



RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE TERMS OF REFERENCE

Dated: 15 October 2025

TABLE OF CONTENTS

1.	ABOUT THIS TERM OF REFERENCE (TOR)	1
2.	OBJECTIVES.....	1
3.	SCOPE OF THE FRAMEWORK	2
4.	ROLES AND RESPONSIBILITIES	4
5.	MEMBERSHIP AND COMPOSITION	5
6.	MEETING PROTOCOLS.....	6
7.	REPORTING STRUCTURE	7
8.	AUTHORITY AND DECISION MAKING	8
9.	DURATION AND REVIEW.....	9
10.	REVISION HISTORY.....	9

GLOSSARY

Term	Definition
Board of Directors	The governing body of Tanco Holdings Berhad responsible for overall corporate governance and oversight of material enterprise risks and sustainability reporting.
Bursa Malaysia	Malaysia's national stock exchange, which sets listing requirements including sustainability-related disclosures for public-listed companies.
Enterprise Risk Management (ERM)	A structured and integrated approach to identifying, assessing, managing, and monitoring business risks and opportunities.
Environmental, Social, and Governance (ESG)	A set of non-financial performance indicators related to sustainable and ethical practices in business operations.
Escalation	The process of reporting material risks or issues from Management or the Committee to the Board for decision-making or intervention.
Global Reporting Initiative (GRI)	An international organisation that provides widely used standards for sustainability reporting.
IFRS S1 and S2	Sustainability and climate-related disclosure standards issued by the International Sustainability Standards Board (ISSB), forming part of the global financial reporting framework.
Independent Non-Executive Director (INED)	A director who is not part of management and provides independent oversight to ensure objectivity in Board-level decisions.
Material Risk	Any financial, operational, compliance, strategic, or sustainability risk that could have a significant impact on the Group's objectives or value creation.
Materiality Assessment	The process of identifying and prioritising ESG topics that have the most significant impact on the Company and its stakeholders.
Malaysian Code on Corporate Governance (MCCG)	A set of principles and mandatory practices issued by the Securities Commission Malaysia to promote good governance in companies.
Quorum	The minimum number of Committee members required to conduct a meeting and make decisions.
Risk Management and Sustainability Committee (RMSC)	The Risk Management and Sustainability Committee, responsible for overseeing ESG risk assessment, enterprise risk management, sustainability matters/reporting, and disclosures within Tanco Holdings Berhad.
Task Force on Climate-related Financial Disclosures (TCFD)	A global initiative that provides recommendations for companies on disclosing climate-related financial risks and opportunities.
Term of Reference (TOR)	A formal document that outlines the purpose, structure, and scope of work for a committee, project, task force, or working group. It serves as a foundational guide to define roles, responsibilities, authority, and procedures for those involved.

1. ABOUT THIS TERM OF REFERENCE (TOR)

- 1.1 This Risk Management & Sustainability Committee (“RMSC” or “the Committee”) is established by the Board of Directors of Tanco Holdings Berhad (“the Company”) and its material subsidiaries (“the Group”) to provide oversight on material sustainability and enterprise risks, and to promote a strong risk culture and embedding of sustainability practices throughout the Group, in line with regulatory obligations and Board expectations.
- 1.2 This TOR is developed in alignment with:
 - 1.2.1 Bursa Malaysia Main Market Listing Requirements (MMLR).
 - 1.2.2 Malaysian Code on Corporate Governance (MCCG).
 - 1.2.3 Other relevant regulatory requirements in risk management and sustainability governance.

