports and make recommendations for changes in policies and procedures as and when appropriate.
- 7.5 to consider material breaches of the agreed risk limits, review the actions taken in response, and to prevent a repeat.
- 7.6 to consider the effect on the risks of the Group of material findings of compliance risks, as well as reported breaches and any proposed regulatory changes.
- 7.7 to consider the effect on the risks of the Group of the findings of the internal auditor (if any) or any independent review carried out for the Audit Committee.
- 7.8 to engage with the Risk Management Working Group in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise.
8. **Executive Management Responsibilities**
- 8.1 The existence of the Committee does not relieve the Managing Director, Executive Directors and Management of their individual responsibility for internal controls and risk management and the Board remains responsible at all times for reviewing the effectiveness of the same notwithstanding the delegation of certain aspects to the Committee.
9. **Performance**
- 9.1 On an annual basis, the Board shall via the Nomination Committee evaluate the RMC's term of office and performance and extent to which the RMC has met the requirements of its TOR. This assessment may

constitute a part of the annual Board Effectiveness Assessment in respect of assessment of the Board Committees.

10. Review of the Terms of Reference

- 10.1 This TOR shall be reviewed and updated by the RMC on a periodic basis as it deems appropriate for the Board to approve.
- 10.2 This TOR is made available for reference on the Company's website at <https://www.nova.my/investor-relations>