

# **1 Doc International Berhad**

**Registration No. 202301046813 (1540727-V)**

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## Terms of Reference of the Risk Management and Sustainability Committee

**Date Adopted by Board** : [to be determined]  
**Effective Date** : [to be determined]

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## Terms of Reference of the Risk Management and Sustainability Committee

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### 1. OBJECTIVES

The primary function of the Risk Management and Sustainability Committee (“the **Committee**”) established by the Board of Directors (“**Board**”) is to assist the Board in its responsibilities to

- (a) oversee the management of principal business risks and significant or material environmental, social and governance (“**ESG**”) risks;
- (b) identify, assess and monitor key risks to safeguard shareholders’ investments and assets of the Company and its subsidiaries (“**Group**”);
- (b) assist the Board in promoting a sustainable strategy and initiatives of the Group in relation to sustainability matters, which include implement sustainability-related policies, measures and actions in achieving the Company’s sustainability milestones and goals;
- (a) implement risk management framework, policy and process approved by the Board and oversight of risk management practice on group wide basis respectively; and
- (b) approve disclosure statements relating to management of sustainability matters of the Group.

### 2. COMPOSITION OF THE COMMITTEE

- 2.1 Members of the Committee shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.
- 2.2 All members of the Committee shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group’s key risks and sustainability areas with the ability to anticipate, assess, drive potential future sustainability opportunities and mitigate potential future risks to the Group.
- 2.3 No Alternate Director shall be appointed as a member of the Committee.
- 2.4 The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nomination Committee (“**NC**”) annually to determine whether the Committee and its members have carried out their duties in accordance with this Terms of Reference.
- 2.5 Where the members of the Committee for any reason are reduced to less than three (3), the Board shall base on the recommendation of the NC, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

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### **3. CHAIRMAN**

- 3.1 The Chairman of the Committee shall be an Independent Non-Executive Director.
- 3.2 If the Chairman of the Committee is not present within fifteen (15) minutes of the time appointed for holding the Committees' meeting or is unable/unwilling to chair the meeting, the members of the Committee present shall elect one (1) of them, of whom is an Independent Non-Executive Director, to be the Chairman of the meeting.

### **4. SECRETARY**

- 4.1 The Company Secretary or his nominee or such other persons authorised by the Board shall be the Secretary of the Committee.
- 4.2 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda, notice and other supporting explanatory documentation in relation to the meeting. 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 five (5) business days before the date of the meeting, except in the case of an emergency, where reasonable notice of every Committee meeting shall be given in writing or to obtain a waiver of notice period from members of the Committee. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time or such other period as the members may agree.
- 4.3 The notice of every meeting shall be given in writing and served to the Committee members either personally or by fax, e-mail, post or courier to his/her address in the Register of Directors or to the address provided by the Committee members, as the case may be.

### **5. QUORUM AND MEETING PROCEDURES**

- 5.1 The Committee shall meet at least two (2) times each financial year, or more frequently as circumstances may dictate. The Chairman may request for additional meetings when required or upon request made by any Committee member.
- 5.2 The quorum for the meeting shall be two (2) members. No business shall be transacted unless a quorum is present either in person or by telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.
- 5.3 If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 5.4 A Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all Committee members as a whole to participate for the entire duration of the virtual meeting, provided the following conditions are met:-

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- (a) all the Committee members for the time being entitled to receive notice of the Committee meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
  - (b) a Committee member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of his/her leaving the meeting.
- 5.5 The main venue of the meeting shall be the place where the Chairman of the meeting is present.
- 5.6 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes, with each member of the Committee having one (1) vote. In the event of an equality of votes, the Chairman has the casting vote. The Chairman shall not have a casting vote when only (2) members (one of whom is the Chairman) form a quorum or when only two members are competent to vote on the question at issue.
- 5.7 Any member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, must declare his/her interest in the matters and he/she shall abstain from deliberating and voting.
- 5.8 The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company or any non-member and external professionals, who the Committee thinks fit, to attend the meetings (specific to the relevant meeting) to assist and provide pertinent information as necessary.

## **6. KEEPING AND INSPECTION OF MINUTES**

- 6.1 Minutes of each meeting, including virtual meetings shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.
- 6.2 The Secretary holds the responsibility of maintaining records, preparing, and distributing the minutes of the Committee meetings. The books containing the minutes of meetings shall be kept by the Company at the Registered Office or a place determined by the Board pursuant to the Companies Act 2016 and shall be open for inspection by any Committee member or Board member.
- 6.3 The minutes of each Committee meeting shall be distributed to the Audit Committee and Board members for notation.

## **7. WRITTEN RESOLUTIONS**

- 7.1 A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

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7.2 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said Committee member.

