



PROGRESSIVE IMPACT CORPORATION BERHAD TERMS OF REFERENCE OF THE BOARD RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Reference No.:		Revision No.:	05
Effective Date:	25 February 2016	Revision Date:	25 May 2026

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REVISION HISTORY

Version	Effective Date
01	28 February 2018
02	28 February 2019
03	25 August 2022
04	26 August 2024
05	25 May 2026

1. Membership

- (a) The Board Risk Management Committee (“BRMSC”) shall be appointed by the Board and shall comprise not fewer than two (2) in number.
- (b) The members of the BRMSC shall elect a Chairman among themselves who must be a member of the Board.
- (c) In the event of any vacancy in the BRMSC resulting in the number of members being reduced to below two (2), the Board shall, within three (3) months fill the vacancy.
- (d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the BRMSC.

2. Roles and Functions

- 2.1. The BRMSC has the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organisation as well as identification and management of strategic business risks of the Group. The BRMSC is also responsible for overseeing the Company’s governance, strategy and management and reviewing the practices and initiatives relating to Economic, Environmental, Social and Governance (“EESG”) matters ensuring they remain effective and up to date. Its primary roles include the following:-

2.1.1. Risk Management

- (a) Champion and promote the Enterprise Risk Management (i.e. risk awareness and training) and ensure that the risk management process and culture are embedded throughout the Group.
- (b) Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.
- (c) Provide routine quarterly reporting and update the Board on the key risks together with their mitigation plan as well as ad hoc reporting and evaluation on investment proposals.
- (d) Deliberate and review the draft Statement of Risk Management and Internal Control (prepared by the Management and the appointed Internal Auditor) for inclusion in the Company’s Annual Report and recommend the same for the approval of the Audit Committee and Board.

2.1.2. EESG, Compliance and Sustainability Matters

- (a) Monitor the implementation of EESG including corporate governance practices in consistent with the sustainability risks and corporate governance policies and practices approved by the Board, and guided by the applicable laws and regulations.
- (b) Deliberate and review the draft Sustainability Statement (prepared by the Management) for inclusion in the Company’s Annual Report and to recommend the same for the approval of the Board.
- (c) Determine and apprise the Board on the appropriate level of sustainability governance according to the sustainability strategies, priorities and targets in alignment with the Group’s business strategy.
- (d) Consider any matters in relation to EESG, compliance and sustainability, as defined by the Board.

2.2 Routine Roles and Responsibilities

- (a) Review the effectiveness of overall risk management at the enterprise level.
- (b) Design, implement and monitor the risk management framework in accordance with the company's strategic vision and overall risk appetite.
- (c) Identify the risks relevant to the business of the company and measure the likelihood of the occurrence and the financial and non-financial impact to the organisation.
- (d) Follow-up on management action plans.
- (e) Identify new strategic risks including corporate matters e.g. regulatory, business development, etc.
- (f) Monitor the Group's EESG performance and execution, ensuring that it addresses matters of material impact and is in alignment with accepted sectoral, national and international standards and any other applicable standards from time to time.
- (g) Oversee appropriate objectives for EESG activities are in place and that key metrics are monitored and fairly reported.

2.3 Ad Hoc Roles and Responsibilities

- (a) Propose to the Board, the monetary threshold and nature of proposed investments that require the BRMSC's evaluation and endorsement before submission to the Board.
- (b) Review proposals/feasibility studies prepared by the project sponsor which meet the requisite threshold before recommending them to the Board for the final decision.

3. Corporate Risk Management Committee ("CRMC")

3.1. The CRMC shall be appointed by the BRMSC and shall comprise the following:-

- (a) Group Chief Financial Officer
- (b) Head of Group Risk and Compliance
- (c) Head of Group Legal, Secretarial and Human Capital
- (d) Head of Corporate R&D
- (e) Head of Group Facilities and Maintenance
- (f) Head of Group IT
- (g) Head of the respective companies
- (h) Risk Managers of the respective companies
- (i) Any other officer as deemed fit

3.2 The Group Executive Director (based on the authority delegated by BRMSC) shall appoint a Chairman from among the CRMC members.

3.3 The Head of Group Risk and Compliance shall be the Secretary to the CRMC and is responsible to prepare necessary papers and minutes for the CRMC as well as BRMSC meetings.

3.4 BRMSC shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the CRMC.

3.5 CRMC will meet on a quarterly basis and will assist the BRMSC by identifying and managing operational risks within the organisation. On a quarterly basis, the CRMC provides updates to the BRMSC on the key risks together with their mitigation plan.

