BERJAYA PROPERTY BERHAD
(Formerly known as Berjaya Land Berhad)
[Registration No 199001010193 (201765-A)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

Introduction

Risk is inherent in every business, and the increased complexity of today's business risk profile coupled with the introduction of new legislation has meant that the ability to effectively manage risk and release potential business benefits had become ever more important. Whilst the Board still retains ultimate responsibility for risk management and for determining the appropriate level of risk appetite, a Risk Management Committee ("RMC") has been established to oversee the Group's risk management framework and policies; and to provide assurance concerning the Group's profile to the Board.

Objective

The objective of the RMC is threefold:

- To be at the forefront of the Group Wide Risk Programme and ensure that a risk management structure is embedded throughout the Group;
- To ensure that the risk management structure is consistently adopted throughout the Group and is within the parameters established by the Board; and
- To ensure compliance with external requirements such as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad's Statement on Risk Management & Internal Control: Guidance for Directors of Listed Issuers.

Authority and Scope

The RMC has delegated authority from the Board with a remit that encompasses all risk management activities within the Group including compliance with the risk management strategy. The RMC reports to the Board.

Composition

The RMC shall comprise at least four (4) members, with a majority of independent non-executive directors approved by the Board, in consultation with the Nomination Committee. No alternate Director shall be appointed as a member of the RMC.

The RMC members shall include a mixture of risk and business management knowledge and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group's key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Group.

The Chairman of RMC shall attend general meetings to answer any questions raised by shareholders on the RMC's activities.

Terms of Reference

The RMC is responsible for:

- ***Establishing Strategic Context -*** Ensuring that the strategic context of the risk management strategy is complete and takes into account the environment within which the Group operates and the requirements of all stakeholders and the Board;
- ***Establishing Risk Management Processes -*** Determining the overall risk management processes that should be adopted by the business units and developing appropriate guidelines and policies for implementation;
- ***Establishing Risk Management Structure -*** Ensuring a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by all business units;
- ***Embedding Risk Management Capability -*** Ensuring risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board;
- ***Establishing Reporting Mechanism -*** Providing a consolidated risk and assurance report to the Board and Audit Committee to support the statement relating to internal control in the company's annual report;
- ***Integrating & coordinating assurance activity -*** Ensuring alignment and coordination of assurance activity across the organization;
- ***Establishing Business Benefits -*** Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities within the Group;
- ***Establishing Effectiveness of Risk Management Processes -*** Simplifying and improving the effectiveness of existing risk management structures; and
- ***Managing the Group Wide Risk Management Programme -*** Supporting the implementation of the risk management processes within the business. The RMC will act as steering committee for the Group Wide Risk Management Programme (GWRM).

Frequency of Meetings

The RMC will meet on a quarterly basis or such times as may be deemed necessary or required.

Quorum

A quorum of meetings shall consist of three (3) members.

Conduct of Meetings

The RMC members may participate the meeting in person or by means of teleconference, video conference, audio/visual communications or such other communication devise or facilities available from time to time. The RMC members shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in quorum accordingly.

Detailed Terms of Reference

Establishing Strategic Context	Ensure that the risk management strategic is fully cognisant of: • The relationship between the Group and its environment, identifying the organisation's strengths, weaknesses, opportunities and threats; • The requirements for consistency in risk management processes operating within the different businesses; • The requirements of internal and external stakeholders and their risk perceptions. The RMC role includes assisting the board to establish communication with the stakeholders.
Establishing the risk management processes	The RMC shall determine the overall risk management processes to be adopted by the organisation: ***Conducting risk identification -*** The RMC establishes and sponsors the process for the comprehensive identification of risk using a well structured and systematic process operated on an organisation - wide basis and communicates the requirements to the businesses. The individual business units are responsible for completing the risk identification in compliance with the agreed process. The risk identification process should be kept up to date; ***Conducting risk evaluation -*** The RMC determines the factors that should be taken into account to evaluate risks and the level of complexity that should be adopted by the business to complete the assessment; ***Determining risk treatments -*** The RMC establishes the most appropriate options that businesses can utilise to deal with risks. The RMC retains responsibility for ensuring that the most appropriate strategies are adopted. The RMC has responsibility for establishing a process for: • Identifying treatment options and strategy; • Evaluating treatment options; • Selecting treatment options; • Preparing treatment options; • Implementing plans; • Monitoring implementation of plans; • Generating assurance to the Group that the processes are operating as designed.

Detailed Terms of Reference ***(Cont'd)***

Risk Management Structure	Ensure that the following are implemented: • A short and long term risk management strategy which is clearly communicated and understood throughout the Group; • A Group's Risk Management Framework; • A Group risk management methodology to enable a consistent approach and application to be adopted when evaluating risk and is consistent with the risk management processes.
Embedded Risk Management Capability	Ensure that risk awareness is embedded throughout the Group which requires: • Risk Management processes are integrated into all core business processes; • An organisational structure to support the risk management strategy and ensure there is clear ownership and communication of risk; • The organisational policy and goals to help define the criteria by which it is decided whether a risk is acceptable or not; • Clear escalation processes; • Risk management to be included as part of the personal performance management system; • Appropriate training in risk management at all levels.
Integration & Coordination of assurance reporting	Ensure that there is appropriate integration and coordination of assurance reporting throughout: • An integrated assurance plan for the Group; • Regular review of assurance reporting across the key business risks; • Tracking the implementation of agreed actions.
Establishing Reporting Mechanism	The RMC has responsibility to provide a consistent and complete view of risk across the Group which requires: • A consolidated view of the risk profile of the group and the identification of any major exposures including the remedial actions associated with those exposures; • Assurance as to the adherence to the risk management structure; • Assurance as to compliance with external requirements such as Main Market Listing Requirements of Bursa Malaysia Securities Berhad's Statement on Risk Management & Internal Control: Guidance for Directors of Listed Issuers.

Detailed Terms of Reference *(Cont'd)*

Establishing Business Benefits	The RMC has responsibility for: • Identification and monitoring the implementation of potential business benefits through the enhancement of risk management capabilities. This is linked to the organisational policy and the need for the appropriate skill sets to be acquired and retained.
Establishing Effectiveness of Risk Management Processes	Ensure there is regular review of the risk management structure to identify: • Simplified and consistent reporting procedures; • Duplication of activity; • Inefficient practices.
Group Wide Risk Management Programme	Ensure that as steering committee for the Group Wide Risk Management Programme that the programme objectives are met. The objectives being: • Implement best practice risk management processes that improve the effectiveness of the Group; • Meet corporate governance requirements. The RMC will be responsible for ensuring that an appropriate structure is retained to enable on-going compliance with the risk management structure once the Group Wide Risk Management Programme has been completed.

Review of the Terms of Reference

The RMC will review the terms of reference periodically to ensure that it reflects current best practice in corporate governance and risk management. Board approval is required for any changes in the terms of reference.