2. OBJECTIVES

- 2.1 The Board has overall responsibility, with the Committee supporting it, to provide Board-level oversight of enterprise-wide risks and sustainability reporting in line with regulatory requirements. Its objectives to:
 - 2.1.1 Provide Board-level oversight of sustainability and ESG disclosures, and enterprise risk reporting, in accordance with Bursa Malaysia MMLR and MCCG.
 - 2.1.2 Ensure integration of all material risks, including financial, operational, compliance, strategic, and sustainability risks across the Group’s Enterprise Risk Management (ERM) framework, business planning, investment decisions, and operational processes, to support informed decision-making and strategic objectives.
- 2.2 The Committee is responsible to the Board for:
 - 2.2.1 Risk Management
 - (a) Providing oversight and guidance on the Group’s management of enterprise-wide risks.
 - (b) Overseeing the establishment, implementation, and periodic review of the Group’s risk management framework, policies, and procedures.
 - (c) Evaluating the effectiveness of risk management in identifying, assessing, and mitigating material risks, including internal control adequacy and action plan implementation.

2.2.2 Sustainability Management

- (a) Assisting the Board in overseeing the Group's sustainability matters, ESG initiatives, and the integration of sustainability into relevant business processes.
- (b) Monitoring sustainability performance, including ESG KPIs, and ensuring alignment with regulatory requirements and stakeholder expectations.
- (c) Reviewing sustainability reports and statements prior to Board submission.

3. **SCOPE OF THE FRAMEWORK**

3.1 This Terms of Reference outlines the boundaries of the RMSC's responsibilities and its advisory role to the Board in governance matters related to risk and sustainability.

3.2 To ensure consistency and alignment, the Committee is responsible for oversight and advisory functions relating to:

3.2.1 In Scope

- (a) Risk Management Integration
 - (i) Oversee the identification, assessment, and mitigation of all material risks, including financial, operational, compliance, strategic, and sustainability risks.
 - (ii) Ensure material ESG risks are integrated into the Group's Enterprise Risk Management (ERM) framework.
 - (iii) Provide guidance on risk appetite, risk tolerance, and risk mitigation strategies.
- (b) ESG Governance and Strategy
 - (i) Review and recommend ESG-related policies, frameworks, and strategies for Board approval.
 - (ii) Monitor adoption and effectiveness of ESG policies, standards, and sustainability initiatives across the Group.
- (c) Disclosures and Reporting
 - (i) Ensure ESG disclosures meet Bursa Malaysia, MCGG, IFRS S1/S2, and other relevant reporting requirements.
 - (ii) Ensure timely and accurate reporting of enterprise risks and ESG performance to the Board.

(d) Enterprise Risk Oversight

- (i) Review and provide oversight on the Group's risk management framework covering financial, operational, compliance, and strategic risks.
- (ii) Ensure that risk identification, assessment, and mitigation are reported to the Board in line with regulatory requirements.
- (iii) Monitor the effectiveness of risk governance, including risk appetite, policies, and major risk exposures.
- (iv) Advise the Board on emerging material risks, interdependencies, and mitigation plans.

3.3 The Committee does not hold operational or executive authority. Responsibilities that fall outside its scope include:

3.3.1 Out of Scope

(a) Day-to-Day Execution

- (i) The implementation of ESG strategies, action plans, or operational responses remains the responsibility of Management.

(b) Oversight of Non-ESG and non-risk Operational Matters

- (i) The oversight of non-ESG and non-risk operational matters remains the responsibility of Management, while strategic, financial, compliance, and other material risks are reported to the Board for escalation.

(c) Internal Audit Responsibilities

- (i) The RMSC does not oversee or replace the function of the Group's Internal Audit, which reports to the Audit Committee.

(d) Approval of Non-ESG and non-risk Business Policies

- (i) The Committee does not review or approve policies unrelated to ESG, sustainability, or climate risk and enterprise risks unless they intersect with ESG and risk impacts.

4. ROLES AND RESPONSIBILITIES

4.1 The Risk Management and Sustainability Committee (RMSC) is responsible for providing oversight of enterprise-wide risks and sustainability/ESG reporting obligations.

