



NTPM HOLDINGS BERHAD

**RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE
TERMS OF REFERENCE**



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The Risk Management Committee ("RMC") was established in 2004 by the Board and is now renamed as "**Risk Management and Sustainability Committee**" to support the Board by setting and overseeing the Risk Management Framework of the NTPM Holdings Berhad's group of companies ("Group") and the Group's Sustainability Strategy and Initiatives.

1. OBJECTIVE

The objective of the Risk Management and Sustainability Committee ("RMSC" or "Committee") are as follows:

- a) Oversee the implementation of the risk management and sustainability frameworks, policies and procedures in identifying and managing risks across the Group's business operations;
- b) Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets;
- c) Determine the nature and extent of significant risks which it is willing to take in achieving its strategic objectives and ensuring the execution and implementation of the Group's sustainability strategy, in order to continue generating economic value while reducing the Group's environmental and social footprint, by monitoring the progress of the Group's sustainability initiatives against the targets set;
- d) Evaluate and advise the Board on significant strategic activities and policies regarding sustainability practices and initiatives. In addition, it shall aid Management in establishing sustainability goals and strategy; and
- e) Assist the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability strategy and initiatives comprising economic, environmental and social matters.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members of whom majority are Independent Directors. No Alternate Director shall be appointed as a member of the RMSC.
- 2.2 The members of the RMSC shall elect a Chairman from among their numbers, and who shall be an Independent Director. The responsibilities of the RMSC Chairman, among others, are as follows:
 - a) Planning and conducting meetings;
 - b) Overseeing the reporting to the Board;
 - c) Encouraging open discussion during meetings; and

- d) Developing and maintaining active on-going dialogue with Management, Internal Audit Department and Sustainability Working Group.
- 2.3 In the event that a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number is reduced below three (3), the Board shall, within three (3) months of that event, fill the vacancy.
- 2.4 The RMSC members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group's key risk and sustainability areas with the ability to anticipate, assess, drive potential future sustainability opportunities and mitigate potential future risks to the Group

3. AUTHORITY OF THE RMSC

- 3.1 The Committee is authorised by the Board to perform the following:
 - i. Oversight on the establishment and implementation of a risk management framework;
 - ii. Reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.
 - iii. Establishing the Group's sustainability framework and processes in identifying, managing and reporting of the Material Sustainability Matters of the Group;
 - iv. Reviewing and ensuring the adequacy and effectiveness of the sustainability framework and processes;
 - v. Monitoring and overseeing all sustainable strategies and initiatives of the Group;
 - vi. Performing the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
 - vii. Having full and unrestricted access to all information, documents and officers of the Company and the Group for the purpose of discharging its functions and responsibilities. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the RMSC; and
 - viii. Be able to obtain professional advice as it considers necessary at the expense of the Company for the RMSCe to carry out its duties.

4. DUTIES

- 4.1 The following are the main duties and responsibilities of the RMSC collectively:

Risk Management

- a) To review and recommend to the Board for approval an appropriate risk management framework and policies.
- b) To oversee and monitor the adequacy and effectiveness of risk management system.

- c) To ensure infrastructure, resources and systems are in place and adequate for risk management.
- d) To review the Enterprise Risk Management ("ERM") Summary Report of the Group on a quarterly basis, with a focus on the risks identified and the status of the risk management process implemented to facilitate the identification, assessment, evaluation, monitoring and management of risks and to ensure that all major risks are well managed.
- e) To receive and review the quarterly report focusing on risk profiles and/or areas of risk management of the Group which covers risk identification, assessment, impact, mitigation plans and/or controls of the risk management system.
- f) To review the Statement on Risk Management and Internal Control as well as other disclosure concerning RMSC activities, for inclusion in the Company's Annual Report and recommend the Statement for approval of the Board.

Sustainability Management

- a) To provide guidance and oversight of the Group's Environmental, Social and Governance ("ESG") framework and strategy including targets, policies and practices which are aligned with the Group's commitment towards sustainability practices.
 - b) To oversee and monitor the execution of the ESG framework and strategy, and the Group's progress on its long-term sustainability and climate goals and targets.
 - c) To ensure infrastructure, resources and systems are in place and adequate for implementation or achievement of sustainability strategy or goals.
 - d) To receive and review reports on ESG matters, including the progress of implementation and performance of the ESG framework and strategy.
 - e) To review the Company's Sustainability Statement/Report as well as other disclosure concerning sustainability, for inclusion in the Company's Annual Report and recommend the Statement/Report for approval of the Board.
- 4.2 The Chairman of the Committee shall report on key issues discussed at each meeting to the Board.

