

**CEKD BERHAD**  
**[Registration No.: 201801023077 (1285096-M)]**  
**(Incorporated in Malaysia)**

**Terms of Reference of the Sustainability and Risk Management Committee**

**1. INTRODUCTION**

Risks are inherent in every business and the increased complexity and volatility of today's business and external environment coupled with the introduction of new legislation meant that the ability to effectively manage risk has become ever more important. Economic, environmental and risks and opportunities are increasingly affecting business profitability and share prices. The Board of Directors ("**Board**") is mindful that, as the Group is concentrating its business attention on investment holding company in Malaysia, the Group is exposed to inherent risks in relation to such industries. Whilst the Board still retain ultimate accountable for managing sustainability matters in the Group risk management and for determining the appropriate level of risk appetite, the Sustainability and Risk Management Committee ("**SRMC**") is entrusted by the Board with the duties to:

- (a) oversee the management of principal business risks and significant or material Environmental, Social and Governance ("**ESG**") risks and implement of sustainability-related policies, measures and actions in achieving the Company's sustainability milestones and goals;
- (b) integrate the sustainability risks and opportunities into the risk management framework of the Company;
- (c) approve disclosure statements relating to management of sustainability matters of the Group; and
- (d) implement the risk management framework, policy and process approved by the Board and oversight of risk management practice on group wide basis respectively.

In essence, the SRMC is responsible for overseeing and monitoring the implementation of sustainability strategies as approved by the Board, and the execution and management of the risk management policy and process while the Board takes on a supervisory role in respect of the Group's risk management policy and process.

**2. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the SRMC are as follows:

**2.1 Sustainability**

- (a) Advising the Board and recommending business strategies in the area of sustainability, including but not limited to ESG;
- (b) Monitoring the implementation of sustainability strategies as approved by the Board;
- (c) Recommending to the Board sustainability-related policies for adoption, and monitoring the implementation of the policies;

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- (d) Reviewing sustainability-related issues arising from independent audits and assurance reports, if any, and any matters pertaining to sustainability that are highlighted by regulators or relevant consultants;
- (e) Recommending to the Board for its approval sustainability matters identified as material;
- (f) Overseeing the management of sustainability matters, with particular focus on matters material to the Company and its subsidiaries; and
- (g) Receiving half yearly update from Sustainability Oversight Unit and/or Management on the progress towards achieving the Group's sustainability targets.

**2.2 Sustainability Disclosures**

- (a) Overseeing the preparation of the sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval; and
- (b) Reviewing and recommending the sustainability report to the Board for approval to ensure that the Group's sustainability initiatives and outcomes are effectively communicated to investors and other stakeholders. Also, ensuring compliance with Bursa Malaysia Securities Berhad ACE Market Listing Requirements and the applicable code on corporate governance in force at the material time.

**2.3 Risk Management**

- (a) To oversee and recommend the risk management strategies and policies and risk tolerance levels for the Board's approval;
- (b) To ensure the management of sustainability risks and opportunities is integrated in to the risk management framework;
- (c) To ensure that the risk management framework and policy are embedded in and functions effectively throughout the Group and is within the parameters established by the Board and to ensure that the risk management framework is based on an internationally recognised risk management framework;
- (d) To conduct a periodic and review testing of the risk management framework;
- (e) To identify and measure the potential risks and to formulate mitigation action plan(s) to manage and monitor the risks identified within the risk appetite of the Group, and to ensure that corrective measures are undertaken to remedy failings and/or weaknesses;

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- (f) To review the adequacy and effectiveness of the enterprise risk management of the Group to ensure that the key risk registers and the risk dashboard of the Group compiled therefrom remains relevant taking into consideration any changes in internal business processes, business strategies or external environment;
- (g) To provide awareness and education on risk management to all level of the Group;
- (h) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Group's risk-taking activities;
- (i) To report the risk management activities and updated key risk registers and the risk dashboard of the Group compiled therefrom to the Board on periodical basis (at least annually) or on a timely manner (if there are substantial changes in internal business processes, business strategies or external environment) for their independent review;
- (j) To ensure adequate resources are maintained in order to carry out its functions and responsibilities;
- (k) To perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making;
- (l) To perform risk identification and assessment in relation to the environmental, social and governance issues, sustainability issues relevant to the Company including health and safety, data governance and privacy as well as climate-related risks;
- (m) To perform a regular review, to monitor and conduct an assessment on the performance, efficiency and effectiveness of the anti-bribery programme of the Group to ensure the programme is monitored and enforced. Such reviews may take the form of an internal audit, or an audit carried out by an external party. The reviews shall form the basis for any efforts to improve existing anti-bribery anti-corruption controls;
- (n) To review the effectiveness of the Group's risk management systems; and recommend, as appropriate, for the Board's endorsement of the Statement on Risk Management and Internal Control to be included in the Company's annual report;
- (o) To consider and examine such other matters as the Committee considers appropriate; and
- (p) To consider other matters as defined by the Board.