4.1.1 Risk Management Responsibilities

- (a) Oversee the Group's Enterprise Risk Management (ERM) framework, ensuring it meets regulatory expectations.
- (b) Review significant financial, operational, compliance, and strategic risk exposures reported by Management.
- (c) Escalate key risk issues to the Board for decision-making and ensure mitigation plans are in place.
- (d) Ensure risk reporting to the Board is timely, complete, and consistent with MMLR and MCCG requirements.
- (e) Oversee the identification, assessment, and mitigation of all material enterprise risks, including financial, operational, compliance, strategic, and sustainability risks.
- (f) Ensure ESG risk factors are embedded within the Group's Enterprise Risk Management (ERM) framework.
- (g) Ensure that adequate infrastructure, resources, and systems are in place to support effective risk management, independent of risk-originating activities.
- (h) Review the adequacy and effectiveness of measures in place to ensure compliance with the Group's Anti-Bribery and Anti-Corruption (ABAC) policy and related regulatory requirements.
- (i) Ensure that subsidiaries within the Group adopt risk management and sustainability governance practices consistent with the Committee's terms of reference and review material risk exposures or activities reported at subsidiary level.

4.1.2 Sustainability / ESG Responsibilities

- (a) Provide oversight on the development, implementation, and integration of the Group's sustainability and ESG strategies.
- (b) Review and recommend ESG and sustainability-related frameworks, policies, and standards for Board endorsement.
- (c) Review the Group's annual Sustainability Statement, climate disclosures, and related public reporting to ensure alignment with Bursa MMLR, MCCG, and IFRS S1/S2.

- (d) Monitor sustainability-related KPIs and ensure initiatives are progressing in line with the Group's sustainability strategy.
- (e) Provide guidance and input to Management on ESG risk mitigation where these intersect with enterprise risks.
- (f) Review sustainability-related compliance programs, including measures to address bribery and corruption risks, to ensure alignment with the Group's governance framework.

4.1.3 General Oversight

- (a) Ensure that material ESG risks that may affect the Group's objectives are integrated into ERM reporting.
- (b) Maintain regular engagement with Management to ensure both risk and sustainability matters are adequately reported and addressed.

5. MEMBERSHIP AND COMPOSITION

5.1 The effectiveness of the Risk Management & Sustainability Committee (RMSC) depends on having the right mix of experience, independence, and knowledge. The following outlines the composition, roles, and participation of its members:

5.1.1 Composition of the Committee

- (a) The Committee shall comprise a majority of Independent Non-Executive Directors to ensure objectivity and independent oversight.
- (b) The members shall collectively have knowledge and experience in risk management, business management, and sustainability governance to effectively perform the Committee's responsibilities.

5.1.2 Chairperson

- (a) The Chairperson of the Committee shall be an Independent Non-Executive Director, appointed by the Board.
- (b) The Chairperson is responsible for leading the Committee effectively, facilitating open discussions, and ensuring the Committee fulfils its oversight responsibilities in line with regulatory obligations.
- (c) The Chairperson shall review and approve the meeting agenda and guide the Committee to focus on key risks and sustainability matters.

5.1.3 Secretary to the Committee

- (a) The Company Secretary shall serve as the Secretary to the Committee and is responsible for:
 - (i) Coordinating meeting schedules and logistics in consultation with the Chairperson.
 - (ii) Preparing and circulating meeting materials in advance.
 - (iii) Documenting minutes of meetings and maintaining proper records of Committee deliberations and decisions.
 - (iv) Ensuring that Committee actions and recommendations are properly recorded and tracked for follow-up.

6. MEETING PROTOCOLS

- 6.1 The RMSC shall operate in a structured and transparent manner to fulfil its oversight responsibilities and regulatory obligations.

6.1.1 Frequency of Meetings

- (a) The Committee shall meet at least twice (2) a year.
- (b) The Committee may call additional meetings as deemed necessary by the Chairperson to address urgent matters or emerging risks.

6.1.2 Agenda

- (a) The Chairperson shall review and approve the agenda for each Committee meeting prior to issuance.
- (b) A notice of each meeting confirming the date, time, venue, and agenda shall be forwarded to the Committee seven (7) days before the meeting.

