
HLA HOLDINGS SDN BHD (“HLAH” or the “Company”)
- GROUP BOARD RISK MANAGEMENT COMMITTEE (“GBRMC”)**Terms of Reference****Risk Management**

1. To review management’s activities in managing principal risks such as credit, market, liquidity, operational, compliance, Shariah compliance, insurance and IT risks and the risk management process.
2. To review management’s reporting to the Board of HLAH and its subsidiaries on measures taken to:
 - a) Identify and examine principal risks faced by HLAH and its subsidiaries.
 - b) Implement appropriate systems and internal controls to manage these risks.
3. To review management’s major risk management strategies, policies and risk tolerance for Board of HLAH and its subsidiaries’ approval.
4. To review management’s overall framework on the Internal Capital Adequacy Assessment Process (“ICAAP”), annual risk appetite, Individual Target Capital Level (“ITCL”) and Capital Management Plan for Board of HLAH and its subsidiaries’ approval.
5. To review management’s development and effective implementation of the ICAAP.
6. To review management’s stress testing governance including the evaluation on the capital stress test scenarios, parameters, key assumptions and results.
7. To review management’s periodic reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities.
8. To review the adequacy and effectiveness of management’s internal controls and risk management process.
9. To review the adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
10. To review risk management function’s infrastructure, resources and systems and that the staff responsible for implementing risk management systems perform those duties independently of HLAH and its subsidiaries’ risk taking activities.
11. To receive reports from pertinent management committee.
12. To review management’s implementation of risk management as set out in BNM’s policy document on Risk Governance, Approach to Regulating and Supervising Financial Groups, Corporate Governance and Shariah Governance Framework.
13. To review and advise on the appointment, remuneration, removal and redeployment of the Chief Risk Officer/Head of Risk Management (“CRO”).
14. To engage privately with the CRO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CRO to discuss issues faced by the risk management function.

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15. To review management's implementation of the remuneration system on whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Board Remuneration Committee.
 16. Other risk management functions as may be agreed to by the GBRMC and the Board of HLAH and its subsidiaries.

Compliance

1. To assist the Board of HLAH and its subsidiaries in the oversight of the management of compliance risk by :
 - a) reviewing compliance policies and overseeing management's implementation of the same;
 - b) reviewing the establishment of the compliance function and the position of the Chief Compliance Officer /Head of Compliance ("CCO") to ensure the compliance function and CCO are provided with appropriate standing, authority and independence;
 - c) discussing and deliberating compliance issues regularly and ensuring such issues are resolved effectively and expeditiously;
 - d) reviewing annually the effectiveness of HLAH and its subsidiaries' overall management of compliance risk, having regard to the assessments of senior management and internal audit and interactions with the CCO;
 - e) updating the Board of HLAH and its subsidiaries on all significant compliance matters, including providing its views on (a) to (d) above.
2. In relation to the role of the CCO, support the Board of HLAH and its subsidiaries in meeting the expectations on compliance management as set out in BNM's policy document on Compliance by:
 - a) reviewing and advising on the appointment, remuneration, removal and redeployment of the CCO;
 - b) ensuring that CCO has sufficient stature to allow for effective engagement with the CEO and other members of senior management;
 - c) engaging privately with the CCO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CCO to discuss issues faced by the compliance function;
 - d) ensuring that the CCO is supported with sufficient resources to perform his duties effectively;
 - e) where CCO also carries out responsibilities in respect of other control functions, the GBRMC shall be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by the CCO.
3. Other compliance functions as may be agreed to by the GBRMC and the Board of HLAH and its subsidiaries.