

ADVANCECON HOLDINGS BERHAD

[Registration No. 199701011469 (426965-M)]

(Incorporated In Malaysia)

TERMS OF REFERENCE FOR THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

1. OBJECTIVE

The primary objective of the Risk Management and Sustainability Committee ("Committee") is:

- To assist the Board of Directors ("Board") in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of Advancecon Holdings Berhad and its subsidiary companies ("Group").
- Oversight on the establishment and implementation of a sustainability management framework and its effectiveness, reporting to the Board on the Group's sustainability performances and to review the sustainability reporting and disclosure requirements.

2. COMPOSITION

The Committee shall be appointed by the Board and shall comprise of at least three (3) members. One of which must be an Independent Non-Executive Director who shall be the Chairman. For other members shall comprise of an Executive Director and Senior Management members.

All members of the Committee shall hold office only for so long as they serve as Directors or Senior Management of the Company. Members should have a sufficient understanding of the industry in which the company operates.

No Alternate Director shall be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with the terms of reference.

If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

The term of appointment of the members of Committee shall be determined by the Board.

3. CHAIRMANSHIP

The Board shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director.

4. AUTHORITY

- i) The Committee shall have the resources required to perform its duties;
- ii) The Committee is authorised to seek any information it requires from management of the Company in order to perform its duties;
- iii) The Committee is authorised to call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities;
- iv) The Committee is authorised by the Board to obtain, at the Company's expense, external legal or other professional advice on any matters within its Terms of Reference; and
- v) The Committee shall not have delegated powers from the Board to implement its recommendations but should be obliged to report its recommendations back to the Board for approval.

5. DUTIES AND RESPONSIBILITIES

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

5.1 Risk Management Matters

- i) Review and recommend appropriate risk management strategies, policies, and risk tolerances in line with Group's business objectives for the Board's approval;
- ii) Ensure the implementation of risk management framework conforms to the Practice of the Malaysian Code on Corporate Governance 2021 by establishing and maintaining a Group's risk register;
- iii) Review the adequacy of the Group's risk register and the integrity of the register is in compliance from the aspect of risks identification, risk assessment and risk management method;
- iv) Discuss with the management on actions taken to improve risk management framework based on the risk identified;
- v) Consider and evaluate other risk matters as judged appropriate by the Committee or as authorised by the Board;
- vi) All recommendations and findings of the Committee shall be submitted to the Board for approval and endorsement; and
- vii) To carry out such other functions or assignments as may be delegated by the Board from time to time.

5.2 Sustainability Reporting Matter

- i) Overseeing the management of principal business risks and significant/material economic, environmental and social risks;
- ii) Ensuring resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets;
- iii) Reviewing disclosures statements relating to management of suitability matters of the Group in the Annual Reports; and
- iv) Oversee stakeholder engagement and its outcomes addressing economic, environmental, social and governance matters with regard to the strategic sustainability goals. In particular, matters that may affect the Group's reputation. This shall include key concerns / allegations that are raised by stakeholders, evolving public sentiments and government regulations.

6. MEETINGS

6.1 Frequency of Meetings

The Committee shall meet at least once a year during a financial year and as frequently as may be required.

Committee shall conduct face to face meetings, however, subject to the notice and quorum requirements as provided in the Terms of Reference, meetings of the Committee may be held and conducted through telephone conferencing 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.

In addition, the Committee may take action by unanimous written consent of its members, including dealing with matters by way of circular resolutions in lieu of convening a formal meeting.

6.2 Quorum

The quorum for a meeting of the Committee shall consist of not less than two (2) members, of which at least one (1) shall be an Independent Non-Executive Director. In the absence of a quorum, the meeting shall be adjourned to such other date and at such other time and venue as the Committee may determine.

In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting.

6.3 Notice of Meeting and Supporting Papers

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 the Committee and any other person required to attend, at least seven (7) days before the date of the meeting. Supporting Papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6.4 Voting

All resolutions of the Committee shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

6.5 Secretary and Minutes of Meetings

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Committee. The Secretary shall record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection if required.

The Company Secretary shall distribute copies of the minutes of Committee meetings to all its members at next meeting.

The minutes of meetings must be reviewed by the Chairman of the Committee before circulation to the members of the Committee.

Minutes of meetings shall be tabled to the Board of the Company for information.

The minutes of meetings and conclusions of the meetings should be entered into the Minutes Book kept by the Company Secretary of the Company. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

6.6 Circular Resolution

A resolution in writing, signed by a majority of the Committee members present in Malaysia for the time being entitled to receive notice of a meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the Committee. The expressions "in writing" and "signed" include approval by telefax, telex, cable or telegram and text messages by any such member of the Committee.

7. ANNUAL GENERAL MEETING

A member of the Committee shall attend the Annual General Meeting (including extraordinary general meeting) to answer any shareholder questions on the Committee's activities.

8. REVISION AND UPDATES

This Terms of Reference will be reviewed and updated at least once every financial year by the Committee for the Board's approval to ensure it remains consistent with the Committee's objectives and responsibilities.

END.