

## Terms of Reference of Risk and Sustainability Committee

### Table of Contents

SM

Purpose .....	2
Scope .....	2
Definitions .....	2
Policy.....	2
1. Composition .....	2
2. Duties and Responsibilities.....	3
3. Rights and Authority .....	4
4. Frequency of Meetings and Quorum.....	4
5. Reporting .....	5
6. Secretary .....	5
7. Resolution In Writing .....	5
8. Review of Policy .....	5

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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
ESG	Environmental, Social and Governance
LGL	Legal and Compliance
RSC	Board Risk and Sustainability Committee

## 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 of the Group's enterprise risk management framework, including the risk appetite framework, risk appetite levels and related risk management policies and processes. The RSC supports the Board in overseeing the adequacy and effectiveness of the Group's risk management and internal control systems, including monitoring key risk exposures, significant risk events, risks approaching or exceeding approved risk appetite thresholds, and the effectiveness of risk treatment and mitigation actions.
- 2.2 The RSC is accountable to the Board and assists the Board in overseeing the adequacy and effectiveness of the Group's enterprise 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 Group's enterprise risk management framework, risk appetite framework, risk appetite thresholds, related risk measurement methodologies, including monitoring of material risk exposures against approved appetite thresholds.
  - b. reviewing and assessing the relevance, adequacy and effectiveness of the Group's risk management framework, governance structures and processes, taking into consideration relevant regulatory requirements, industry practices and applicable governance standards.
  - c. reviewing and recommending for the Board's approval material risk management-related policies, frameworks and strategies.
  - d. reviewing Management's identification, assessment, monitoring and mitigation of key strategic, operational, financial, technology, regulatory, compliance, sustainability and emerging risks, including artificial intelligence-related risks where applicable.
  - e. overseeing the adequacy and effectiveness of technology risk management, including technology governance, operational resilience and cyber resilience.
  - f. reviewing Management's periodic reports on risk exposures, risk profile movements, significant risk events, key risk indicators and risk mitigation activities to assess the adequacy and effectiveness of risk management actions.
  - g. reviewing significant and emerging risk exposures, including risks approaching or exceeding approved risk appetite levels, and recommending escalation to the Board where appropriate.
  - h. overseeing the promotion of ~~promoting~~ a high standard of governance, culture, and ethical behaviour within the Group, including the adequacy and effectiveness of policies, procedures and controls relating to anti-bribery and corruption, anti- money laundering, anti-terrorism financing and proceeds of unlawful activities.

- i. overseeing Management's implementation of proactive and effective measures to monitor and mitigate material sustainability and ESG-related risks which may affect the Group's business, operations and reputation. The RSC assists the Board in overseeing sustainability-related risks, opportunities, strategies, disclosures and long-term sustainability objectives of the Group.
  - j. 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 to the Board.
- 2.4 The RSC shall be supported by the Group Risk Department, which shall coordinate enterprise risk management activities and facilitate reporting to the RSC.

### **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 it 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 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 Group Risk Department 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 conference, 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 of Policy**

- 8.1 This policy shall be reviewed on an annual basis, as prescribed in SCKL/BOD/PL/029 – Board Policy Management Framework, to ensure its continued relevance and appropriateness.