

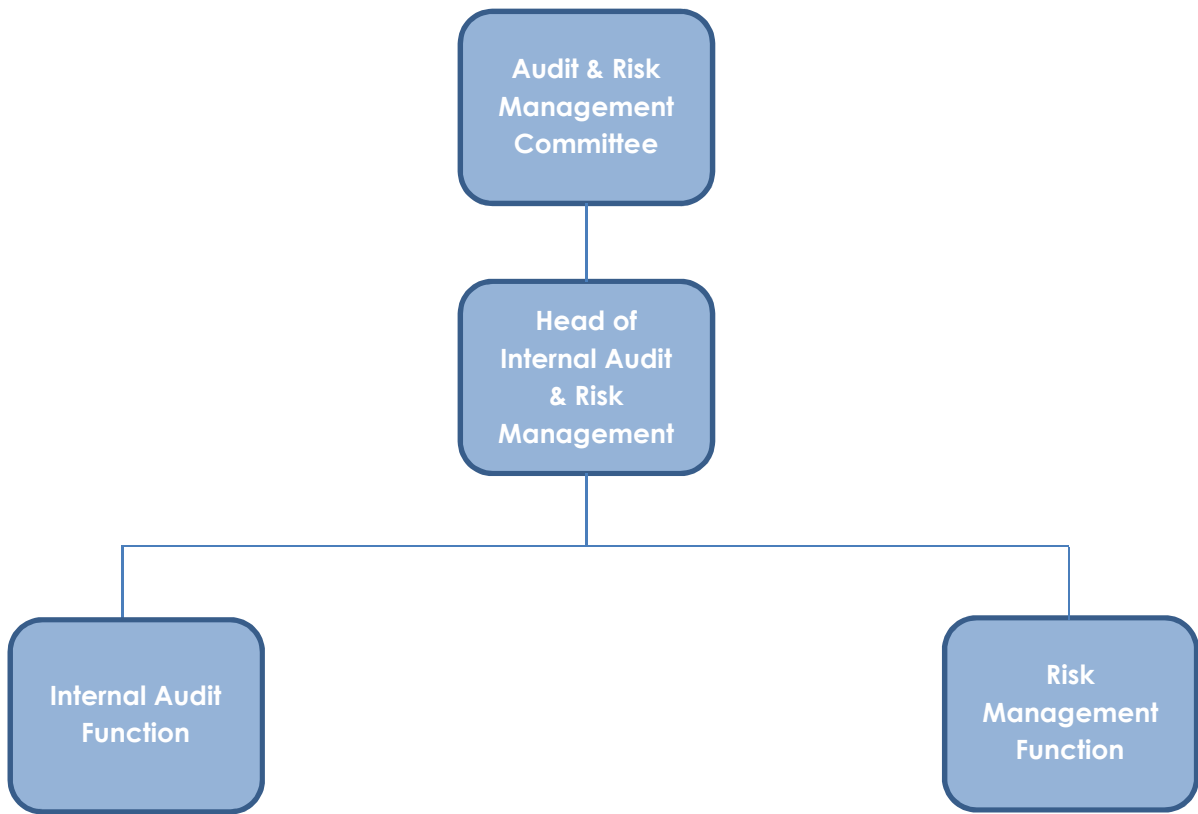


# **SERBA DINAMIK GROUP BERHAD**

## **RISK MANAGEMENT CHARTER**

	<b>CONTENT</b>	<b>PAGE</b>
1)	ILLUSTRATION	3
2)	INTRODUCTION & PURPOSE OF THE RISK MANAGEMENT CHARTER	4
3)	INTERPRETATION	5
4)	OBJECTIVES	6
5)	AUTHORITY & ORGANIZATION	6
6)	RESPONSIBILITIES & DUTIES	7
7)	PERIODIC ASSESSMENT	8
8)	REPORTING & MONITORING	8
9)	CHARTER REVIEW	8

**1. ILLUSTRATION**



## **2. INTRODUCTION & PURPOSE OF RISK MANAGEMENT CHARTER**

The purpose of this charter is to establish the position of the Risk Management function within the structure of Serba Dinamik Group Berhad ("SDGB") and its subsidiaries (collectively the "Group") in order to authorize the Risk Management Department ("RMD") in accessing all records, personnel and physical properties relevant to the performance of the risks.

It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk management processes, control assurances and corporate governance practices.

The RMD is established by the Board, and its responsibilities are defined by the Audit & Risk Management Committee ("ARMC") as part of their oversight function.

