



**CTOS DIGITAL BERHAD**

**TERMS OF REFERENCE  
FOR THE  
RISK & COMPLIANCE COMMITTEE**

No.	Heading	Details
1.	<b>Introduction</b>	<p>1.1 This document contains the terms of reference for the Risk and Compliance Committee (“<b>RCC</b>”) (“<b>Terms of Reference</b>”), a sub-committee established by CTOS Digital Berhad’s (“<b>the Company</b>”) Board of Directors (“<b>the Board</b>”). It is intended to outline the respective roles, responsibilities and authority of the <b>RCC</b> in its effective discharge of responsibilities in relation to the functions set out herein.</p> <p>1.2 The <b>RCC</b> is subject to the provisions of the Company’s Board Charter and Terms of Reference, the Credit Reporting Agencies Act 2010 (“<b>CRAA 2010</b>”), the Companies Act 2016 (“<b>CA 2016</b>”), the Malaysian Code on Corporate Governance (“<b>MCCG</b>”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”) (“<b>MMLR</b>”), the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries of the Securities Commission Malaysia and all other applicable laws and/or regulatory requirements as amended or updated from time to time.</p>
2.	<b>Objectives</b>	<p>In meeting its responsibilities, the <b>RCC</b> will report to the Board and take reasonable steps in overseeing the risk management and compliance framework and policies as well as sustainability initiatives of the Company and its subsidiaries (“<b>Group</b>”).</p>
3.	<b>Authority and Powers of the RSC</b>	<p>In carrying out its duties, the <b>RCC</b> shall have the following powers and authority, in accordance with the procedures to be determined by the Board and at the cost of the Company:</p> <ul style="list-style-type: none"> <li data-bbox="687 1357 1369 1413">(i) Have access to the resources which are required to perform its duties;</li> <li data-bbox="687 1447 1369 1536">(ii) Have full, free, and unrestricted access to any information, records, properties and personnel of the Company;</li> <li data-bbox="687 1570 1369 1805">(iii) The ability 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 external parties with relevant experience to attend <b>RCC</b> meetings (if required) and to brief the <b>RCC</b> thereof if the <b>RCC</b> considers this as necessary; and</li> <li data-bbox="687 1839 1369 1895">(iv) Have access to the advice and services of the <b>RCC</b> Secretary.</li> </ul>

4.	<b>Composition of the RSC</b>	<p>4.1 The members of the <b>RCC</b> shall comprise of at least three (3) Directors appointed by the Board, who are non-executive Directors and a majority of whom shall be Independent Directors. No alternate Director can be appointed as a member of the <b>RCC</b>.</p> <p>4.2 The Chairman of the <b>RCC</b> shall be a Director amongst the <b>RCC</b> members, elected or appointed by the Board of Directors. In the absence of the Chairman of the <b>RCC</b>, the other members of the <b>RCC</b> shall elect a Chairman amongst themselves to chair the meeting.</p> <p>4.3 If the number of members fall below the requisite number (i.e., three (3) members), the Board shall, within three (3) months, appoint such number of new members as may be required to fulfil the minimum requirement.</p> <p>4.4 Individual directors may relinquish their membership in the <b>RCC</b> with prior written notice to the <b>RCC</b> Secretary.</p> <p>4.5 The Board may from time to time and in its absolute discretion, revise the composition, roles, and responsibilities of the <b>RCC</b>.</p>
5.	<b>Duties and Responsibilities of the RSC</b>	<p><b>5.1 Risk Management</b></p> <p>a) The duties and responsibilities of the <b>RCC</b> with regard to its <b>risk management</b> shall include the following:</p> <ul style="list-style-type: none"> <li>(i) To oversee the inculcation of a risk awareness culture within the Company;</li> <li>(ii) To review the Company's risk appetite (level of risk exposure or potential adverse impact from an event, that the Company is willing to accept in pursuit of it's business objectives) and risk tolerance (the acceptable variation in performance relative to achieving its objectives);</li> <li>(iii) To oversee governance of risks for the Group;</li> </ul>

