

# **MBM Resources Berhad**

## **Risk Management and Sustainability Committee**

### **Terms of Reference**

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Ver. 4.0 (28.02.24)

## **1. INTRODUCTION**

This Terms of Reference (“TOR”) identifies the purpose, composition, authority, procedures, and the duties and responsibilities of the MBM Resources Berhad (“MBMR” or “the Company”) Board Risk Management and Sustainability Committee (“RMSC”).

## **2. COMMITTEE PURPOSE**

The RMSC’s objectives are as follows:

- (a) To assist the MBMR Board of Directors (“the Board”) in fulfilling its oversight responsibilities in relation to corporate governance and risk management practices in accordance with the Main Market Listing Requirements of (“MMLR”) Bursa Malaysia Securities Berhad (“Bursa Securities”), the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers;
- (b) To oversee the development, implementation and execution of the risk management framework and processes in identifying, assessing, managing and monitoring the risks of the Company and its subsidiaries (“the Group”); and
- (c) To assist the Board in fulfilling its oversight responsibilities in relation to the Group’s sustainability strategy and initiatives comprising of environmental, social and governance matters as well as embedding sustainability best practices to the Group in accordance with the MMLR of Bursa Securities and MCCG 2021.

## **3. COMMITTEE COMPOSITION**

### **3.1 Members**

- (a) The RMSC members shall be appointed by the Board from amongst the Directors of the Company.
- (b) The RMSC shall consist of not less than three members, all of whom shall be non-executive directors.
- (c) No Alternate Director shall be appointed as a member of the RMSC.
- (d) The Board of Directors shall through Nominating and Remuneration Committee review the terms of office and performance of the RMSC members annually to determine whether they have carried out their duties in accordance with their TOR.
- (e) Should a vacancy in the RMSC occur, the Board shall fill the vacancy within 3 months from the date of the vacancy.

## 3.2 Chairman

The appointment of the Chairman of RMSC shall be approved by the Board. In the absence of the Chairman of RMSC at any Committee meeting, the other RMSC members present shall amongst themselves elect a Chairman to chair the meeting.

## 3.3 Secretary

The Company Secretaries of the Company or such substitute as appointed by the Directors from time to time shall act as the secretary of the RMSC during the term of his/her appointment.

## 4. COMMITTEE RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the RMSC are:

### 4.1 Risk Management and Internal Control

- (a) To set the risk appetite which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.<sup>1</sup>
- (b) To review and recommend to the Board an effective risk management framework and policies, system of internal controls and reporting system.<sup>2</sup>
- (c) To review and deliberate the Group's key risks, risk profiles and the risk treatments to mitigate the risks to the Group's objectives.
- (d) To direct and monitor the implementation of the risk management framework and policies, system of internal controls and reporting system approved by the Board.
- (e) To direct the development of an appropriate risk culture throughout the Group and develop policies and processes to implement the appropriate levels of risk awareness and risk management within the Group.
- (f) To review the effectiveness of the MBMR Group's risk management framework and internal control systems in relation to the strategic objectives of the Group.
- (g) To review the risk management reports from the Management which enable the RMSC to assess the risks involved in the Group's businesses and how they are controlled and monitored by the Management.

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<sup>1</sup> Guidance 1.1 of the MCG 2021

<sup>2</sup> Practice 10.1 of the MCG 2021

- (h) To monitor and review the effectiveness of the risk management function, and to seek such assurance as it may deem appropriate that the function is adequately resourced and has appropriate standing within the Group.
- (i) To consider the risks associated with proposed strategic acquisitions or disposals, commencement of any new business, investments, joint ventures and/or funding activities including the issuance of all debts, borrowing, guarantees and other liability commitments.
- (j) To review the Limits of Authority for the Company.
- (k) To review the Group's procedures for handling allegations from whistle-blowers from time to time.

