DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)

TERMS OF REFERENCE

OF THE BOARD RISK AND SUSTAINABILITY

COMMITTEE

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1. OBJECTIVE

The Board Risk and Sustainability Committee ("BRSC") is established to assist the Board of Directors ("Board") in overseeing the effectiveness of the Group's risk management framework and sustainability matters.

2. COMPOSITION

2.1 The 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 No alternate Director shall be appointed as a member of the BRSC.

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

2.5 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. AUTHORITY

The Committee is authorised by the Board to undertake the specific duties and responsibilities stated below. The Committee is also authorised to obtain external legal or other independent professional advice, as it considers necessary.

4. DUTIES AND RESPONSIBILITIES

The duties of the BRSC are as follows:

Risk Management

4.1 Review the adequacy and effectiveness of the Group's Enterprise Risk Management (“ERM") Framework, Risk Management Policy and Manual, and recommending material revisions to the Board where appropriate.

4.2 Oversee the implementation and effectiveness of the Group's ERM Framework to ensure principal, emerging and sustainability-related risks are appropriately identified, assessed, managed, monitored and reported across the Group.

4.3 Review and recommend the Group's risk appetite, risk tolerance and other risk parameters where appropriate, and monitor Management's adherence thereto.

4.4 Review and deliberate the Group Top Key Risks, including emerging and sustainability-related risks, and assessing the adequacy and effectiveness of Management's mitigation strategies and action plans.

4.5 Review the Group's risk management disclosures, including the Statement on Risk Management and Internal Control ("SORMIC"), prior to recommending them to the Board for approval for disclosures in the Annual Report. In performing these duties, the BRSC shall ensure that the intended objectives of such disclosures and reporting are achieved, taking into account the interests of all stakeholders of the Group.

4.6 Monitor the effectiveness of the Group's risk governance practices, including the utilisation of risk management systems, key risk indicators (“KRIs”), and risk reporting to support informed decision-making.

Sustainability

4.7 Oversee the Group's sustainability and climate-related strategic direction and governance framework and consider material sustainability-related risks and opportunities in relation to the Group's long-term business strategy and significant strategic decisions.

4.8 Review and endorse the Group's assessment of material sustainability matters, including material sustainability-related risks and opportunities, taking into consideration the outcomes of stakeholder engagement, changes in the business environment and applicable regulatory requirements.

4.9 Review and monitor Management's implementation of the Group's sustainability strategy, including receiving periodic updates on material sustainability-related risks and opportunities and overseeing the integration of sustainability considerations into the Group's business activities and enterprise risk management processes.

4.10 Review the Group's sustainability objectives, commitments and targets, and monitor progress against approved sustainability targets and related key performance indicators.

4.11 Review the Group's Sustainability Report and other sustainability-related disclosures, including climate-related disclosures, prepared in accordance with applicable regulatory requirements and recognised reporting standards, prior to recommending them to the Board for approval.

4.12 Review Management's approach to sustainability assurance, including the scope and outcomes of assurance activities, together with the proposed Statement of Assurance on Sustainability Reporting, where applicable, prior to recommending the Sustainability Report to the Board for approval.

Business Continuity Management (“BCM”)

4.13 Oversee the Group's Business Continuity Management System (“BCMS”) and its implementation to ensure adequacy, effectiveness and alignment with the requirements of ISO22301:2019.

4.14 Review significant BCM developments, including but not limited to emerging climate-related physical risks and other related risks with potential business continuity implications and major crisis events.

4.15 Oversee the relevance, adequacy and effectiveness of the BCM Policy and Manual.

Anti-Bribery and Anti-Corruption ("ABAC")

4.16 Review and recommend to the Board on any amendment to the ABAC Policy;

4.17 Oversee the establishment, implementation and effectiveness of ABAC plans, programmes and other documents, including matters relating to integrity, governance and ISO 37001 Anti-Bribery Management Systems ("ABMS").

4.18 Oversee matters relating to ABAC governance, corruption, improper conduct and conflicts of interest, and promote an integrity culture within the organisation;

4.19 Oversee the implementation and effectiveness of the organisation's corruption risk management framework; and

4.20 Oversee and monitor the effectiveness and independence of the Integrity and Governance Unit in carrying out its functions, including its role in supporting the implementation and continual improvement of the Anti-Bribery and Anti-Corruption Management Systems ("ABACMS").

5. MEETINGS

5.1 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 Chief Financial Officer and Chief Risk & Sustainability Officer 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.

5.2 The quorum for all meetings of the BRSC shall be two (2) members.

5.3 In the event of equality of votes, the Chairman shall have a casting vote.

5.4 In the absence of the Chairman, one (1) member of the BRSC shall be elected to chair the meeting.

5.5 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.

5.6 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.

5.7 The agenda for each meeting, including the 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.

5.8 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.

5.9 Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.

5.10 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.

5.11 A written resolution in lieu of a formal meeting, shall be permitted for exceptional circumstances.

5.12 All recommendations of the BRSC shall be submitted to the Board, for consideration and approval.

5.13 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.

5.14 The Chairman shall be available to answer questions regarding BRSC at the annual general meeting of the Company.

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