### **8. REPORTING**

8.1 The Committee, through its Chairman, shall report all matters that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

### **9. POWER AND AUTHORITY**

9.1 The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to carry out activity within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to all information and documents which are required to perform its duties, as well as to the internal and external auditors, and management of the Group. All employees shall be directed to cooperate as requested by members of SRMC;
- (d) be able to obtain services and/or advices from independent professional or other adviser, and invite persons with relevant experience to attend the meetings at the cost of the Company, if necessary;
- (e) in discharging the above responsibilities, they can establish the Group sustainability oversight unit, if so required to identify and manage the risks that the Group face on a continual basis, so that the Group will be able to achieve its goals;
- (f) SRMC may establish a risk management working group to support SRMC to undertake the risk management and internal control framework of the Group. The members of risk management working group are nominated from employees of the various divisions in the Group, preferably Executive Directors, chief executive officer, chief operating officer and head of departments. SRMC should also include identifying a key risk officer of the Group; and
- (g) have access to advice and services of the Company Secretary.

### **10. DUTIES AND RESPONSIBILITIES**

10.1 In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:-

### **10.1.1 Risk Management**

- (a) Conduct annual review and periodic testing of the Group's risk management framework, policies and processes, include identifying, managing, monitoring and mitigating the significant risks of the Group, and recommend to the Board for approval. This includes reviewing key risk registers and risk dashboard of the Group to ensure compliance and relevance in light of any changes in internal business processes, business strategies, external ESG or any related to sustainability issues;
- (b) Ensure the management of sustainability risks and opportunities is integrated into the risk management framework and that the risk management framework and policies are embedded in and function effectively throughout the Group within the parameters established by the Board. The risk management framework shall be based on an internationally recognised framework;
- (c) Oversee, assess and recommend the risk appetite/tolerance level and risk management strategies profile;
- (d) Review the significant risks identified (including operational, financial, regulatory compliance, sustainability risks, reputational risks, major asset/business acquisition or divestment, or business diversification or business consolidation) and assess the mitigating actions put in place to manage these risks. The assessment results need to be reported to the Board for strategic decision making;
- (e) Review the adequacy of infrastructure, resources and systems are in place to manage and implement the risk management framework. This includes ensuring that staff responsible for implementing risk management systems perform their duties independently of the Group's risk-taking activities;
- (f) Report the Group's risk management activities including assessing the resources and knowledge of the management and employee involved in the risk management process, and update key risk registers and the risk dashboard to the Board on a regular basis, at least annually;
- (g) Establish and oversee the implementation of the organisation's anti-bribery and corruption policies and practices, ensuring that these policies align with broader sustainability and ethical standards. Additionally, to ensure that corruption risk is included in the annual risk assessment of the Group;
- (h) Provide oversight over projects/major transactions, and other transactions requiring the Board's approval, including endorsement of contract terms (and any material amendments to such contracts) prior to acceptance and execution as well as potential/actual disputes with counterparties; and
- (i) Liaise with audit committee and review the external auditor's findings on the management of risks as to ensure issues of common concern are addressed appropriately.

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Significant risk issues identified and evaluated by the Committee and/or major changes proposed by the Committee will be escalated to the Board for discussion/decision.

#### 10.1.2 Sustainability

- (a) Review and assess the Group's sustainability strategies, policies and standards in relation to ESG aspects, including matters such as anti-corruption, community affairs, diversity, energy management, safety, health, employment, human rights, supply chain management, privacy, climate risks and opportunities, and other pertinent sustainability issues of the Group (collectively referred to as "**Sustainability Matters**") guided by the applicable laws and regulations and provide recommendation to the Board;
- (b) Provide oversight of strategic initiatives in relation to the Sustainability Matters and report to the Board regularly;
- (c) Review the implementation and management of the Group's Sustainability Matters in respect of compliance with the law and regulatory requirements;
- (d) Review sustainability issues which arise from independent audits and assurance reports, if any, and matters related to sustainability highlighted by regulators or relevant consultants;
- (e) Review the adequacy of resources to ensure the Company achieve its sustainability commitments and target; and
- (f) Recommend material sustainability matters to the Board for approval.

#### 10.1.3 Others

- (a) Review the Risk Management and Sustainability Committee Report, Statement on Risk Management and Internal Control, and Sustainability Statement and Reporting as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the applicable Code on Corporate Governance and any other applicable rules and regulations in force at the material time, and, where appropriate, recommend to the Board for the endorsement for inclusion in the Annual Report;
- (b) Obtain regular updates from the management regarding risk management and Sustainability Matters;
- (g) Review regulatory and compliance reports, and any other reports within the purview of the Committee;
- (h) Review implementation and adequacy of Group's business continuity plan; and
- (i) Carry out any other functions that may be mutually agreed upon by the Committee and the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time within the scope of the Committee.

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### **11. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

- 11.1 These written terms of reference shall be reviewed and assessed by the Board, and updated periodically in accordance with the needs of the Company or when changes to the business environment or regulatory requirements necessitates a revision. Any amendments or supplements to these terms of reference must be approved by the Board.
- 11.2 The written terms of reference of the Committee dealing with its authority and duties shall be made available on the Company's website.

### **12. APPROVAL**

The Terms of Reference was reviewed and approved by the Board of Directors on [to be determined].