## **4.2 Compliance**

- (a) To review the process for monitoring the Group's compliance with the Group's Standard Operating Procedures.
- (b) To review the Group's anti-bribery and anti-corruption policy, procedures and processes and monitor its implementation to ensure adequate measures are taken in accordance with relevant guidelines and recommendations.
- (c) To review the Group's arrangements for regulatory compliance and consider any material findings from regulatory reviews.
- (d) To ensure that there is proper compliance with the Group's established internal policies and procedures and that exceptions are reported to the Board.

## **4.3 Occupational Safety and Health**

- (a) To receive updates on Safety and Health incidents and to monitor compliance with the related Safety and Health regulations.
- (b) To review the measures that were implemented on matters related to occupational safety and health.

## **4.4 Sustainability**

- (a) To provide oversight on the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets.<sup>3</sup>
- (b) To provide oversight to ensure that strategies, priorities and targets pertaining to environment, social and governance are aligned with the Group's commitment towards sustainability.
- (c) To oversee the processes, framework and strategies designed to manage environmental, social and governance risks, covering matters such as safety, health, employment practices, environmental practices, human rights, community relations and other relevant sustainability matters.

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<sup>3</sup> Practice 4.1 of the MCG 2021

- (d) To monitor the adoption and effectiveness of sustainability related policies, framework and procedures.
- (e) To review and monitor the Group's sustainability key performance indicators against the sustainability strategies and targets.
- (f) To review and monitor the material sustainability matters relevant to the Group, including climate-related risks and opportunities.
- (g) To review and recommend the Group's Sustainability Statement and Sustainability Report.
- (h) To drive the engagement on sustainability to ensure awareness on sustainability is adopted across the Group.

## **4.5 Legal and Governance**

- (a) To review and recommend the Company's Legal and/or Governance Framework, policies and procedures.
- (b) To review and recommend any legal matters outside of the ordinary course of business in relation to major corporate transactions such as acquisition, joint-venture, any form of alliance, divestment and disposal of high-valued assets which exceed materiality thresholds determined by the RMSC from time to time.
- (c) To review and monitor legal actions initiated by or against the companies within the Group, execution of judgement, termination/withdrawal of legal suit and out of court settlements, summonses issued or criminal investigations, and disciplinary actions taken against employees which exceed materiality thresholds determined by the RMSC from time to time.
- (d) To review and recommend the Company's annual Corporate Governance Overview Statement, Corporate Governance Report and other statements by the Company on Corporate Governance.

## **4.6 Others**

- (a) To report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the RMSC.
- (b) To undertake other duties as requested by the Board from time to time.

## **5. COMMITTEE AUTHORITY**

In performing of its duties and responsibilities, the RMSC shall:

- (a) Have authority to investigate any matter within its TOR;
- (b) Have the resources which are required to perform its duties;

- (c) Have full and unrestricted access to any information pertaining to the Company; and
- (d) Have the authority to obtain or engage external independent professional or other advice or services if deemed necessary, the expense of which will be borne by the Company.

## **6. COMMITTEE PROCEDURES**

### **6.1 Frequency of Meetings**

The RMSC shall meet at least four times a year, and additional meetings may be called at any time, at the discretion of the RMSC.

### **6.2 Calling of Meeting**

- (a) Meetings of RMSC shall be called by the Secretary at the request of the RMSC Chairman or any member of RMSC.
- (b) The RMSC meeting may be held at two or more venues within or outside Malaysia using any technology that enable the RMSC members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting. The technology to be used for the purpose of this paragraph must enable each RMSC member taking part in the meeting to communicate simultaneously with each of the other RMSC members and may include telephone, video conferencing, or any other audio and/or visual device which permits instantaneous communication. Minutes of the proceedings of such meeting shall be conclusive evidence of the proceedings to which it relates

### **6.3 Notice**

The Secretary, in consultation with the Chairman of RMSC, shall draw up an agenda of the meeting. Unless otherwise agreed, notice for calling the RMSC meeting shall be given to all its members at least five business days before the meeting or at shorter notice as the RMSC shall determine. An agenda of items to be discussed together with its supporting papers shall be sent to the RMSC and other attendees as appropriate, at the same time. The notice of each meeting shall be served to the members of the RMSC either personally or by fax, email, post, courier or any other electronic means.