6.1.3 Attendance at Meetings

- (a) A meeting of the Committee shall normally be conducted face-to-face to enable effective discussion.
- (b) Meetings may also be conducted via telephone, video conference, or other electronic means, and participation in such meetings constitutes presence in person.
- (c) Other senior management may attend upon invitation of the Committee.

6.1.4 Quorum

- (a) The quorum for each meeting shall be a simple majority, with at least one (1) Independent Non-Executive Director present.
- (b) In the absence of the Chairperson, the members present shall elect one among them (preferably an Independent Director) to chair the meeting.

6.1.5 Decision-Making

- (a) Decisions shall be made by consensus, or if required, by a simple majority vote of the members present.
- (b) In the event of a tie, the Chairperson shall have the casting vote.
- (c) All decisions or recommendations shall be clearly documented in the minutes and communicated to the Board for action or endorsement where applicable.
- (d) A resolution in writing signed by all members of the Committee shall be valid and effectual as if it had been passed at a meeting duly convened and held, and may consist of several documents in like form, each signed by one or more members.

6.1.6 Minutes and Records

- (a) The Company Secretary shall prepare and circulate the draft minutes promptly after each meeting for review and confirmation at the subsequent meeting.
- (b) All approved minutes shall be signed or confirmed by the Chairperson and filed as part of the official records of the Group.
- (c) Minutes shall clearly reflect discussions, decisions, action items, and follow-up responsibilities.

7. REPORTING STRUCTURE

- 7.1 The RMSC shall maintain a clear and effective reporting line to the Board in line with regulatory requirements.

7.1.1 Reporting to the Board

- (a) The RMSC shall report directly to the Board of Directors of the Company on all matters within its remit.
- (b) A formal report or summary of discussions, key decisions, and recommendations shall be presented to the Board as required by regulatory obligations.

7.1.2 Reporting Scope

- (a) The Committee shall report on material ESG and enterprise risks, including financial, operational, compliance, and strategic risks, and recommend actions requiring Board attention.

7.1.3 Integration with Group Governance

- (a) The Committee's reporting shall be coordinated with other Board committees where relevant to ensure Board-level oversight of enterprise-wide risks.

7.1.4 Communication with Stakeholders

- (a) External stakeholder engagement is not within the Committee's mandatory scope; reporting shall focus on material risks and regulatory compliance to the Board.

8. AUTHORITY AND DECISION MAKING

- 8.1 The RMSC is entrusted by the Board of Directors of Tanco Holdings Berhad to review and provide oversight on material ESG and enterprise risks, and escalate issues to the Board as required.

8.1.1 Scope of Authority

- (a) The Committee is authorised to review, monitor, and provide guidance on all ESG and risk-related initiatives, frameworks, and action plans.
- (b) It may recommend material actions or policies to the Board for approval.
- (c) The Committee may obtain any information, records, or clarification from management necessary to discharge its responsibilities.
- (d) The Committee may obtain independent professional advice at the Company's expense where required.

8.1.2 Reporting and Escalation

- (a) The Committee shall provide independent oversight on material sustainability and enterprise risks and escalate significant issues to the Board for decision-making.

8.1.3 Decision-Making Limitations

- (a) The Committee does not have decision-making authority on behalf of the Board but shall recommend actions or policies requiring Board approval.

8.1.4 Access to Resources

- (a) The Committee shall have access to the necessary information, personnel, and internal systems to carry out its responsibilities effectively.
- (b) The Committee may request management or relevant officers to attend meetings to provide clarification or updates.

9. DURATION AND REVIEW

- 9.1 This TOR shall remain in effect until amended or replaced by the Board of Directors of the Company.
- 9.2 The TOR shall be reviewed at least once (1) bi-annually or earlier if there are material regulatory or Board-mandated changes.
- 9.3 Any proposed revisions shall be recommended by the Committee and submitted to the Board for approval.

10. REVISION HISTORY

- 10.1 This section provides a record of all revisions to this TOR.

Version	Date Approved	Description	Approved By
1.0	15.10.2025	Initial release	Board of Directors