



**FRASER & NEAVE HOLDINGS BHD**

Terms of Reference of  
Sustainability and Risk Management Committee

### **Objective**

The primary objective of the Sustainability and Risk Management Committee (the "Committee") is to assist the Board of Directors (the "Board") in:

- a. providing oversight of the Group's significant risks and regards risk management as an integral part of the operations and processes of the Group;
- b. ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
- c. determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives and ensuring the execution and implementation of our sustainability strategy, in order to continue generating economic value while reducing our environmental and social footprint, by monitoring the progress of our sustainability initiatives against the targets set.

### **Composition**

The Committee shall comprise at least three (3) members. In the event the number of Committee members is reduced to less than three (3), the Board will appoint new member accordingly.

### **Duties**

1. The Committee shall report to the Board and provide appropriate advice and recommendations on material risk issues, and ensure that a risk management system is in place for the timely identification, mitigation and management of such key risks which may have material impact on the Group and provide overall direction and decisions on sustainability governance, strategy, initiatives, performance and processes. In doing so, the Committee shall seek to safeguard the interests/investments of the Company's shareholders and the Company's assets and carry out our sustainability objectives by:
  - a. ensuring that the approved risk management policies and procedures is implemented by the Management to comprehensively identify, control and minimise risk exposures to the Group effectively; and
  - b. maintaining a close relationship with the Company's Audit Committee to minimise and/or prevent any overlap of functions with the Audit Committee, which include the review of the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls.
  - c. providing strategic direction and considering sustainability issues as part of its strategic formulation and ensuring that an effective sustainability governance structure is in place.
2. Specifically, the Committee shall:
  - a. review of the Group's risk management framework and major risk policies, as well as provide a forum to review the material exposures and strategies to mitigate risks. This should include any insights it has gained from the review and any changes made to its risk management framework arising from the review.
  - b. review the Group's risk appetite and risk tolerance statements, and advise the Board on the Group's overall risk appetite and risk tolerance in alignment with the Group's vision and mission.
  - c. review the adequacy of the Group's overall risk assessment processes, and the ability of the Group to identify and manage emerging and/or new material risks.

- d. review the Group Risk Profile on a periodic basis and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner.
- e. review the strategies and controls for current and new material risks, including recommendation and/or guidance to Management of risk treatment for urgent or material risks.
- f. review the strategies and controls pertaining to the transfer of insurable risks, and the adequacy of coverage of such risks, vis-a-vis the risk appetite and the risk profile of the Group.
- g. review the strategies and processes pertaining to business continuity management.
- h. review and recommend the Chart of Authority (“COA”) to the Board for approval on an annual basis.
- i. review the effectiveness of risk mitigating actions post implementation for major projects and report the same to the Board.
- j. review the strategies pertaining to cyber risk management, including policies and procedures governing cyber risk, and monitor the effectiveness of the implementation of cyber security framework.
- k. on an ad-hoc basis, review specific operational segments of the Group that may be posing unusual significant risks that may have a material impact on the risk profile of the Group and review reports on any material breaches of risk limits and the adequacy of proposed action.
- l. report to the Board, at least annually on the adequacy and effectiveness of:
  - risk management policies and systems established by Management;
  - insurance coverage taken by the Group in respect of transfer of risks; and
  - strategies and processes pertaining to business continuity management for the Group.
- m. review the statement on risk management and internal control in the Company’s Annual Report to ensure that relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated, the controls in place for the Group to mitigate and manage those risks.
- n. provide oversight and approve strategic initiatives and policies for the sustainability agenda of the Company and report to the Board regularly.
- o. review the material Economic, Environment and Social (EES) factors identified and oversee Management on the managing and monitoring of the material EES factors.
- p. review the implementation of the Company’s and the Group’s sustainability strategy with respect to engaging stakeholders, materiality assessment, establishing of policies and practices, setting and assessing of targets and measuring of performance against targets.
- q. review the draft of the Company’s sustainability report and recommend to the Board for approval.
- r. conduct an annual evaluation of the Committee’s own performance.

3. In relation to the Risk Management Function, the Committee shall:
  - a. review the appointment and annual performance evaluation of the Head of Risk Management jointly with the Chief Executive Officer; and
  - b. review the scope, effectiveness and objectivity of the Risk Management Function and ensure that the Risk Management Function has adequate infrastructure and resources, and be staffed by an appropriate number of experienced and qualified employees who are sufficiently independent to perform their duties objectively.
4. Adequate resources shall be made available to the Committee to enable it to perform its duties and responsibilities properly.

#### **Authority**

1. The Committee is authorised to:
  - a. seek any information it requires from any employee in order to perform its duties and have access to all relevant records;
  - b. invite any employee or other individual to attend a meeting of the Committee; and
  - c. appoint external consultants at the Company's costs to provide sustainability and risk management services or any experts as maybe appropriate to enable the Committee to discharge its duties and responsibilities, and to determine the terms of appointment and termination of such consultants or experts, including approval of their fees.
2. The Committee does not have approving authority (with exception to point 1c as mentioned above) and shall report its recommendations to the Board for approval.

#### **Secretary**

The Secretary of the Company shall act as the Secretary of the Committee. The Secretary shall in his/her absence, nominate a minute secretary to record the proceedings of the meeting of the Committee.

### **Meetings and Minutes**

1. The Committee shall meet as frequently as required but not less than two (2) times a year. Its quorum shall be two (2) members.
2. The Chairman of the Committee, in consultation with the other members of the Committee, shall be responsible for calling meetings of the Committee, establishing the agenda and supervising the conduct thereof.
3. Notice of meeting and relevant supporting information shall be distributed to the Committee members at least seven (7) days prior to the scheduled meeting, except under special circumstances whereby a special meeting of the Committee is called on by the Chairman of the Committee.
4. If at any meeting, the Chairman of the Committee is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one of their numbers who is a non-executive director to be the chairman of the meeting.
5. The minutes of meeting shall be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next meeting. The minutes shall be circulated to all members of the Committee and the Board.
6. The Secretary shall keep the minutes of the Committee meetings at the Company's registered office. The minutes shall be open for inspection by any member of the Committee and the Board.
7. A resolution in writing signed by all members of the Committee for the time being entitled to receive notice of a meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents (or facsimiles thereof) in like form, each signed by one or more members of the Committee. For purpose of this paragraph, "in writing" and "signed" include approval by facsimile and email.

### **Decision Making**

Decision on any matter within the purview of the Committee shall be made on a majority basis.

### **Annual Review of Terms of Reference**

The Committee, with the assistance of Management, shall review the adequacy and relevance of the Terms of Reference in the light of new best practices and new legal or regulatory requirements, at least annually and recommend proposed changes to the Board.