		<ul style="list-style-type: none"> <li>(iv) To oversee the design, completeness and effectiveness of the risk management framework relative to the Company's activities to ensure key risks are systematically identified, monitored and controlled;</li> <li>(v) To oversee specific risk management concerns raised by business units;</li> <li>(vi) To regularly review risk management and assurance reports from Management and the appointed risk manager on matter relating to risk management as the Board may request from time to time;</li> <li>(vii) To report on the effectiveness of corrective action taken;</li> <li>(viii) To review the annual Statement on Risk Management and Internal Control relating to risk management matters (which has been reviewed by the external auditors) to be published in the Company's Integrated Annual Report;</li> <li>(ix) To oversee the resources and systems in place for the risk management function; and</li> <li>(x) To review the implementation and adequacy of the Group's Business Continuity Plan.</li> </ul> <p>b) In discharging its responsibilities, the <b>RCC</b> will receive regular risk reports detailing material risks and mitigating strategies and actions for the Company.</p> <p><b>5.2 Compliance</b></p> <ul style="list-style-type: none"> <li>a) The duties and responsibilities of the <b>RCC</b> with regard to its <b>compliance function</b> shall include the following: <ul style="list-style-type: none"> <li>(i) To oversee the processes and systems in place across the Company or Group to ensure compliance with all laws, regulations and rules established by all relevant regulatory bodies including without limitation the Registrar of Credit Reporting Agencies, Bank Negara Malaysia, the</li> </ul> </li> </ul>
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		<p>upholding clear communication to maintain accountability and transparency within the governance structure.</p> <p>c) For clarity the roadmap, initiatives and strategies for Sustainability Matters will be presented directly to the Board and the year end assurance report will be presented directly to the Audit Committee. Sustainability Matters means the Group’s sustainability strategies, policies and standards in relation to environment, social and governance aspects including matters such as safety, health, employment, human rights, community affairs and other pertinent sustainability issues of the Group (collectively referred to as “Sustainability Matters”) guided by the applicable laws and regulations.</p>
6.	<b>Meetings</b>	<p>6.1 <b>RCC</b> shall meet at least <del>once</del> twice a year or as and when the <b>RCC</b> deems necessary. Additional meetings may be called at the discretion of the <b>RCC</b> Chairman or by the Chairman of the Board;</p> <p>6.2 The <b>RCC</b> may establish and review its procedures from time to time to govern its meetings, keeping of minutes and its administration;</p> <p>6.3 In order to form a quorum, a minimum of two (2) members must be present;</p> <p>6.4 The notice of <b>RCC</b> meetings and meeting materials shall be circulated at least seven (7) days, or shorter notice where it is unavoidable before each meeting to members of the <b>RCC</b>. Notice of meetings shall be given in writing and shall be served to the <b>RCC</b> either personally or by email, fax, post, or courier to the address provided by the <b>RCC</b> member;</p> <p>6.5 The <b>RCC</b> meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the <b>RCC</b> members to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all <b>RCC</b> members prior to or at the meeting. The <b>RCC</b> members shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly;</p> <p>6.6 Each member of the <b>RCC</b> is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority</p>

		<p>votes shall be the decision of the <b>RCC</b>. In the event of an equality of votes, the Chairman of the <b>RCC</b> shall be entitled to a second or casting vote;</p> <p>6.7 Where only two (2) members are competent to vote on the question in issue and there is equality in vote, the resolution shall be deemed not to have passed, whereupon the question in issue shall be tabled at the next meeting of the <b>RCC</b> or referred to the Board by a written circular resolution, whichever is more expedient;</p> <p>6.8 An <b>RCC</b> member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the <b>RCC</b> member;</p> <p>6.9 The <b>RCC</b> may request the attendance of other directors, GCEO, employees of the Group or consultants to participate in the <b>RCC</b> meetings to assist in its deliberations. This is provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the <b>RCC</b> unless he or she is a member of the <b>RCC</b>; and</p> <p>6.10 The Chairman of the <b>RCC</b> shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the <b>RCC</b> that require the Board's approval at the Board meeting.</p>
7.	<b>Role and Responsibilities of the RSC Chairman</b>	<p>The RCC Chairman's main role and responsibilities include, but are not limited to the following:</p> <p>7.1 To preside over all RCC meetings and ensuring the effective discharge of the RCC's duties and responsibilities.</p> <p>7.2 To ensure that all members are enabled and encouraged to play their full role as an RCC member and making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at the RCC meetings.</p> <p>7.3 To report on material issues, which have been deliberated at RCC meetings to the Board.</p>
8.	<b>Role and Responsibilities of the RSC Secretary</b>	<p>8.1 The Company Secretary or his/her nominee shall be the Secretary of the RCC.</p> <p>8.2 The role and responsibilities of the RCC Secretary is primarily to ensure that the minutes of each RCC meeting shall be kept and distributed to all members of the RCC and make</p>

		<p>the same available to Board members who are not members of the RCC. The RCC Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.</p> <p>8.3 The Secretary of the RCC shall be entrusted to record all proceedings and minutes of all meetings of the RCC.</p>
9.	<b>Written Resolution</b>	<p>9.1 The <b>RCC</b> may deal with matters by way of written resolution. A resolution in writing signed by all members of the <b>RCC</b>, shall be as valid and effectual as if it had been passed by a meeting of the <b>RCC</b> duly called and constituted. The decision shall be presented at the next subsequent <b>RCC</b> meeting, for noting and minutes. The written resolution by electronic means allowed under the Constitution of the Company shall apply to the written resolution of the <b>RCC</b>.</p>
10.	<b>Committee Evaluation</b>	<p>10.1 The RCC will annually complete a self-evaluation of the RCC's own performance and effectiveness to ensure that its respective functions and responsibilities as set out herein are met. The review shall specifically include consideration of the following:</p> <ul style="list-style-type: none"> <li>(i) Frequency and timeliness of the RCC meetings;</li> <li>(ii) Adequacy and quality of information provided to the RCC;</li> <li>(iii) Effectiveness of the RCC in carrying out the duties as set out herein; and</li> <li>(iv) Contribution of individual RCC members.</li> </ul>
11.	<b>Revision of the Terms of Reference</b>	<p>11.1 The <b>RCC</b> shall review and re-assess the adequacy of the Terms of Reference of <b>RCC</b> on a periodic basis, and where necessary obtain the assistance of management, the Company's external auditors and external legal counsels, and recommend the proposed changes to the Board for approval.</p>
12.	<b>Miscellaneous</b>	<p>12.1 Where the <b>RCC</b> is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the <b>RCC</b> has the responsibility to promptly report such matter to Bursa Securities.</p> <p>12.2 The provisions under this TOR have been drafted</p>



		<p>in a manner to also incorporate the provisions under the MMLR and other statutes, regulations and guidelines applicable to the <b>RCC</b>. In the event the applicable provisions of the MMLR and/or relevant governing statutes, regulations and guidelines relating to <b>RCC</b> are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this TOR shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, statutes, regulations and guidelines.</p>
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