



## **TERMS OF REFERENCE RISK & GOVERNANCE COMMITTEE**

### **PURPOSE**

The Risk & Governance Committee (“RGC” and “the Committee”) supports the Board by overseeing the Risk & Governance framework of AVANGAAD and its group of Companies (Group) and regularly assesses the framework to ascertain its adequacy and effectiveness. The RGC Committee’s objectives are as follows: -

1. To have overall responsibility for establishing a strategic approach to risk management process across the Group. Ensure that the necessary policies & processes are in place to achieve compliance with statutory requirements and to protect the staff and assets.
2. Oversee the policies, processes and strategies which were designed to manage the Environment, Social and Governance (ESG) risks and achieve compliance with sustainable development, responsibilities and commitments and strive for an industry leadership position on sustainability.
3. Oversee compliance with the corporate governance principles, culture and ethical values of the Group, in line with the Group’s strategy.

### **MEMBERSHIP**

1. The Committee shall be appointed by the Board amongst their members and shall consist of not less than two (2) members with a majority of independent directors.
2. It must be chaired by an independent director who is not the Chairman of the Board.
3. Members comprise of directors who preferably have the knowledge, skills and experience relevant to the responsibilities of the Committee.
4. The Committee may invite members of AVANGAAD Management or staff to attend and participate in the meetings where necessary.

### **MEETINGS**

1. The Committee shall meet at least four (4) times annually and at such other times as the Committee deems appropriate.
2. The quorum of the Committee shall be two (2) members, provided that if only two (2) members are present, both must be Independent Directors. Should more than two (2) members be present, the quorum must be a majority of Independent Directors.

3. The minutes of the meeting shall be action-oriented and record the deliberations and decisions of the Committee. This includes the key deliberations, rationale for each decision made and any other significant concerns and dissenting views. The minutes must also indicate whether any member abstained from voting or excused himself from deliberating on a particular matter. The minutes shall include compiled Board instructions as Matters Arising for discussion to ensure proper follow-through.
4. Any member who participates in the meeting via a teleconferencing device shall be counted for the purpose of determining a quorum.
5. In the event the Chairman is unable to attend the Committee meeting, the members present may elect any one of the directors' present (who is not the Chairman of the Board) to be the Chairman of the meeting.
6. Minutes of the meetings shall be submitted to the Board for notification.
7. The notice of the RGC meeting shall be issued and circulated confirming the venue, time and date at least seven (7) days before each meeting to the Committee and all those who are required to attend the meeting.
8. The agenda for each meeting including relevant documents and information requested by the RGC Committee shall be circulated at least seven (7) days before each meeting to the RGC Committee members and all those who are required to attend the meeting.
9. The meeting agenda shall be the responsibility of the Chairman with input from the RGC Committee members. The Chairman may also invite members of Management and other persons to participate in this process, where necessary.

## **DUTIES AND RESPONSIBILITIES**

The duties and functions of the Committee shall include, but not be limited to, the following:

### **Risk Management**

1. Ensure the integration of significant financial and non-financial risks, including environmental, social, and governance (ESG) considerations, with the Group's strategy, business plans, and capital allocation decisions, fulfilling the Committee's strategic oversight objective.
2. Evaluate the effectiveness of Enterprise Risk Management and the process of assessing and managing the Group's Principal risks.
3. Review and evaluate the assessment of risk identification.
4. Recommend to the Board on any changes in the policy, framework, standards and procedures, and their implementation where applicable.
5. Review and evaluate the Group-level risk exposures and management of the significant financial and non-financial risks identified.
6. Review risk management process, systems, and internal controls.

7. Review regularly management reports on risk exposure and actively set clear reporting guidelines to ensure the RGC receives complete, accurate and timely information on risk exposure, control effectiveness, and adherence to the overall strategies and policies aimed at safeguarding the Group's assets and achieving its business objectives.
8. Review any new business proposals in terms of potential liabilities and risks associated.
9. Review and recommend risk management strategies, policies and risk appetite for the Board's approval.

### **Governance**

1. Review and recommend the Group's governance and compliance framework for the approval of the Board to inculcate an ethical environment and promulgate good governance practices consistent with the Board's risk appetite, guided by applicable laws and regulations, including but not limited to the Malaysian Code on Corporate Governance.
2. Review policy governance of the Group and its compliance with applicable laws and regulations.
3. Review the adequacy of the compliance programme of the Group and the implementation of control measures to ensure the ongoing awareness programme, communication, training and education on compliance.
4. Review the Integrated Report including verifying the adequacy and effectiveness of the Statement on Risk Management and Internal Control (SORMIC) disclosures and the Corporate Governance Report, to ensure the relevant information as prescribed in the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad is disclosed.
5. Monitor appropriateness of AVANGAAD strategies in addressing material stakeholder sustainability concerns and ensure its compliance with sustainability policy and reporting requirements.
6. Review the Group's procedure for detecting fraud, including the adequacy of the whistle-blowing policy and process to encourage employees and stakeholders to raise genuine concerns about illegal, unethical, or questionable practices in the Group.
7. Oversee issues of corruption, fraud, malpractice, and unethical conduct within the organization.
8. Oversee a robust and reliable corruption risk information and monitoring system.
9. Establish a channel to inform enforcement authorities so that individuals who require protection under the MACC Act 2009 and Whistleblower Protection Act 2010 receive protection, and confidentiality of information is guaranteed as allocated in the Acts.
10. Review and recommend all policies related to anti-bribery and corruption.
11. Review the effectiveness of the reporting structure for the overall business activities and risk management functions and the implementation of the appropriate system to manage various types of risks.
12. To consider other governance and compliance matters as directed by the Board.

**REPORTING TO THE BOARD**

The Chairman of the Committee shall report to the Board following each meeting. The report will cover the matters set out in the Committee's duties and functions.

**ACCESS TO INFORMATION**

The RGC has the right to obtain all information necessary for the performance of its duties and functions including obtaining independent professional or other advice, full access to the Group records, properties and personnel.

**WRITTEN RESOLUTION**

1. Decision by the RGC may be made via written resolution.
2. All decisions and /or approvals made via written resolution shall be presented at the subsequent Committee meeting for notation.

Any amendment to this term of reference can only be approved by the Board. These terms of reference will be reviewed and updated periodically in accordance with the Company's needs and any new regulations that may impact the discharge of the Committee's responsibilities.

The written terms of reference should be made public on the Company's website.