

GLOMAC BERHAD

[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE
(Adopted w.e.f. 29 March 2022)

1. Objectives

The principal objective of the Risk Management and Sustainability Committee (“**the Committee**”) is to assist the Board of Directors (“**Board**”) in their responsibilities in identifying, assessing and monitoring key business and sustainability risks and recommending the risk management policies and strategies for the Company. In addition, the Committee shall assist the Board to fulfil its corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure in the Company and its group of companies (“**Group**”).

The Committee shall also assist the Board in fulfilling its oversight responsibility in relation to the Group’s objectives, policies and practices pertaining to sustainability.

2. Composition of members

The Board shall elect the Committee members from amongst themselves, comprising no fewer than three (3) members, of which a majority of whom are independent.

If a member of the Committee ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

No alternate Director of the Board shall be appointed as a member of the Committee.

3. Chairman

The Chairman of the Committee shall be elected from among the Committee members who shall be an Independent Director. The Chairman of the Committee shall be approved by the Board.

In the absence of the Chairman, the members of the Committee can elect from amongst themselves as the Chairman of the meeting.

4. Secretaries

The Secretaries of the Committee shall be the Company Secretaries of the Company.

The Secretaries shall be responsible for keeping the minutes of meetings of the Committee.

5. Meetings

The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least two (2) times a year or more frequently as deemed necessary.

The Chairman or any member of the Committee may call for additional meetings at any time at their discretion.

Reasonable notice period of the Committee meetings shall be given to all the Committee members unless the Committee waives such requirement.

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The Committee may hold a meeting at one (1) or more venues within or outside Malaysia using any technology that gives the Committee members as a whole a reasonable opportunity to participate. Any member of the Committee may participate at the Committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such member shall be deemed to be present at the meeting. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.

Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

6. Quorum

A quorum shall consist of at least two (2) members.

7. Circular Resolutions

A resolution in writing signed or approved by email, letter, telegram, telex, telefax or digital messaging services by all the Committee members and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Risk Management and Sustainability Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretaries without delay, and shall be recorded by him in the Company's minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

8. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board.

The Minutes of the Committee meeting 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 of the proceedings of the meeting duly held.

9. Reporting

The Chairman of the Committee shall report to the Board on the proceedings of each meeting and on matters as it considers appropriate within its terms of reference at least two (2) times a year, but more frequently if it so wishes, either formally in writing or verbally.

The Committee shall report to the Board on any specific matters referred to it by the Board.

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10. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.

The Committee is also authorised to obtain legal or other independent professional advice as it considers necessary as well as to appoint Risk Management and Sustainability Sub-Committees.

11. Duties and responsibilities

The duties and responsibilities of the Committee are as follows:-

11.1 communicate the Board's vision, strategy, policy, responsibilities, and reporting lines to all personnel across the Group.

11.2 act in line with the directions of the Board.

11.3 in addition to paragraph 11.4 and 11.5 below, consider and examine such other matters as the Committee considers appropriate.

11.4 Risk Management

11.4.1 identify and communicate to the Board, critical risks (present or potential) the Group faces, their changes, and Management's action plans to manage the risks.

11.4.2 perform risk oversight and review risk profile and organisational performance.

11.4.3 aggregating the Group's risk position and quarterly reporting to the Board on the risk situation/status.

11.4.4 set performance measures for the Group.

11.4.5 provide guidance to the business units and departments on the Group's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board.

11.4.6 review the existing controls that may reduce the key risk factors of the Company.

11.4.7 review and assess the adequacy of risk management and internal control policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.

11.4.8 promote better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-corruption are in place and place greater emphasis on corruption as part of annual risk assessment of the Group.

11.4.9 ensure adequate infrastructure, resources and systems are in place for an effective risk management, i.e. ensuring that the staff who is

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responsible for implementing the risk management systems perform those duties independently.

- 11.4.10 review the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

11.5 Sustainability Management

- 11.5.1 provide oversight and input to Management to ensure that the Group's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.
- 11.5.2 advise on the Group's Sustainability Report and other reports (if any) prior to reporting to the Board, including assessment of issues material to the achievement of sustainability by the Group and efforts to address the material issues.
- 11.5.3 review issues relating to sustainability arising from independent audits and assurance reports as well as any matters highlighted by the consultants.
- 11.5.4 consider and recommend to the Board positioning on relevant emerging sustainability issues.
- 11.5.5 provide the Board with assurance on the quality and technical content of the sustainability information used by the Board and of the sustainability information issued publicly by the Group.
- 11.5.6 oversee the stakeholder dialogue process and its outcomes, addressing social and environmental matters with regard to the strategic sustainability goals, in particular, matter that may affect the Group's reputation.

12. Frequency of Review

The Committee, with the assistance of Management, shall review the adequacy and relevance of the Terms of Reference as and when required and may from time to time recommend the proposed changes to the Board as it deems appropriate to reflect new best practices and new regulatory requirements.