

<b>Coraza Integrated Technology</b>	<b>Policy &amp; Procedures</b>	Document Number 100 – 005	Rev 2
Approved By: Board of Directors	Policy Title: <b>Terms of Reference For Risk Management &amp; Sustainability Committee</b>	Review Date: May 26, 2023	

Change Register		
Rev No:	Date	Description
0	06/14/21	Original
1	02/28/23	Rename to Risk Management & Sustainability Committee
2	05/26/23	Added sustainability and social responsibility

## Table of Contents

- 1 Introduction
- 2 Purpose
- 3 Membership
- 4 Authority and Responsibilities
  - 4.1 The Chairman of Risk Management Committee
  - 4.2 Risk Management
  - 4.3 Internal Controls
  - 4.4 Group's Annual Report
  - 4.5 Term of Reference Review
- 5 Meetings
  - 5.1 Frequency
  - 5.2 Notice and Agenda
  - 5.3 Quorum
  - 5.4 Meeting Mode
  - 5.5 Voting
  - 5.6 Meeting Minutes
- 6 Secretary

## **1 Introduction**

1.1 Risk management, internal control, and sustainability are important aspects of a company's governance, management, and operations.

a) Risk management focuses on identifying threats and opportunities.

b) Internal control helps counter threats and takes advantage of opportunities.

1.2 Risk management, internal control, and sustainability assist companies in making informed decisions about the level of risk that companies want to take and implement the necessary controls to effectively pursue their objectives while reducing their environmental and social footprint.

## **2 Purpose**

The principal objective of the Risk Management & Sustainability Committee ("RMSC") is to assist the Board of Directors in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders' investments and Coraza Integrated Technology (the "Company") and its subsidiaries' (the "Group") assets, while also ensuring the execution and implementation of the sustainability strategy and initiatives, comprising environmental, social, and governance matters.

## **3 Membership**

3.1 The RMSC shall be appointed by the Board of Directors of Coraza Integrated Technology ("Board") and should comprise of not less than three (3) directors, a majority of whom are independent.

3.2 The RMSC members 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 risk areas with the ability to anticipate, assess and mitigate potential future risks to the Group, as well as effectively oversee the Group's sustainability strategy and initiatives.

3.3 The RMSC in carrying out its tasks under these terms of reference may obtain at the company's cost such external or other independent professional advice as it considers necessary to carry out its duties.

3.4 The Chairman of the RMSC shall be elected by the RMSC members, approved by the Board and should not be the Chairman of the Board.

3.5 In the event of any vacancy in the RMSC resulting in the number of members being reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the minimum number of three (3) members.

3.6 The Board shall review annually the term of office and performance of the RMSC and each of its members, who are subject to re-appointment by the Board annually.

## **4 Authority and Responsibilities**

The RMSC is authorised by the Board to review and recommend any matters within its Terms of Reference with sufficient resources be provided in undertaking its duties. The RMSC shall,

- a) have access to such information and/or appropriate professional advice, both from within the Company and the Group and externally, as it deems necessary or appropriate in discharging its responsibilities at the cost of the Company,
- b) request other Directors, members of Management, counsels, consultants or any employee as applicable, to participate in RMSC meetings, as necessary, to carry out the RMSC's responsibilities.

#### **4.1 The Chairman of RMSC**

- a) The Chairman of the RMSC is responsible for ensuring the overall effectiveness and independence of the RMSC.
- b) The Chairman of the RMSC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the RMSC that require the Board's approval at the Board Meeting.
- c) The Chairman (or in his absence, an alternative member) of the RMSC shall attend the General Meetings of the Company and be prepared to answer questions falling within the scope of the RMSC.

#### **4.2 Risk management framework, policies, strategies, risk indicators and risk tolerance levels**

- a) The RMSC shall provide oversight, direction and counsel to the Group's risk management process which includes the following:
  - i. Establish the Group's Risk Management Framework based on an internationally recognised risk management framework;
  - ii. Conduct an annual review and periodic testing of the Group's risk management framework. This should include any insights it has gained from the review and any changes made to its risk management framework arising from the review;
  - iii. Monitor the Group and subsidiary level risk exposures and management of the significant financial and non-financial risks identified;
  - iv. Review the Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner;
  - v. Review the status of the implementation of management action plans in mitigating significant risks identified.
  - vi. Review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.

- b) Establish and periodically review the Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.
- c) Recommend for the Board's approval the Group's risk management framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto.
- d) Evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage the Group's key risks.

#### **4.2.1 Major Investment and Project**

Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:

- a) Evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project;
- b) Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project;
- c) Monitor the execution of investments or projects and highlighting key risks to the Board as relevant;
- d) Review the effectiveness of risk mitigating actions post approval for major investments and projects based on Group Finance assessments, and reporting the same to the Board;
- e) Review actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board; and
- f) Review investment proposals considered significant including:
  - i. New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - ii. New territories and countries (defined as expansion of existing businesses into new markets/ territories).