### **6.4 Quorum**

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

## 6.5 Virtual Meeting

A virtual meeting shall be deemed to constitute a RMSC meeting provided the following conditions are met:

- (a) all the RMSC members for the time being entitled to receive notice of the RMSC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
- (b) RMSC members may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of his/her intention to leave the meeting and a RMSC member shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his/her leaving the meeting.

The main venue of the RMSC meeting shall be the place where the Chairman is present at the RMSC meeting.

## 6.6 Attendance

The Managing Director / Chief Executive Officer, Chief Financial Officer, Head of Group Risk Management and Compliance, and Head of Legal & Governance (or its equivalent) will be invited to and attend the RMSC meetings. Other Board members, employees or representatives of service providers may also attend meetings upon the invitation of the RMSC as and when required.

## 6.7 Voting

A resolution put to a vote at the meeting shall be decided by a majority of the votes. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote<sup>4</sup> and such matters shall be referred to the Board for decision.

A member of the RMSC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

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<sup>4</sup> Clause 102(7) of the Constitution

## **6.8 Minutes of Meeting**

The Secretary shall minute the proceedings and resolutions of all RMSC meetings, including the names of those present and in attendance. The draft minutes of the RMSC meetings shall be circulated promptly to all members of the RMSC.

The minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held and kept as part of the statutory records of the Company. The minutes of each meeting shall be tabled to the Board for notation.

The minutes shall be kept by the Company at the Registered Office and/or the principal place of business in Malaysia of the Company and shall be open to the inspection of any member of the RMSC without charge.

## **6.9 Written Resolution**

A written resolution signed or approved by letter or telefax or facsimile, email or other electronic means by a majority of the members of the RMSC shall be valid and effectual as if it had been passed at a meeting of the RMSC duly called, convened, held and constituted. The resolution may be executed in any number of counterparts, each signed by one or more members, all of which taken together and when delivered to the Secretary of the RMSC shall constitute one and the same resolution. Such document may be accepted as sufficiently signed by a member of RMSC if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said member of RMSC.

## **6.10 Declaring Conflict of Interest**

RMSC members should proactively declare at the outset of each meeting or at such earliest opportunity practicable, any potential conflict of interest (“COI”) relating to the affairs of the RMSC. Such disclosure may be verbal due to time constraints but should be followed by a formal declaration of COI pursuant to the Company’s Conflict of Interest Policy.

Depending on the nature, extent and potential duration of the COI situation, the Chairman of the RMSC or the non-conflicted members shall determine an appropriate course of action which may include requiring the conflicted member to abstain from deliberation and decision making. All declarations of COI and the measures taken to manage the COI shall also be tabled to the AC for further review and assessment, and thereafter reported to the Board.

## **6.11 Reporting**

The RMSC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each RMSC meeting. When presenting any recommendations to the Board for

approval, the RMSC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

## **7. ANNUAL EVALUATION PROCESS**

The RMSC should at least annually perform a review and an evaluation of its performance to ensure that it is meeting its responsibilities as set forth in this TOR. Findings from this review and evaluation process shall be presented to the Board for consideration and notation.

The review should specifically include consideration of the following:

- (a) Frequency and timeliness of RMSC meetings.
- (b) Adequacy and quality of information and materials provided to the RMSC.
- (c) Effectiveness of the RMSC in carrying out the duties as set out in this TOR.
- (d) Contribution of each individual RMSC member.
- (e) Appropriateness and adequacy of this TOR.

The RMSC should also recommend to the Board such changes to this TOR in such manner as the RMSC deems appropriate to ensure that it remains consistent with the RMSC's objectives, the Company's Constitution and existing regulatory requirements and recommendations.

- End -

Last updated 28<sup>th</sup> February 2024