The Group's Board of directors has ultimate responsibility for the oversight of enterprise risk management and satisfying itself that the risk management framework is sufficiently robust and sound.

The Risk Management Charter is prepared in accordance to compliance with the International Organization for Standardization ("ISO") 31000 Risk Management Standard and Malaysian Code on Corporate Governance 2012 ("MCCG 2012") which was issued Securities Commission Malaysia.

### **3. INTERPRETATION**

In this Charter:

“ARMC” means the Audit & Risk Management Committee of the Group;

“Board” means the Board of Directors of the Group;

“Business” means the business of the Group;

“GCEO” means Group Chief Executive Officer;

“Head of RMC” means Head of Risk Management Department;

“IIA” means The Institute of Internal Auditors;

“ISO” means International Organization for Standardization;

“Management” means the management personnel of the Group;

“RMD” means Risk Management Department.

#### **4. OBJECTIVES**

The ARMC is established by and among the Board to properly align with management as it embarks a risk management program. The primary responsibility of the ARMC is to oversee and approve the Group -wide risk management practices to assist the Board in:

- Overseeing that the executive team has identified and assessed all the risks that the organization faces and has established a risk management infrastructure capable of addressing those risks;
- Overseeing, in conjunction with other Board-level committees or the full Board, if applicable, risks, such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks;
- Overseeing the division of risk-related responsibilities to each Board committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed;
- In conjunction with the full Board, approving the Group's enterprise wide risk management framework;
- The ARMC may have the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities;
- In carrying out its duties and responsibilities, ARMC shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties. In addition, the ARMC could make sure to meet with other Board committees to avoid overlap as well as potential gaps in overseeing the Group's risks.

#### **5. AUTHORITY & ORGANIZATION**

The RMD is accountable and responsible to the Group's ARMC whereby the Head of RMD shall have unrestricted access to the Chairman of the ARMC. This reporting structure reinforces the independence and objectivity of the RMD.

## 6. RESPONSIBILITIES & DUTIES

The general scope and responsibilities of the RMD include but are not limited to, conducting reviews, examination and evaluation of the adequacy and effectiveness of the Group's risk management processes, internal control assurance and corporate governance practices in carrying out assigned responsibilities to achieve the Group's stated mission and vision.

The responsibilities & duties further include the following:

- Prepare the risk management policy and plan. Management should develop both the risk management policy and the plan for approval by the ARMC. The risk management plan should consider the maturity of the risk management of the Group and should be tailored to the specific circumstances of the Group. The risk management plan should include:
  - the Group's risk management structure;
  - the risk management framework i.e. the approach followed, for instance, COSO, ISO, IRMSA ERM Code of Practice;
  - the standards and methodology;
  - risk management guidelines;
  - reference to integration through, for instance, training and awareness program; and
  - details of the assurance and review of the risk management process.
- Prepare the risk program/interactions with management;
- Prepare the risk management infrastructure and the critical risk management policies adopted by the organization;
- Communicate formally and informally with the management regarding risk governance and oversight;
- Discuss with the GCEO and management the Group's major risk exposures and review the steps management has taken to monitor and control such exposures, including the Group's risk assessment and risk management policies;
- Facilitate risk management ownership by management;
- Provide a standardized strategic and operational risk management methodology and process;
- Validate that the risk management processes are adequate and effective and comply with internationally accepted risk management standards; and
- Ensure standardized and integrated reporting on all risk management activities and exposures to the Board and ARMC.

The RMD is also responsible for the co-ordination and facilitation of specialized operational risk management processes, including business continuity management, occupational health and safety management as well as compliance risk management. Reporting on these risk management activities to the aforementioned committees is also coordinated by the RMD.

## **7. PERIODIC ASSESSMENT**

The Head of the RMD should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the risk management activity to accomplish its objectives.

The result of this periodic assessment shall be communicated to the ARMC and the Board.

## **8. REPORTING & MONITORING**

- A written report will be prepared and issued by the Head of RMD or designee following the conclusion of each risk management exercise and will be distributed as appropriate. Risk management results will also be communicated to the Board;
- The Head of RMD will periodically report to senior management and the Board on the risk management activity's purpose;
- Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

## **9. CHARTER REVIEW**

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level risk committee charter, if applicable;
- Perform any other activities consistent with this charter, the Group's bylaws, and governing laws that the board or risk committee determines are necessary or appropriate;
- Submit the charter to the full board for approval.