

HEXTAR INDUSTRIES BERHAD
[Registration No. 201101044580 (972700-P)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

1. PURPOSE

- 1.1 This Terms of Reference (“TOR”) defines the scope of responsibilities, duties and authority of the Risk Management and Sustainability Committee (“RMSC”), established by the Board of Directors (“Board”) of Hextar Industries Berhad (“HIB” or “the Company”). It serves as a guidance to the RMSC in discharging their responsibilities, duties and authority pertaining to plans, policies and practices in relation to risk management and sustainability framework of HIB and its subsidiaries (“Group”), within the authority delegated by the Board, for the effective functioning of the Board.
- 1.2 This TOR is guided by the best practices in the Malaysian Code on Corporate Governance 2021, Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other statutory and regulatory requirements.

2. COMPOSITION

- 2.1 The members of RMSC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least 3 members, with a majority of them being independent.
- 2.2 The RMSC shall elect a Chairman from among its members.
- 2.3 No alternate director shall be appointed as a member of the RMSC.
- 2.4 If a member of the RMSC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below 3, the Board shall, within 3 months from the date of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

3. AUTHORITY

- 3.1 The RMSC shall, in accordance with the procedure determined by the Board and at the cost of the Company, have the following authority and rights:
- (a) have explicit authority to investigate any matter within its TOR;
 - (b) have the resources which are required to perform their duties;
 - (c) have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;
 - (d) to receive from management an overview of the risks, policies, procedures and controls surrounding the integrity of risk management reporting;
 - (e) have direct communication channels with external auditors and internal auditors as well as employees of the Group;

- (f) be able to obtain independent professional or other advice through the assistance of the Company Secretary, to invite outsiders with relevant experience to attend RMSC meetings (if required) and to brief the RMSC thereof;
- (g) the attendance of any particular RMSC meeting by other Directors and employees of the Company shall be at the invitation and discretion of RMSC and must be specific to the relevant meeting;
- (h) be able to convene meetings with external auditors or internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and
- (i) be able to make relevant reports when necessary to Bursa Securities or relevant authorities if a breach of the MMLR occurs.

4. DUTIES AND RESPONSIBILITIES

- 4.1 In fulfilling its primary objectives, the RMSC shall undertake, amongst others, the following duties and responsibilities:

Risk Management and Internal Control

- i. Review and assess the Company's risk management programs (Enterprise Risk, Cyber Security, Privacy, Physical Security, Anti Money Laundering, Business Assurance, Ethics and Compliance) and the adequacy of the overall control environment including regularly reviewing the nature and extent of the Company's risk appetite as well as monitoring the significant risks that the Company is willing to take in achieving its strategic directives.
- ii. Provide oversight, guidance and direction to the Group risk management activities.
- iii. Ensure the Annual Report of the Company includes appropriate reporting on risk management including an explanation of how principal risks have been managed and mitigated.
- iv. Review the Statement on Risk Management and Internal Control and the Corporate Governance Report to ensure the relevant information as prescribed in the MMLR of Bursa Securities is disclosed.
- v. Evaluate the Company's procedures to safeguard assets, prevent fraud, detect fraud, and bribery incidents, including whistle-blowing policy and process to encourage the employees and stakeholders to raise genuine concern about illegal, unethical or questionable practices in the Group.
- vi. Review reports and updates on cyber security threats, breaches, privacy incidents and responses to ensure appropriate actions are taken to mitigate against cyber and privacy threats.
- vii. Review the Company's process for ensuring compliance with the relevant Laws and Regulations and meeting all requirements set by regulators/authorities.
- viii. Make recommendations to the Board regarding any matters listed above that the RMSC deems appropriate.

Sustainability

- i. Setting the Company's sustainability strategies, priorities and targets together with the management and Board.
 - ii. Provide oversight and monitor the execution and effectiveness of the Group's Environmental, Social and Governance framework and strategy and the Group's progress on its long-term sustainability and climate goals and targets.
 - iii. Monitor the adequacy of the Group's risk appetite, tolerance and strategy with respect to sustainability risks, and ensuring potential sustainability risks are captured and considered in the Group's risk profile.
 - iv. Supervise the overall management of stakeholder engagement and its outcomes, including ensuring mechanisms for sustainability related grievances are in place.
 - v. Ensure that the ESG related policies are in place, advise the Board on the appropriateness of the ESG related policies and programs required to implement into the ESG strategy.
 - vi. Regularly receive reports and consider updates from Management on the Company's ESG performance, review current and emerging ESG trends and any relevant standards and legislative requirements to identify how these are likely to impact the strategy, operations and reputation of the Company.
 - vii. Review and recommend to the Board for approval the sustainability report for the inclusion in the Annual Report to ensure that the Group's sustainability initiatives and outcomes are effectively communicated to the investors and other stakeholders.
 - viii. Make recommendations to the Board on any of the matters listed above that the RMSC considers appropriate.
- 4.2 The RMSC makes recommendations to the Board for its consideration and implementation, but it has no executive power to implement such recommendations on behalf of the Board.

5. MEETINGS OF THE RMSC

- 5.1 The RMSC shall meet at least once a year and as frequently as may be required. Additional meetings may be called at any time at the RMSC Chairman's discretion. Other than in circumstances which the Chairman of the RMSC considers appropriate, the Executive Directors, Group Accountants, the representatives of the internal auditors and external auditors will attend any meeting of the RMSC to make known their views on any matter under consideration by the RMSC or which in their opinion, should be brought to the attention of the RMSC. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the RMSC. Where necessary, the RMSC shall meet with the external auditors without the present of any Executive Directors and members of the management.
- 5.2 In the event the elected Chairman is not able to attend a meeting, a member of the RMSC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director ("INED").
- 5.3 Subject to the notice and quorum requirements as provided in the TOR, meeting of the RMSC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

6. QUORUM

The quorum for a meeting of the RMSC shall consist of not less than 2 members.

7. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of RMSC, any other person required to attend and all other non-executive directors, no later than five (5) business days before the date of the meeting. Supporting papers shall be sent to RMSC and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his/her nominee or such other persons authorised by the Board shall act as the Secretary of the RMSC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RMSC and ensure that the minutes are properly kept and produced for inspection if required. The RMSC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

9. CIRCULAR RESOLUTIONS

- 9.1 A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the RMSC members present in Malaysia and for the time being entitled to receive notice of a meeting of RMSC shall be as valid and effectual as if it had been passed at a meeting of the RMSC duly convened. Any such resolution may consist of several documents including facsimile or other similar means of communication, in similar form, each signed by one or more RMSC members and shall constitute one document in those terms. The expressions "in writing", "written" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram or other forms of electronic communications.
- 9.2 Each individual RMSC member shall abstain from deliberation and decision of any resolution which involving his own interest.

10. RMSC'S DISCLOSURES IN ANNUAL REPORT/WEBSITE

The RMSC is to assist the Board to prepare a report on risk management at the end of each financial year as guided under the MMLR, MCCG, Statement of Risk Management and Internal Control Guide and Corporate Governance Guide.

This TOR should be made available on the Company's website.

11. REVIEW OF RMSC

The Nomination and Remuneration Committee of the Company must review the terms of office and performance of RMSC and each of its members annually to determine whether such RMSC and members have carried out their duties in accordance with their TOR to ensure that the Company is able to adapt to changing business circumstances.

12. REVISION AND UPDATES

Any amendment to this TOR can only be approved by the Board. These TOR will be reviewed and updated from time to time in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the RMSC's responsibilities.

End.