ENCORP BERHAD
TERMS OF REFERENCE OF THE
RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

ENCORP BERHAD

(Company No. 200001004231 (506836-X))

TERMS OF REFERENCE
RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

1. PURPOSE

The Risk Management and Sustainability Committee ("RMSC") was established as a committee of the Encorp Berhad Board of Directors to support the Board by overseeing Risk Management Framework and Sustainability Strategy and Initiatives of Encorp Group based on the following key objectives:

1.1 Oversee the implementation of risk management and sustainability framework, policy and procedures in identifying and managing risks across Encorp Group business and operations;
1.2 Oversee the formulation and implementation of policy and programmes to address Encorp group key compliance risks areas;
1.3 Evaluate and advise the Board on significant strategic activities and policies regarding sustainability practices and initiatives as well as establishing sustainability goals and strategies;
1.4 Assist and advise EB Board on oversight responsibilities in relation to Encopr Gorup sustainability strategy and initiatives comprising of economic, environmental, social and governance matters; and
1.5 Ensure adequacy of resources and system for risks, sustainability and compliance management and assess the effectiveness of Encorp Group's Risk, Governance and Compliance function (GRC) in carrying out their respective duties and responsibilities to assist the RMSC.

2. COMPOSITION AND APPOINTMENT

1.1 The RMSC members shall be appointed by the Board.
1.2 The RMSC members shall have a mixture of expertise and experiences including understanding of industries which Encopr Group operates to challenge and facilitate robust discussion on the management of key risks and sustainability areas.
1.3 The RMSC members shall comprise of majority Independent Board Members.
1.4 The Chairman of the RMSC shall be Non-Executive Director appointed by the Board and act as the key contact between Committee members and the Board, Senior Management, Risk and Sustainability Unit, Governance and Integrity Unit.

3. AUTHORITY

The RMSC is authorised by the Board and at the expense of Encorp Group to perform the following:

3.1 Secure resources to perform their duties in accordance with the terms of reference.
3.2 Have direct communication channels with unrestricted access to Senior Management including without limitation to information, records, reports, properties and personnel.
3.3 Instruct the Risks and Sustainability Unit, Governance & Integrity Unit to perform its respective duties as necessary to support the RMSC in discharging its functions and duties.
3.4 Obtain external legal or other independent professional advice as necessary.

4. FUNCTION & DUTIES

4.1 Risk Management

i. Oversee the implementation of the risk management framework, policies and procedures in identifying and managing risks across Encorp Group business and operations.
ii. Establish and recommended the Board for approval of Encorp's risk management framework, policies, guidelines, strategies, risk appetite and tolerance levels.
iii. Periodically review the Risk Management framework, policies and guidelines and ensure implementation of objectives outlined.
iv. Review the Encorp Group and Divisional Risk Profile and ensure significant risks (including emerging risks) that are outside the tolerable limits and are being responded with appropriate and proper management actions and controls to address the risks.
v. Oversee the formulation and implementation of policies and programmes to address the key compliance risk areas through Control Risk Assessments (CRA) and status of implementation of management actions.
vi. Evaluate the effectiveness of risk management structure, processes and support system to identify, assess, monitor and manage key risks through review of GRC function to undertake its activities adequately, independently and objectively.

4.2 <u>Sustainability</u>

i. Review the effectiveness of Encorp Group sustainability strategies, policies and principles against priorities and targets.

ii. Provide oversight to ensure strategies, priorities and targets on Economic, Environment, Social and Governance (EESG) are alignment with Encorp Group's commitment towards sustainability.

iii. Oversee processes, framework and strategies designed to manage EESG risks covering areas such as safety, health, environment, climate change, employment practices, human rights, social relations, governance and other relevant sustainability matters.

iv. Monitor the adoption and effectiveness of sustainability related policies, framework and procedures.

v. Review and monitor sustainability's key performance achievement against the sustainability strategies and targets set by Board.

vi. Ensure compliance to all relevant Sustainability rules, regulations, standards and requirements (including adequate, completeness, transparency, comprehensive in sustainability disclosures and reporting).

5. MEETING

5.1 RMSC shall meet at least quarterly. Additional meetings shall be scheduled as deemed necessary.

5.2 The functional Head of Governance, Head of Risk Management, Head of Sustainability shall attend the RMSC meeting as a permanent invite. Other members of Management may attend as invited.

6. NOTICE & AGENDA

6.1 The Company Secretary shall issue and circulate the notice of the RMSC meeting at least 7 working days before each meeting to the RMSC members and those required to attend the said meeting.

6.2 The agenda for each meeting, including relevant documents and information, should be circulated at least 5 working days before the meeting.

6.3 The RMSC may consider if deemed appropriate to consider and approve and or recommend relevant matters via Circular Resolution in writing in lieu of formally convening a meeting.

7. VOTING

7.1 All resolutions of the RMSC shall be adopted by simple majoring vote. In the case of equality of votes, the Chairman of the RMSC shall have a second or casting vote.

7.2 An RMSC member is required to abstain from deliberations and voting in respect to any matter which may give rise to an actual or perceived conflict of interest situation.

8. MEETING MINUTES

8.1 The minutes of the RMSC meeting shall be action oriented and recorded the deliberation and decisions. Minutes shall include compiled Board instruction as Matters arising for discussion at each RMSC meeting to ensure proper follow-through.

9. SECRETARY

9.1 The Company Secretary shall be the Group Sectary or a person recommended by the Group Secretary and approved by the Board.

9.2 The Secretary shall organise and aid the RMSC meeting and is responsible to arrange the meeting, assist Chairman in RMSC activities. Prepare the RMSC meeting agenda, maintain eth RMSC meeting minutes, ensure RMSC meetings are recorded and minutes circulated on timely basis and ensure that RMSC recommendations are presented to the Board.

10. REVIEW AND TERMS OF REFERENCE

10.1 The RMSC shall annually review its Terms of Reference and recommend to the Board for approval any amendments.

10.2 The RMSC shall conduct an annual assessment of its activities under these terms of reference and report any conclusions or recommendations to the Board.

End of Terms of Reference