



# YINSON HOLDINGS BERHAD

## Board Risk and Sustainability Committee

### TERMS OF REFERENCE

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Terms of Reference

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#### **Revision Details**

<b>Rev. No.</b>	<b>Section</b>	<b>Details</b>
04	General	<ul style="list-style-type: none"><li>• Update of new Yinson logo.</li></ul>
	1	<ul style="list-style-type: none"><li>• Update on the list of statutory and regulatory requirements.</li></ul>
	8	<ul style="list-style-type: none"><li>• Inclusion of oversight function for cyber risk management</li><li>• Refinement of the overall BRSC's duties and responsibilities</li></ul>



## **1 PURPOSE**

- 1.1 This Terms of Reference defines the scope of responsibilities, duties and authority of the Board Risk and Sustainability Committee ("BRSC" or "Committee"), established by the board of directors of Yinson Holdings Berhad ("YHB" or "Company") ["Board"]. It serves as a guidance to the BRSC in discharging their responsibilities, duties and authority pertaining to plans, policies, and practices in relation to risk management framework of YHB and its subsidiaries ("Group"), within the authority delegated by the Board, for the effective functioning of the Board.
- 1.2 This Terms of Reference is guided by the best practices in the Malaysian Code on Corporate Governance 2021 ("MCCG"), Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Companies ("SORMIC Guide"), Corporate Governance Guide – 4th Edition ("CG Guide") and other statutory and regulatory requirements.

## **2 COMPOSITION**

- 2.1 The BRSC shall be appointed by the Board from amongst the Directors and consist of no fewer than three (3) members, which comprises a majority of independent directors. The member of the BRSC shall elect a chairman from among their members and approved by the Board. No Alternate Director shall be appointed as a member of the BRSC.
- 2.2 In the event of any vacancy in the BRSC resulting in non-conformance to MCCG, the Board shall ensure that the vacancy is filled within three (3) months.
- 2.3 The Nominating and Remuneration Committee of the Company shall review the term of office and performance of BRSC and each of its members annually, to determine whether the BRSC and its members have carried out duties in accordance with its terms of reference.



### **3 CHAIRMAN**

- 3.1 The BRSC Chairman shall be appointed and/or dismissed by the Board. The chairman of the Board shall not be the BRSC Chairman.
- 3.2 The role of the BRSC Chairman, are as follows:
  - 3.2.1 Governing the processes of the BRSC and outlines the procedures and guidelines in relation to its risk governance role;
  - 3.2.2 Planning and ensuring BRSC meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by members of the BRSC, prior to be approved by the BRSC Chairman;
  - 3.2.3 Overseeing reporting to the Board on all matters within its duties and responsibilities;
  - 3.2.4 Encouraging open discussion during meetings and take reasonable steps in ensuring adequate flow of relevant information to the BRSC, management, internal and external auditors;
  - 3.2.5 Develop and maintain active on-going dialogue with management and both internal and external auditors;
  - 3.2.6 Assessing the performance of individual BRSC members on annual basis, to facilitate the evaluation of BRSC's performance by the Nominating and Remuneration Committee of the Company;
  - 3.2.7 Taking reasonable steps to advise the Board on the BRSC's recommendations on matters falling within the scope of the BRSC's duties and responsibilities;
  - 3.2.8 Reviewing the minutes of meetings of the BRSC for circulation and approval of BRSC, and sign the approved minutes;
  - 3.2.9 Act under delegation of the BRSC; and
  - 3.2.10 Act as the Board-level Director for overall oversight of Sustainability matters.

### **4 COMMITTEE SECRETARY**

- 4.1 The Company Secretary or Corporate Secretary shall be the Secretary of the Committee.
- 4.2 The Committee Secretary shall be responsible for drawing up the notice and agenda of meetings in consultation with the BRSC Chairman and circulating it, supported by explanatory documentation to members of the BRSC prior to each meeting.
- 4.3 The Committee Secretary shall also prepare the written minutes of the BRSC meetings and distribute to each member for confirmation. The minutes of BRSC meetings shall be kept under the custody of the Committee Secretary.



## **5 MEETINGS**

- 5.1 The BRSC shall hold at least four (4) regular meetings per year or such additional meetings as the BRSC Chairman shall decide in order to fulfil its duties and if requested to do so by any BRSC member. The BRSC may also invite any Board members, officer, or employee of the Group to be in attendance to assist in its deliberations.
- 5.2 The meeting agenda and relevant papers shall be provided to BRSC members at least seven (7) days in advance of each meeting.
- 5.3 In the absence of the BRSC Chairman, the members may elect anyone amongst themselves to chair the meeting.
- 5.4 The meetings of the BRSC shall be transparent, with all proceedings recorded and decisions documented. The Board shall be kept aware of the BRSC's activities by way of the BRSC minutes and/or BRSC papers, being circulated.
- 5.5 The meeting of the BRSC may be conducted via face-to-face or by means of a telephone conference, video conference or any communication technology, which allows all members of the BRSC participating in the meeting to communicate simultaneously with each other, or other appropriate means as determined by the BRSC.

## **6 QUORUM**

- 6.1 The meetings shall have a quorum of two (2) members, comprising majority who are independent Directors.