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**3. POWERS AND AUTHORITIES**

As the SRMC entrusted by the Board with the task of executing and managing the risk management framework and policy, and overseeing and monitoring the management and implementation of sustainability strategies as approved by the Board, the SRMC is vested with the following authorities:

- (a) has explicit authority to carry out activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the SRMC;
- (b) has the adequate resources which it needs to perform its duties;
- (c) has full access to any information and documents/resources which it requires in the course of performing its duties;
- (d) has direct communication channels with the management of the Company, the Internal Auditors, External Auditors and persons carrying out the internal audit functions or activity, as the case may be, to obtain information and feedback in performing its duties;
- (e) to obtain and engage the services and/or advice of the external professional and to secure the attendance of outsiders with relevant experience and expertise, if necessary, at the expense of the Group in carrying out its duties;
- (f) can seek information directly from the Group's employees or external party, including the Group's auditors and other professional advisers; and
- (g) In discharging the above responsibilities, they can establish the Sustainability Oversight Unit, if so required to identify and manage the risks that the Group face on a continual basis, so that the Group will be able to achieve its goals.

**4. COMPOSITION**

- (a) The Board shall appoint the SRMC members, comprising not fewer than three (3) members, a majority of them shall be Independent Directors. The membership of the SRMC shall include a mixture of risk and business management knowledge and experience.
- (b) The members of the SRMC shall elect a Chairman from amongst their number who shall be an Independent Director.
- (c) In the absence of the Chairman of the SRMC, the other members of the SRMC shall amongst themselves elect a Chairman to chair the meeting.
- (d) SRMC may establish a risk management working group to support the SRMC to undertake the risk management and internal control framework of the Group. The

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members of the risk management working group are nominated employees from the various divisions in the Group, preferably Managing Director, Executive Directors and Head of Departments. SRMC should also include identifying the Key Risk Officer of the Group.

**5. RETIREMENT AND RESIGNATION**

If any member of the SRMC retires, re-designates, resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance with Clause 4(a) above, the Board and the members of the SRMC shall within three (3) months of the event appoint/elect such new member(s) or Chairman as may be required to fill the vacancy.

**6. SECRETARY**

- (a) The Secretary of the SRMC shall be the Company Secretary or appointed from among the members of the SRMC or such other person as the SRMC shall decide from time to time.
- (b) The Secretary of the SRMC shall be responsible, in conjunction with the Chairman of the SRMC, for drawing up the agenda and in performing work pertaining to the summoning of the meeting, delivery of supporting documents for the meeting and keeping of minutes.

**7. MINUTES**

- (a) The SRMC meeting proceedings shall be recorded by the Secretary and circulated at least seven (7) days prior to the next meeting along with items for agenda.
- (b) The Chairman of the SRMC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the SRMC that require the Board's approval at the Board meeting.
- (c) A copy of minutes of meeting to be circulated to the Audit Committee and the Board which keep them adequately informed of SRMC's activities.

**8. MEETINGS**

- (a) The SRMC shall meet at least two (2) times in each financial year. The quorum for a meeting shall be at least two (2) members of the SRMC.
- (b) The Chairman and/or Key Risk Officer of the SRMC may call for a meeting as and when required with reasonable notice as the SRMC members deem fit (preferably 7 days' notice with agenda of matters to be discussed) unless the SRMC waives such requirement.

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- (c) The SRMC may invite any non-member and external professionals who the SRMC thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.
- (d) The SRMC may participate in a meeting of the Committee by means of conference telephone, conference videophone or any similar or other communication equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting;
- (e) Questions arising at any meeting of the SRMC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the SRMC shall have a second or casting vote.
- (f) A resolution in writing signed or approved by facsimile, letter, telegram, telex or telefax or other written electronic communications by a majority of the members of the Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

**9. CONFIDENTIALITY**

The members of SRMC shall have an obligation to treat all information discussed in the meeting (including but not limited to, matters relating to the affairs of the Group) in a confidential manner.

**10. REVIEW OF THE TERMS OF REFERENCE**

The Board shall review and assess the relevance of the terms of reference of SRMC from time to time or when changes to business environment or regulatory requirements necessitate a revision.

**11. REVISION OF THE TERMS OF REFERENCE**

The provisions of this terms of reference can be amended and supplemented from time to time by a resolution of the Board.

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