4. Sustainability Working Group (“SWG”)

4.1. The SWG shall be appointed by the BRMSC and shall comprise the following:-

- (a) Group Executive Director (Chairman)
- (b) Group Chief Financial Officer
- (c) Head of Strategy Unit
- (d) Head of Group Corporate Communication & Digital Marketing
- (e) Head of Group Risk and Compliance
- (f) Head of Group Legal, Secretarial and Human Capital
- (g) Head of Corporate R&D
- (h) Head of Group Facilities and Maintenance
- (i) Head of Group IT
- (j) Head of the respective companies
- (k) Any other officer as deemed fit

4.2 In the absence of the Group Executive Director, a Chairman shall be appointed from among the SWG members by the Group Executive Director.

4.3 The Head of Strategy Unit shall be the Secretary to the SWG and is responsible for preparing necessary papers and minutes for the SWG as well as BRMSC meetings.

4.4 BRMSC shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the SWG.

4.5 SWG shall meet on a quarterly basis, with additional meetings convened as deemed necessary by the Chairman.

5. Meeting Procedures

5.1 Frequency of Meetings

At least four (4) BRMSC meetings are held in a year. However, additional meetings may be called at any time at the BRMSC Chairman's discretion.

5.2 Venue and Participation

- (a) The BRMSC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables the BRMSC members 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.
- (b) The technology to be used for the purpose of this paragraph must enable each BRMSC member taking part in the meeting to communicate simultaneously with each of the other BRMSC members and may include telephone, television, video conferencing, or any other audio including a visual device which permits instantaneous communication.
- (c) A virtual BRMSC meeting shall be deemed to constitute provided the following conditions are met:
 - (i) all the present BRMSC members entitled to receive notice of the BRMSC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of information technology (or in such other manner) as may be permitted by the Constitution of the Company, and

- (ii) a BRMSC member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously notified the Chairman of the meeting of his/her intention to leave the meeting and a BRMSC 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.

- (d) The main venue of the meeting shall be the place where the Chairman is.

5.3 Notice

- (a) The notice of the BRMSC meetings and meeting materials shall be circulated at least five (5) business days before each meeting, or shorter notice where it is unavoidable, prior to each meeting to members of the BRMSC.
- (b) Notice of meetings shall be given in writing and served to the BRMSC member either personally or by email, fax, post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the BRMSC member, as the case may be.

5.4 Quorum

The quorum for the meeting shall consist of a minimum of two (2) members. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

5.5 Attendance

The BRMSC may extend an invitation to other Board members and Management to attend meetings as it deems necessary.

5.6 Voting

- (a) Each member of the BRMSC is entitled to one (1) vote in deciding the matters deliberated in the meeting.
- (b) Resolutions arising from questions at any meeting of the BRMSC must be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman has a second or casting vote.
- (c) A BRMSC member shall abstain from discussion or deliberations during the meeting of any matter which gives rise to an actual or perceived conflict of interest situation for the BRMSC member.

5.7 Keeping of Minutes

- (a) The Company shall cause minutes of all proceedings of the BRMSC meetings to be entered in books kept for that purpose.
- (b) Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates. The minutes of all BRMSC meetings shall be circulated to members of the Board.

- (c) The books containing the minutes of proceedings of the BRMSC meetings shall be kept by the Company at the Registered Office or any other place as may be determined by the Board and shall be open to the inspection of any members of the Board or BRMSC members without charge.

6. Written Resolutions

- (a) The BRMSC is also allowed to carry out their resolutions by way of a written resolution. A written resolution that is signed in accordance with the quorum that is required by a BRMSC meeting shall be valid and effectual as if it were a resolution duly passed at a BRMSC meeting duly convened and held.
- (b) Any such resolution may consist of several documents in like form, each signed by one or more of the BRMSC members. Any such document may be accepted as sufficiently signed by a member of the BRMSC if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the BRMSC member.

7. Reporting

The Chairman of the BRMSC shall report the proceedings of each BRMSC Meeting to the Board.

8. Secretary

The Head of Group Risk and Compliance or such substitute as appointed by the Board or BRMSC from time to time shall be the Secretary of the BRMSC.

9. Review of the Terms of Reference of BRMSC

The BRMSC is responsible for ensuring the Terms of Reference are periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. It shall also be aligned to the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and/or any other regulatory requirements.

The Terms of Reference of the BRMSC shall be available on the Company's website at www.picorp.com.my.