## **7 AUTHORITY**

- 7.1 In carrying out its duties and responsibilities, the BRSC will have the following rights:
- 7.1.1 Have explicit authority to investigate any matter within its terms of reference;
  - 7.1.2 Have the resources which are required to perform its duties;
  - 7.1.3 Have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;
  - 7.1.4 To receive from Management an overview of the risks, policies, procedures and controls surrounding the integrity of risk management reporting;
  - 7.1.5 Have direct communication channels with external auditors and internal auditors as well as employees of the Group;
  - 7.1.6 Be able to obtain independent professional or other advice through the assistance of the Committee Secretary, to invite outsiders with relevant experience to attend BRSC meetings (if required) and to brief the BRSC thereof;
  - 7.1.7 The attendance of any particular BRSC meeting by other Directors and employees of the Company shall be at the invitation and discretion of BRSC and must be specific to the relevant meeting;
  - 7.1.8 Be able to convene meetings with external auditors or internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and
  - 7.1.9 Be able to make relevant reports when necessary to Bursa Securities or relevant authority if a breach of the Listing Requirements occurs.

## **8 DUTIES AND RESPONSIBILITIES**

- 8.1 The following are the main duties and responsibilities of the BRSC collectively. These are not exhaustive and can be augmented if necessary, by the overall Board approval:
- 8.1.1 Define overarching risk management, sustainability and compliance strategies aligned to strategic business objectives;
  - 8.1.2 Establish risk appetite and risk management performance measures;
  - 8.1.3 Advisory on risk strategies and provide risk oversight to the various standing Board committees;
  - 8.1.4 Review & recommend sustainability as well as climate-related risk and strategies in alignment with relevant Environment, Social and Governance ("ESG") targets, global standards and best practices;
  - 8.1.5 Review the strategies for liquidity investments of the Group;
  - 8.1.6 Define cyber risk management strategies and approve its corresponding policies and procedures while driving effective implementation of cyber risk management initiatives across the Group;



- 8.1.7 Review and endorse the implementation of Enterprise Risk Management Policy Statement & Framework while ensuring the robustness and continuous improvement of risk management processes;
  - 8.1.8 Review, endorse and oversee the implementation of Enterprise Risk Management (ERM) Policy Statement & Framework as well as the effectiveness of risk management processes across the Group;
  - 8.1.9 Examine and verify the operating effectiveness of the ERM system in facilitating the risk management processes including its completeness, comprehensiveness, and reliability;
  - 8.1.10 Review the Group's Anti-Bribery Management System to ensure the Group has put in place adequate measures to mitigate bribery risk;
  - 8.1.11 Provide oversight and review of company-wide risk assessments;
  - 8.1.12 Review and oversee the management of risks across the Group with regard to the complexity and significances of these risk exposures;
  - 8.1.13 Aggregate the Group's periodic risk reporting to the Board and provide timely input on critical risks including the status of its corresponding mitigation plans;
  - 8.1.14 Monitor and escalate all triggering of key risk indicators of the Group's critical risks to the Board;
  - 8.1.15 Review compliance assessment reports to ascertain the adequacy and effectiveness of the Group's corporate governance;
  - 8.1.16 Communicate the Board's vision and strategies for risk management to all personnel across the Group;
  - 8.1.17 Promote a healthy risk-aware culture and address factors that could derail the effectiveness of risk management practices across the Group; and
  - 8.1.18 Performs any other function that may be assigned by the Board when deemed necessary and appropriate.
- 8.2 The BRSC makes recommendations to the Board for its consideration and implementation, but it has no executive powers to implement such recommendations on behalf of the Board.

## **9 CIRCULAR RESOLUTIONS / EXTRACTS OF MINUTES OF MEETING**

- 9.1 A resolution in writing signed by a majority of BRSC members present in Malaysia and for the time being entitled to receive notice of a meeting of BRSC shall be as valid and effectual as if it had been passed at a meeting of the BRSC duly convened. Any such resolution shall be described as "Board Risk and Sustainability Committee's Written Resolutions" and may consist of several documents substantially the same, each signed by one or more BRSC members and shall constitute one document in those terms. The expressions "in writing", "written" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram, or other forms of electronic communications.





- 9.2 A document purporting to be a copy of resolution of the BRSC or an extract from the minutes of a meeting of the BRSC which is certified by any one of the BRSC members and the Committee Secretary shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the BRSC.
- 9.3 Each individual BRSC member shall abstain from deliberation and decision of any resolution which involving his own interest.

## **10 COMMITTEE'S DISCLOSURES IN ANNUAL REPORT / WEBSITE**

- 10.1 The Committee is to assist the Board to prepare a report on risk management at the end of each financial year as guided under the Main Market Listing Requirements, MCCG, SORMIC Guide and CG Guide.
- 10.2 This Terms of Reference shall be made available on the Company's website.

## **11 COMMITTEE ETHICS AND PROCEDURES**

- 11.1 BRSC members shall safeguard all internal committee communications and treat them as strictly private and confidential, and for the use of Committee members only.
- 11.2 The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently amongst the members of the Board in discharging its responsibilities and adhere to the Code of Conduct and Business Ethics of the Company.

## **12 REVIEW AND REVISION OF THE TERMS OF REFERENCE**

- 12.1 The Terms of Reference will be reviewed periodically or as and when required by the BRSC and recommendation be made to the Board for approval on any revision.