

**SAM ENGINEERING & EQUIPMENT (M) BERHAD**  
**(Company No. 199401012509 / 298188-A)**

**Appendix F**

**TERMS OF REFERENCE OF RISK & SUSTAINABILITY COMMITTEE (“RSC” or “the Committee”)**

**1. Objectives**

- 1.1 The Committee is established with the objective of assisting the Board in the Board’s execution of its duties and responsibilities pertaining to:
- (a) Risk Management (i.e., reviewing and recommending the risk management policies and strategies for the Group in managing overall risk exposure of the Group);
  - (b) Sustainability (i.e., reviewing and recommending sustainability strategies and performance in advancing the Group’s sustainability ambition and direction); and
  - (c) such other functions as directed by the Board.

**2. Composition of RSC**

- 2.1 The Committee shall be appointed by the Board from amongst its members and shall comprise not less than three (3) members with at least one (1) member being a member of the Audit Committee and at least one (1) member of the Committee shall be an Independent Non-Executive Director.
- 2.2 The Committee shall, amongst themselves, elect a Chairman to be the Chairman of the Committee.
- 2.3 A member of the Committee will continue to hold office for the duration of his appointment unless:
- (a) he ceases to be a director of the Company for any reason whatsoever; or
  - (b) he resigns from being a member of the Committee; or
  - (c) he is removed from the Committee by the Board.
- 2.4 In the event that:
- (a) the number of members making up the Committee is reduced below three (3); or
  - (b) results in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia or such other applicable laws and regulations,
- the Board shall, within three (3) months from the aforesaid event, fill the vacancy.
- 2.5 The Committee in performing its duties shall appoint professional independent advisers as it considers necessary at the expense of the Company.

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2.6 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

**3. Secretary to RSC**

3.1 The Company Secretary of the Company shall be the secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

3.2 The Secretary of the Committee shall be responsible for drawing up the agenda in consultation with the Chairman of the RSC. The agenda together with relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting.

3.3 The Secretary shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to all members of the Board.

**4. Meetings**

4.1 The Committee shall meet at least two (2) times a year.

4.2 The Chairman of the Committee will highlight any major issues and any items requiring resolution by the Board.

4.3 In addition, the Chairman of the Committee shall convene a meeting of the Committee if requested to do so by any of the Committee's members to consider any matter within the scope and responsibilities of the Committee.

**5. Meeting Procedure**

5.1 The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given for such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

**6. Quorum**

6.1 A quorum shall consist of 2 Committee members.

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**7. Attendance by Invitation**

- 7.1 The Committee may, as and when deemed necessary, invite other Board members or Senior Management of the Group or any other person, to attend the meetings.

**8. Communication to the Board**

- 8.1 The RSC shall prepare a report each year concerning the activities in compliance with these terms of reference to be tabled to the Board and for inclusion in the Group's Annual Report.
- 8.2 Upon conclusion of each meeting, the RSC Chairman shall report to the Board such activities that the Committee had undertaken and the key recommendations for the Board's consideration and decision. Thereafter, the implementation status or progress of key recommendations from previous RSC meetings shall be reported to the Board.
- 8.3 The minutes of each RSC meeting shall be tabled to the Board for notation.
- 8.4 The RSC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

**9. Authority of the RSC**

- 9.1 The RSC should
- (a) Perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
  - (b) Have the resources which are required to perform its duties;
  - (c) Have full and unrestricted access to all information, documents and officers of the Company and the Group for the purpose of discharging its functions and responsibilities; and
  - (d) Be able to obtain professional advice as it considers necessary at the expense of the Company for the Committee to carry out its duties.

**10. Duties and Responsibilities**

The duties and responsibilities of the Committee shall be:

- Review and recommend the Group Risk Management Policy Framework which specifies key policies, strategies and risk appetite, for approval by the Board;
- Ensure that a structured risk management framework is in place (ie, setting up of the risk management committee, the appointment of a Chief Risk Officer and Chief Sustainability Officer, etc);
- Review the Group risk profile and risk management reports which include management's action plan and implementation status from the management;
- Monitor the risk management exposure of the Group;
- Recommend or advise on significant proposed changes to risk management policies and strategies;
- Review together with other Committees, the Management, Group Internal Audit and External auditors, and significant risks and exposures that exist and assess the steps that the Management has taken to minimize such risk to the Group;

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- Review reports on compliance with risk management policies and recommend actions where necessary;
- Report to the Board on an exception basis, where required, and routinely on matters of regular interest of the Board;
- Review the effectiveness of the Group's strategies, policies, principles and practices in view of the Sustainability Policy;
- Advise on the Group's sustainability report and any other issue-specific reports (if any) prior to reporting to the Board including (i) compliance of and/or changes in and/or implementation of the Sustainability Policy; and (ii) assessment of issues material to the achievement of sustainability and/or efforts to address such issues;
- Review issues relating to sustainability arising from independent audits as well as matters highlighted by consultants, if any;
- Consider and recommend to the Board on relevant emerging sustainability issues, if any; and
- Any such other matter as directed by the Board.

**11. Review**

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.

Updated: 16 February 2022