#### **4.2.2 Sustainability and Social Responsibility**

- a) To provide oversight on the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities, and targets;
- b) To provide oversight to ensure that strategies, priorities, and targets pertaining to environmental, social, and governance are aligned with the Group's commitment towards integrating sustainability practices and shared values with our business operations;

- c) To oversee the processes, framework, and strategies designed to manage environmental, social, and governance risks, covering matters such as safety, health, employment practices, environmental practices, human rights, community relations, and other relevant sustainability matters;
- d) To monitor the adoption and effectiveness of sustainability-related policies, framework, and procedures;
- e) To review and monitor the Group's sustainability key performance against the sustainability strategies and targets;
- f) To review and monitor the material sustainability matters relevant to the Group, including climate-related risks and opportunities;
- g) To review and recommend the Group's Sustainability Statement and Reporting before its inclusion in the Annual Report;
- h) To drive the engagement on sustainability to ensure awareness of sustainability is adopted across the Group;
- i) To advise the Board and recommend business strategies in the area of sustainability;
- j) To recommend to the Board sustainability-related policies for adoption and monitor the implementation of the policies;
- k) To recommend to the Board for its approval sustainability matters identified as material;
- l) To oversee the overall management of stakeholder engagement;

### **4.3 Internal Controls**

The RMSC shall review and discuss with Top Management and Internal Auditor, every half yearly:

- a) the key guidelines and policies governing the Group's significant processes for risk assessment and risk management;
- b) the validity of the identified risks and ensuring that appropriate actions are taken to mitigate the risks;
- c) the adequacy of infrastructure, resources and system for risk management, the staff responsible for implementing risk management system perform those duties efficiently and effectively; and
- d) the periodical risk rating report and risk management activities.

### **4.4 Group's Annual Report**

- a) Review the statement on risk management and internal control in the Group's Annual Report to ensure that relevant information as prescribed in the Ace Market Listing

Requirements of Bursa Malaysia Securities Berhad (“AMLR”) is disclosed.

- b) Review the sustainability statement in the Group’s Annual Report to ensure that relevant information as prescribed in the Ace Market Listing Requirement of Bursa Malaysia Securities Berhad (“AMLR”) is disclosed.
- c) Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks.

#### **4.5 Term of Reference Review**

The RMSC shall review and assess the adequacy of these Terms of Reference on a periodic basis determined by the RMSC or as and when necessary. Any revision or amendments to the Terms of Reference shall be approved by the Board.

### **5 Meetings**

#### **5.1 Frequency**

The RMSC shall meet at least two (2) times in a financial year, with additional meetings to be convened as and when necessary.

#### **5.2 Notice and Agenda**

- a) Notices and agenda of meetings duly endorsed by the Chairman of RMSC together with the relevant Board papers shall be distributed at least five (5) working days prior to the RMSC meetings.
- b) The RMSC shall have full discretion to invite any Directors, members of Management, counsels, consultants or any employee as applicable to attend its meetings.

#### **5.3 Quorum**

- a) The quorum for a RMSC meeting shall be a minimum of two (2) members, comprises of not less than one (1) Independent Director.
- b) In the absence of the RMSC Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

#### **5.4 Meeting Mode**

- a) A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the RMSC.
- b) The RMSC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally

convening a meeting.

- A written resolution in writing signed or approved by a majority of the RMSC shall be as valid and effectual as if it has been passed by a meeting of the RMSC duly convened.
- Approval of the RMSC on the resolution can be through email and/or other means of electronic communications.
- Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more RMSC members.

## **5.5 Voting**

- a) All resolutions of the RMSC shall be adopted by a simple majority vote, each RMSC member having one vote. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote.
- b) A member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

## **5.6 Meeting Minutes**

- a) Minutes of the meeting shall be action oriented and record the deliberations and decisions of the RMSC. The minutes shall include compiled RMSC instructions as Matters Arising for discussion at each RMSC meeting to ensure proper follow through.
- b) Minutes shall be distributed to RMSC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- c) The RMSC shall report to the Board on the proceedings, findings and recommendations of each meeting.

## **6 Secretary**

6.1 The secretary of the RMSC shall be appointed by the Board.

6.2 The Secretary shall organise and provide assistance at RMSC meetings and have the following key responsibilities:

- a) draft the schedule of RMSC activities for the financial year;
- b) ensure meetings are arranged and held accordingly;
- c) assist the Chairman of RMSC in planning the RMSC's activities;
- d) draw up meeting agendas in consultation with the RMSC Chairman and maintain the minutes;

- e) ensure structured communication channels between the RMSC and Board;
- f) attend RMSC meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner;
- g) ensure the presence of a quorum at the meeting; and
- h) ensure RMSC's recommendations presented to the Board are supported by papers that explain the rationale for the RMSC's recommendations.