



## **MELEWAR INDUSTRIAL GROUP BERHAD**

(Company No. 8444-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

### **TERMS OF REFERENCE OF THE RISK & SUSTAINABILITY MANAGEMENT COMMITTEE**

**Revised on 30 May 2018**

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#### **1. COMPOSITION**

- 1.1 The Committee shall be appointed by the Board (on the recommendation of the Nomination and Remuneration Committee) from amongst the Directors of the Company and shall consist of not less than three (3) members, of which the majority of them must consist of Independent Directors.
- 1.2 If a member of the Committee ceases to be a member with the result that the number of members is reduced below three, the Board shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- 1.3 The Committee shall elect a chairperson from among its members who is an Independent Non-Executive Director of the Company.
- 1.4 No Alternate Director is to be appointed as a member of the Committee.
- 1.5 The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance to their terms of reference.

## **2. QUORUM AND PROCEDURE**

- 2.1 Meetings shall be held not less than twice (2) in a financial year.
- 2.2 The quorum for any meeting of the Committee shall consist of not less than two (2) members; the majority of the members present shall be Independent Directors.
- 2.3 In the absence of the Chairman, the Committee shall appoint one of the independent members present to chair the meeting.
- 2.4 The Secretary of the Committee shall be appointed by the Chairperson. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairperson and shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to Committee members. The agenda together with relevant explanatory papers, minutes of meetings and documents shall be circulated to all the members of the Committee and the Board prior to each meeting.
- 2.5 The Committee may require any employee and a representative of the external auditors to attend meetings. The Committee may, as and when deemed necessary, invite other Board members, senior management personnel and external independent professional advisers to attend the meetings.
- 2.6 The Chairman of the Risk & Sustainability Management Committee shall report on each meeting to the Board.
- 2.7 Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board.
- 2.8 A resolution in writing signed by all the members of the Committee shall be as valid and effectual in all respects as if it has been passed at a meeting of the Risk & Sustainability Management Committee duly convened.

## **3. AUTHORITY**

The Committee is authorized by the Board of Directors to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.

The Committee is also authorized to obtain legal or other independent professional advice as it considers necessary as well as to appoint Risk Management Sub-Committees.

#### 4. DUTIES AND RESPONSIBILITIES

The Risk & Sustainability Management Committee is responsible for:

##### **Risk Oversight**

- (a) Determine that there is a robust process in place for identifying, managing and monitoring critical risks and oversee execution of that process;
- (b) reviewing and ensuring that the existing controls is continuously improved as the business environment changes as well as reduce the key risk factors of the Company;
- (c) Engage Management in an on-going risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (d) Oversee the conduct and review the results of Company-wide risk assessments including the identification and reporting of critical risks;
- (e) reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;
- (f) reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (g) ensuring adequate infrastructure, resources and systems are in place for an effective risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk taking activities;
- (h) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

##### **Sustainability**

- (a) reviewing and recommending appropriate sustainability strategies, policies, principles and practices which are applicable to the Company;
- (b) providing oversight and effectiveness of the Company's sustainability strategies, policies, principles and practices are aligned with the commitment of the Company towards sustainability;
- (c) advising on the sustainability report and other issues related to sustainability prior to reporting to the Board;
- (d) reviewing any issues/matters relating to sustainability arising and/or highlighted by independent auditors and/or advisors;

- (e) providing assurance to the Board on the quality and technical content of sustainability information used by the Company;
- (f) overseeing any concern/allegations raised by stakeholders, involving public sentiments and government regulations;
- (g) providing direction and oversight on the internal sustainability function and sustainability working committee;
- (h) approving the appointment of independent sustainability advisor and assign tasks to them, if necessary;
- (i) ensuring proper processes and procedures are in place in accordance to relevant laws, regulations and rules.

**5. REPORT TO THE BOARD OF DIRECTORS**

The Committee is not a decision making body and shall report its recommendation to the full Board for decision.