

**UNITRADE INDUSTRIES BERHAD**  
**Registration No. 202101013724 (1414023-X)**

**RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE**

<b>TERMS OF REFERENCE</b>
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**1. MEMBERSHIP**

- (a) The Board of Directors (“Board”) shall elect the Risk Management and Sustainability Committee (“RMSC” or “the Committee”) members amongst themselves, comprising mostly Independent Directors and at least three (3) in total. If the membership for any reason fall below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- (b) The Chairman of the RMSC shall be appointed by the Board. The Chairman of the Board should not be the member of the Committee.
- (c) No Alternate Director shall be appointed as a member of the RMSC.
- (d) The appointment of the RMSC member would be terminated when the member ceases to be a Director, or as determined by the Board.

**2. MEETINGS AND PROCEEDINGS**

- (a) The Committee shall meet at least twice a year. More meetings may be conducted as considered necessary by the Chairman of the RMSC. The presence of two (2) members constitutes a quorum for a meeting of the Committee.
- (b) In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.
- (c) Only members of the Committee have the right to attend Committee meetings. However, other Directors and individuals such as the Managing Director (“MD”) and other appropriate officers, the Senior Manager of Group Human Resources, members of Management, consultants and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- (d) Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members, and it shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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- (e) A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, RMSC has the right to appoint another Director, which meets the membership criteria.
- (f) The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee, be in attendance at each meeting and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.
- (g) The notice of Committee's meeting shall be given in writing at least seven (7) days prior to the meeting except in the case of an emergency. Meeting papers and agenda items are to be circulated at least five (5) business days prior to the meeting.
- (h) A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. The resolution may consist of several documents in like form, each signed by one or more Committee members. Any such documents may be accepted as sufficiently signed by an RMSC member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an RMSC member, including but not limited to signing with a platform such as DocuSign.

**3. AUTHORITY**

The Committee shall, whenever necessary and reasonable for the Company to perform its duties, in accordance with procedures to be determined by the Board and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company and Group; and

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- (d) be able to obtain external or other independent professional advice and assistance to enable it to discharge its duties, as it considers appropriate.

**4. OBJECTIVES**

The RMSC assists the Board in establishing a sound framework to manage risks and sustainability matters, which includes:

- (a) Reviewing the Group's risk and sustainability management philosophy /policy;
- (b) Reviewing the extent to which management has established an effective enterprise risk management framework;
- (c) Reviewing the Group's risk management framework and assessing the resources and knowledge of management and staff involved in the risk management process;
- (d) Reviewing the Group's risk profile and risk appetite/tolerance including ESG risks;
- (e) Creating risk and sustainability awareness at the Board Level and to ensure the tone from the Top Management on Risk and Compliance culture as well as sustainability best practices is cascaded to the rest of the organisation;
- (f) Communicating to the Board, critical risks (present or potential) the Group faces, their changes, and Management action plans to manage the risks;
- (g) Reviewing the risk profile of the Group and the Risk and Sustainability Management Team's plans to mitigate business risks identified from time to time;
- (h) Reviewing periodic reports from the management on risk exposure, risk portfolio composition and risk management activities;
- (i) Identifying principal risks including ESG risks and implementing appropriate systems and risk assessment processes to manage such risks for the Company and Group;
- (j) To assist the Board in fulfilling its oversight responsibility in relation to the Group's sustainability strategy and initiatives comprising of Economic, Environment, Social and Governance matters as well as

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embedding sustainability best practices to the Group in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code of Corporate Governance; and

- (k) To ensure an integrated approach in risk management activities where ESG and business risks (both financial and non-financial) are considered and assessed accordingly based on the existing enterprise risk management framework.

## **5. DUTIES**

The main responsibilities and duties of the RMSC shall include, but are not limited to the following:

### **5.1 Risk Management and Internal Control**

- (a) To oversee and recommend the risk management policies and procedures to the Group.
- (b) Establish the Group's Risk Management Framework based on an internationally recognised risk management framework and ensure there are effective Risk Management Framework to identify, analyse, evaluate, manage and mitigate significant financial and non-financial risks.
- (c) To conduct periodic evaluation and update on the Risk Management Framework to continuously improve and ensure its relevance taking into consideration of best practices and changing business environment.
- (d) Work with C-level executive officers on the conduct of company-wide assessment of Risk Management Framework together with the Heads of Departments.
- (e) Provide feedback to the Board on risk strategies and ensure constant communication with the Board on Group's risk management issues, including the key risks faced by the Group, their changes and management's action plans in managing the risk.
- (f) To review and recommend changes as needed to ensure that the Group has in place at all times a risk management which addresses the strategic, operational, financial and compliance risks.
- (g) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks.
- (h) To set reporting guidelines for management to report to the committee on the effectiveness of the Group's management of its business risks.

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- (i) To review the risk profile of the Group including all the subsidiaries and to evaluate the measures taken to mitigate the business risks as identified time to time.
- (j) To review that adequacy of management response to issue identified in risk registers, ensuring that the risks are managed within the Group's risk appetite.
- (k) To oversee any investigation of activities which are within its terms of reference.
- (l) Established and periodically review the Group's risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.
- (m) To review and recommend the corrective measures undertaken to remedy failings and/or weakness.
- (n) To review and recommend the risk management strategies, methodologies, and risk tolerance levels.
- (o) To ensure adequate infrastructure, resources and systems are in place of risk management.
- (p) To review the Enterprise Risk Management reports on risk management activities, exposure and mitigating actions.
- (q) To review the Statement on Risk Management and Internal Control in the Company's Annual Report to ensure relevant information as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (r) To review and recommend new policies or changes to policies, and to consider their risk implications including the procedures in place by management to prevent and detect fraud such as cyber fraud.
- (s) To oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance.
- (t) To review corruption risk assessment annually with the impact criteria and control measures being conscientiously considered.
- (u) To review and assess the adequacy of the governing policies, framework and structure to manage the risk.
- (v) Assess the adequacy of the business recovery/disaster recovery procedures.

*5.2 Sustainability*

- (a) To provide oversight on the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets.

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- (b) To provide oversight to ensure that strategies, priorities and targets pertaining to Economic, Environment, Social and Governance are aligned with the Group's commitment towards integrating sustainability practices and shared values with the Group business operations.
- (c) To oversee the processes, framework and strategies designed to manage Economic, Environment, Social and Governance risks and opportunities.
- (d) To monitor the adoption and effectiveness of sustainability related policies, framework and procedures.
- (e) To review and monitor the Group's sustainability key performance against the sustainability strategies and targets and that these targets are communicated to internal and external stakeholders.
- (f) To review and monitor the material sustainability matters that relevant to the Group.
- (g) To approve the Sustainability Report in the Company's Annual Report to ensure relevant information as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (h) To drive the engagement on sustainability to ensure awareness on sustainability issues relevant to the Group and its business, including climate-related risks and opportunities is adopted across the Group.

**6. *REPORTING RESPONSIBILITIES***

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

The Committee shall produce a report to be included in the Company's Annual Report about its activities in the discharge of its duties.

**7. *ANNUAL GENERAL MEETING***

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

**8. *MINUTES***

The minutes of meetings of the Committee shall be circulated to all members of the Committee and Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for

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inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Committee.

*9. REVISION OF THE TERMS OF REFERENCE*

- Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

*10. APPROVAL*

This Terms of Reference was first adopted on 27 April 2022, and last reviewed and approved by the Board of Directors on 28 November 2022.