5. SECRETARY

- 5.1 The Company Secretaries of the Company shall be the Secretaries of the RMSC or in her absence, nominate a minute secretary to record the proceedings of the meeting of the RMSC.

6. PROCEEDINGS OF THE RMSC

6.1 Frequency

- a) RMSC shall meet at least quarterly in a financial year.
- b) Additional meetings shall be scheduled as considered necessary by the Chairman of the RMSC.

6.2 Chairman of the Meeting

The Chairman of the RMSC shall chair the RMSC meetings and in his absence, the members present shall elect one of their members to be Chairman of the meeting.

6.3 Notice and Agenda

- a) The Secretary of RMSC shall issue and circulate the notice of the RMSC meetings confirming the venue, time and date at least seven (7) working days before each meeting to the RMSC members and all those who are required to attend the meeting.
- b) The agenda for each meeting including relevant documents and information requested by the RMSC shall be circulated at least seven (7) working days before each meeting to the RMSC members and all those who are required to attend the meeting.
- c) The RMSC meeting agendas shall be the responsibility of the Chairman with input from the RMSC members. The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.

6.4 Quorum

The quorum for a meeting of the RMSC shall be two (2) members.

6.5 Meeting Mode

- a) A meeting of the RMSC 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 RMSC.
- b) The RMSC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. All such resolutions shall be described as "**Resolution in Writing of Risk Management and Sustainability Committee**" and shall be forwarded or otherwise delivered to the Secretary upon signing without delay, and shall forthwith be recorded by the Secretary in the Company's Minute Book. Any such resolution in writing may be contained in one (1) document or separate copies thereof (which may be prepared and circulated by electronic communications with copy sent by courier or registered post) which is signed by one (1) or more of the member of the RMSC.

6.6 Voting

- a) All resolutions of the RMSC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the RMSC shall have a second or casting vote.
- b) A RMSC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.
- c) Approval of RMSC obtained by Resolution in Writing of Risk Management and Sustainability Committee must be signed or approved by all RMSC members subject to 6.6(b).

6.7 Attendance by invitation

- a) RMSC may, as and when deemed necessary, invite other Board members and Management of the Group to attend the meetings.
- b) Professional advisors may be invited to attend the meeting where the RMSC considers their presence necessary.

6.8 Meeting Minutes

- a) The minutes of the meeting shall record the deliberations and decisions of the RMSC.
- b) Minutes shall be distributed to RMSC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- c) The minutes of each RMSC meeting shall be entered into the Minutes Book kept at the registered office of the Company under custodian of the Company Secretaries.

7. REPORTING

- 7.1 Each business unit has its own Risk Management Unit ("RMU") which consists of managers and key staff. Each RMU is tasked to identify major business and compliance risks concerning their respective business units, oversee and ensure integration of risk management into their business processes to safeguard the interest of the Group covering strategic, operations, factories' facilities, sales, human resource, finance and compliance risks.
- 7.2 The RMU of each business unit will prepare the Group's Risk Report to RMSC every three months on the status of the Group's Enterprise Risk Management ("ERM") process, changes in risk profiles and their control in place and reporting of any material sustainability matters of the Group. Upon conclusion of each meeting, the RMSC Chairman shall report any significant matters, activities or measures it had undertaken, implementation status or progress of key recommendations to the Board of Directors for consideration and decision.
- 7.3 The Sustainability Working Group ("SWG"), headed by the Group Chief Executive Officer, is a team comprising the Occupational Safety and Health Management Committee, Environmental Choice New Zealand ("ECNZ") Committee, together with the Management and relevant heads of business and supporting units, who undertakes the integration of sustainability practices and objectives at the operational level, including tracking and measuring progress. The SWG consistently holds quarterly meetings to review the information.
- 7.4 The SWG monitors and reports progress of sustainability initiatives on a periodical basis to the RMSC.

8. REVIEW OF THE TERMS OF REFERENCE

- 8.1 The RMSC shall recommend any changes to its terms of reference in such manner as the RMSC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RMSC's role.

This Terms of Reference of the RMSC was adopted on 16 December 2024.