

## Terms of Reference of Risk and Sustainability Committee

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## Purpose

The Board Risk and Sustainability Committee (“RSC”) is a committee of the Board of Directors (“Board”) established pursuant to the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This terms of reference governs the processes of this committee and outlines the policies, procedures and guidelines in relation to the risk management and sustainability framework of Scicom (MSC) Berhad (the “Company”) and its group of subsidiaries (“Group”).

## Scope

This document applies to the Group.

## Definitions

Terms	Descriptions
Board	The Board of Directors of Scicom (MSC) Berhad
RSC	Board Risk and Sustainability Committee
ESG	Environmental, Social and Governance

## Policy

The Board strives to ensure that the principles of the Malaysian Code on Corporate Governance are adhered to by the Group in all aspects of its business dealings displaying integrity and transparency with the objective to safeguard the investments of shareholders and ultimately enhancing shareholder value. The principal objective of the RSC is to assist the Board in discharging its roles and responsibilities in relation to risk and sustainability management of the Group.

### 1. Composition

- 1.1 The RSC shall be appointed by the Board and shall comprise a majority of Independent Directors. The RSC shall comprise not less than three (3) members. The member shall *ipso facto* vacate office when he/she ceases to be a Director of the Company.
- 1.2 No alternate Director shall be appointed as a member of the RSC.
- 1.3 The Chairperson of the RSC shall be an Independent Director.
- 1.4 In the event of any vacancy in the RSC resulting in the number of members being reduced to below three (3), the Board shall, within one month, fill the vacancy.
- 1.5 The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the RSC.
- 1.6 Members of the RSC may relinquish their membership in the RSC with prior written notice to the Board.

## 2. Duties and Responsibilities

- 2.1 The RSC on behalf of the Board provides oversight on the Group's overall risk management framework and all its related policies. The RSC reviews the risk management framework and processes to ensure that they remain relevant for use and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks.
- 2.2 The RSC is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework.
- 2.3 The RSC's main duties and responsibilities include the following:
- a. reviewing and recommending for the Board's approval, the appropriate risk management framework and measurement methodologies across the Group.
  - b. reviewing and assessing the relevance and adequacy of the risk management framework, governance structure and processes and its continuous benchmark against relevant standards.
  - c. reviewing all policies and recommending risk management strategies for the Board's approval.
  - d. identifying, assessing and monitoring the effectiveness of risk treatment/mitigation action plans for the management and control of key business risks, operational risks, market risks and compliance risks (regulatory and non-regulatory).
  - e. ensuring technology risk management is adequately addressed, including systems, infrastructure, and resources. Specific areas of oversight shall address:
    - technology identification and management;
    - sound and robust technology risk governance;
    - assurance of technology operations resilience; and
    - security assurance and cyber resilience.
  - f. reviewing management's periodic reports on risk exposure, risk profile and risk mitigation activities to ensure adequacy and effectiveness.
  - g. reviewing the Group's risk category and risk appetite with management and assessing whether the Group's strategies are consistent with the agreed-upon risk category and risk appetite for the Group and recommend the aforesaid to the Board for approval on an annual basis.
  - h. reviewing the enterprise risk rating and determine the critical risks to be escalated to the Board.

- i. promoting a high standard of governance, culture, and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-bribery and corruption, anti- money laundering, anti-terrorism financing and proceeds of unlawful activities are in place.
- j. reviewing bribery and corruption, money laundering, terrorism financing and proceeds of unlawful activities risks as part of the quarterly and/or annual risk assessment of the Group.
- k. ensuring proactive and effective measures in monitoring and mitigating material ESG risks which could affect the Group's business and assets. The RSC will assist the Board in the consideration of sustainability issues in the areas of overall planning, performance and long-term strategy.
- l. reviewing the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report to ensure that the relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are disclosed, and to recommend the same for the approval of the Board.

2.4 The RSC shall be assisted by the Group Risk Department ("GR").

### **3. Rights and Authority**

- 3.1 The RSC has the authority to recommend to the Board for approval to engage independent consultants and other advisors as the RSC deems necessary to perform its duties.
- 3.2 The RSC is authorised to make recommendations to the Board on appropriate actions to be taken resulting from such an assessment.
- 3.3 The RSC will have access to all data, records, facilities and personnel of the Group necessary for the RSC to discharge its duties and responsibilities.

### **4. Frequency of Meetings and Quorum**

- 4.1 The RSC shall meet at least quarterly in a year. Additional meetings may be called at any time by the RSC Chairperson.
- 4.2 The quorum for the RSC meeting shall be (two) 2 members, who must be Independent Directors.
- 4.3 If at any meeting, the Chairperson of the RSC is not present within fifteen (15) minutes of the time appointed for holding the same, the members of the RSC present shall choose one of their members who shall be an Independent Non-Executive Director to be the Chairperson of such meeting.

- 4.4 Questions arising at any meeting shall be decided by a majority of votes of the members present, each member having one (1) vote. In the event of an equality of votes, the Chairperson of the RSC shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairperson of the RSC will not have the second or casting vote.
- 4.5 The Chief Risk Officer ('CRO') or a representative of GR shall be in attendance at all meetings to present and discuss the risk management reports and other related matters as well as the recommendations relating thereto and to follow up on all relevant decisions made. Other members of management may attend the meetings by invitation of the RSC.
- 4.6 A meeting of the RSC shall normally be conducted face to face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the RSC.

## **5. Reporting**

- 5.1 The Chairperson of the RSC shall report the proceedings of each RSC meeting to the Board and update the Board on significant issues and concerns discussed and make necessary recommendations to the Board.

## **6. Secretary**

- 6.1 The Secretary to the RSC shall be a nominated personnel from Management.
- 6.2 The Secretary of the RSC shall be responsible, with the concurrence of the Chairperson, for drafting the agenda and circulating the notice of meetings to the members prior to each meeting.
- 6.3 The Secretary of the RSC shall be entrusted to record all proceedings and minutes of all meetings of the RSC.

## **7. Resolution In Writing**

- 7.1 A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

## **8. Review**

- 8.1 The terms of reference shall be subject to annual review to ensure that it remains relevant and updated in line with the best practices. Any amendments herein must be approved by the Board.