



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)

TERMS OF REFERENCE OF THE BOARD RISK AND SUSTAINABILITY COMMITTEE

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1. OBJECTIVE

To formulate proactive and effective policies to eliminate or minimise corporate and operational risks of the Group.

2. COMPOSITION

2.1 The Board Risk and Sustainability Committee (“BRSC”) shall comprise of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.

2.2 The Chairman and members of the Committee shall be appointed by the Board and shall include a mixture of risk and business knowledge experience.

2.3 The appointment of a BRSC member terminates when the member ceases to be a director, or as determined by the Board.

2.4 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such member or new members as may be required to make up the minimum number of three (3) members.

3. DUTIES AND RESPONSIBILITIES

The duties of the BRSC are as follows:

3.1 Formulate the Board’s risk appetite at the Group level, establish strategic content in ensuring risk management strategies are complete and sustainability efforts are aligned with long-term business strategies taking into account the environment in which the Group operates and the requirement of all stakeholders and the Board.

- 3.2 Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risks are managed within tolerable ranges.
- 3.3 Risk Management Structure – Ensuring a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by all Companies/Divisions.
- 3.4 Oversight of Sustainability Risks – Ensuring the effective oversight on development of the Group’s sustainability and climate-related strategies, priorities and targets to support the Group’s long-term business strategy and success.
- 3.5 Risk Management Processes – Determining the overall risk management processes that should be adopted by the Companies / Divisions and overseeing the development of appropriate guidelines and policies for implementation.
- 3.6 Risk Management Capability – Ensuring risk management processes are integrated into all core business processes and that the culture of the Group reflects the risk consciousness of the Board.
- 3.7 Sustainability – Ensuring sustainability is integrated within key business strategies towards the collective achievement of sustainability goals across the Group.
- 3.8 Sustainability – Ensure sustainability practices in the Group reflect the efforts in meeting and aligning to the sustainable standards and expectations of our stakeholders while also enhancing the long-term value creation for the Group through sustainable initiatives.
- 3.9 Reporting Mechanisms – Providing a consolidated risk, assurance and sustainability reporting to the Board to support the statement relating to internal controls in the Group’s annual report.

- 3.10 Integrating & coordinating assurance activities – Ensuring alignment and coordination of risk, assurance and sustainability activities across the Group.
- 3.11 Business Benefits – Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities.
- 3.12 Effectiveness of Risk Management Processes – Facilitating and reviewing the development and implementation of improvements to simplify and enhance the effectiveness of the existing risk management system.
- 3.13 Controls Effectiveness – Ensuring effective assessment and monitoring of mitigating controls implemented to reduce the impact and likelihood of occurrence of identified risks and sustainability concerns;
- 3.14 Managing the Enterprise-wide Risk Management Program – Supporting the implementation of risk management and sustainability processes within the business units across the Group.
- 3.15 Stakeholder Engagement – Overseeing the effective management of stakeholder engagement, including the establishment and implementation of adequate grievance/dispute reporting mechanisms.
- 3.16 Review, endorse and oversee the progress against appropriate targets and indicators of material sustainability matters identified for the Group, including climate-related risks and opportunities, to effectively ensure management accountability and performance across the Group.
- 3.17 Acknowledgement of Sustainability Matters – Review and ensure the effective preparation of the Group’s disclosure reports related to risk management and sustainability matters, as required by Bursa Malaysia Securities Berhad prior to recommending to the Board of Directors for its approval.

4. MEETINGS

- 4.1 The Committee shall meet as and when required, upon request by the members, provided that the Committee meets at least four (4) times a year. The Group Managing Director (“GMD”), Group Director of Financial Services Division and Head of Risk Management Division shall be invited to attend the BRSC meetings, as and when required by the BRSC. The BRSC may establish procedures, from time to time, to govern its meetings, keeping of its minutes and other administrative matters.
- 4.2 The quorum for all meetings of the BRSC shall be two (2) members.
- 4.3 In the event of equality of votes, the Chairman shall have a casting vote.
- 4.4 In the absence of the Chairman, one (1) member of the BRSC shall be elected to chair the meeting.
- 4.5 The BRSC may have access to such information and advice, both from within the Group and externally, as it deems appropriate at the cost of the Group. The BRSC may request other Directors, the Management, counsels, consultants as applicable to participate in the BRSC meetings, as necessary, to carry out the BRSC’s responsibilities.
- 4.6 The Secretary of the BRSC shall be appointed by the BRSC, from time to time. The BRSC meeting agenda shall be the responsibility of the Chairman with input(s) from the BRSC members. The Chairman may also request the Management to participate in the process.
- 4.7 The agenda for each meeting including supporting information/documents shall be circulated at least five (5) working days, before each meeting, to the BRSC members and all those who are required to attend the meeting.
- 4.8 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day the following week at the same time and place, or to such other day and at such other time and place as the BRSC members may determine.

If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

- 4.9 Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- 4.10 The BRSC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BRSC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the BRSC meeting shall be made available to all Board members upon request.
- 4.11 All recommendations of the BRSC shall be submitted to the Board, for consideration and approval.
- 4.12 The BRSC, through its Chairman, shall present a report to the Board at the next Board meeting after each BRSC meeting. When presenting any recommendation to the Board, the BRSC will provide such background and supporting information as may be necessary for the Board to make an informed decision.
- 4.13 The Chairman shall be available to answer questions regarding BRSC at the annual general meeting of the Company.

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