



**MALAYSIAN KUWAITI INVESTMENT CO.  
SDN BHD**

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# **GOVERNANCE, RISK AND SUSTAINABILITY COMMITTEE TERMS OF REFERENCE**

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## **1. INTRODUCTION**

- 1.1 These Governance, Risk & Sustainability Committee Terms of Reference ("TOR" or the "Terms of Reference") set out the requirements of the Board of Directors of Malaysian Kuwaiti Investment Co. Sdn Bhd for the establishment of the Governance, Risk and Sustainability Committee and the delegation of responsibilities to such committee, as at the date hereof.
- 1.2 Unless otherwise stated the following applies:
- "the Company" or "MKIC" refers to Malaysian Kuwaiti Investment Co. Sdn Bhd;
  - "MKIC Group" or "the Group" refers to MKIC and its Group of Companies;
  - "the Board" refers to the Board of Directors of MKIC;
  - "Group LOA" refers to the Limits of Authority of MKIC Group;
  - "GRS" or "Committee" refers to the Governance, Risk & Sustainability Committee of the Board;
  - "Top Management" refers to the Chief Executive Officer ("CEO"), Senior General Managers ("SGM"), General Managers ("GM") and Heads of Department ("HOD");
  - "IRCD" refers to the Internal Audit, Risk Management & Corporate Governance Department; and
  - "IGU" refers to the Integrity & Governance Unit.

## **2. PURPOSE**

- 2.1 The purpose of the Committee is to assist the Board in fulfilling its roles and responsibilities with regard to:
- 2.1.1 Inculcating good governance and a culture of integrity in the Company, as well as overseeing the Company's operations to ensure the highest standards of integrity and ethics and compliance with applicable laws and regulatory requirements.
  - 2.1.2 Overseeing the implementation, monitoring and administration of the whistleblowing system.
  - 2.1.3 Overseeing the effectiveness of the Group's Risk Management Framework, including the identification, assessment, monitoring and mitigation of key risks.
  - 2.1.4 Overseeing the sustainability strategy, objectives and initiatives of the Group by regularly assessing sustainability matters to ascertain their alignment with the Company's business priorities, regulatory requirements and stakeholder expectations, while ensuring the adequacy and effectiveness of sustainability practices, performance and disclosures.
  - 2.1.5 Undertaking any investigations within its TOR or as instructed by the Board; and
  - 2.1.6 Undertaking any such other functions as may be determined by the Board from time to time.
- 2.2 The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.



### **3. MEMBERSHIP**

- 3.1 The composition of the Committee shall be as follows:
- a) the Committee members shall be appointed by the Board and selected amongst the members of the Board;
  - b) the Committee members shall comprise not less than three (3) members;
  - c) no Alternate Director shall be appointed as a member of the Committee; and
  - d) all members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of MKIC.
- 3.2 All the members of the Committee must be Non-Executive Directors and free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgment as a member of the Committee.
- 3.3 A former partner of the Company's external auditors must observe a cooling-off period of at least three (3) years before being appointed as a member of GRS. A former partner of the Company's external auditors includes all former partners of MKIC's external auditors' firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.).
- 3.4 Each of the Committee member must:
- 3.4.1. have a general understanding of financial matters and the ability to interpret relevant financial information;
  - 3.4.2. have a reasonable understanding of the Group's operations, business activities and overall performance; and
  - 3.4.3. have awareness or exposure to governance, risk management and sustainability matters, including relevant regulatory requirements and recognized best practices or standards, where applicable.
- 3.5 In the event a member of the Committee resigns, dies or for any other reason ceases to be a member, resulting in the above-mentioned Committee membership conditions not being fulfilled, the Board shall, within three (3) months of that event, appoint such number of new members as may be necessary to fulfill the requirements.
- 3.6 Quorum
- 3.6.1 To form a quorum for the Committee meeting, at least two (2) members of the Committee must be present at the meeting.
  - 3.6.2 In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting.

### **4. CHAIRMAN OF THE COMMITTEE**

- 4.1 The Chairman of the Committee shall be determined by the Board and must be a Non-Executive Director.
- 4.2 The Chairman of the Board shall not be a member or Chairman of the Committee.



## **5. SECRETARIES OF THE COMMITTEE**

- 5.1 The Company Secretary and the Head of IRCD shall be the Secretaries of the Committee.
- 5.2 The Secretaries of the Committee shall be present to record the proceedings of the Committee meetings.
- 5.3 The Secretaries of the Committee shall have the following responsibilities:
  - 5.3.1 ensuring meetings are arranged and held accordingly;
  - 5.3.2 assisting the Chairman of the Committee in planning the Committee's activities for the financial year;
  - 5.3.3 drawing up a meeting agenda in consultation with the Chairman of the Committee and circulating the agenda, together with the relevant papers, at least five (5) business days prior to each Committee meeting;
  - 5.3.4 ensuring structured communication (i.e. formal and prompt reporting) between the Board and the Committee;
  - 5.3.5 ensuring proceedings of meetings are minuted and endorsed by the Chairman of the Committee before disseminating them to all Board members; and
  - 5.3.6 ensuring the Committee's recommendations presented to the Board are supported by explanatory papers, including the Committee's report or minutes that explain the rationale of the Committee's recommendations.

## **6. AUTHORITY**

- 6.1 The Board authorises the Committee, within the scope of its duties and responsibilities set out in this TOR to:
  - 6.1.1 investigate or instruct investigation of any activity or matter within its TOR;
  - 6.1.2 acquire all the necessary resources to perform the activities required to discharge its responsibilities within its TOR and make relevant recommendations to the Board;
  - 6.1.3 have full and unrestricted access to anyone in the Group in order to conduct any investigation and any information pertaining to the Group;
  - 6.1.4 have full and unrestricted access to information pertaining to the Group, its records, properties and personnel in the group, to obtain any information pertaining to the Group relevant for its purpose;
  - 6.1.5 obtain independent professional advice, as deemed necessary, to assist the Committee or any individual member of the Committee in the proper discharge of its roles, responsibilities and duties, at the expense of the Company. The Secretaries of the Committee, with approval of the Committee or Chairman of the Committee or Chairman of the Board, will directly engage the external consultant; and
  - 6.1.6 meet exclusively among itself, whenever deemed necessary.
- 6.2 The Committee shall also be assisted by:
  - 6.2.1 Top management in promoting and driving good governance practices, effective risk management, and sustainability initiatives across MKIC.
  - 6.2.2 The Head of IRCD, as the designated person within Management, to ensure the effective integration of governance, risk management and internal controls with the Group's strategy and business processes.



- 6.2.3 The designated Sustainability Committee within Management, to support the implementation and integration of sustainability priorities, sustainability initiatives and disclosures across the company.

## **7. RESPONSIBILITIES AND DUTIES**

- 7.1 The Committee's responsibilities shall include, but not be limited to, the following:

### **7.1.1 Integrity and governance**

In relation to integrity and governance, to perform the following:

- a) Review the adequacy and effectiveness of the Company's integrity and governance framework, including policies, procedures, and practices that promote ethical conduct, accountability, and transparency;
- b) Monitor the effectiveness of integrity awareness, ethics, anti-corruption, and culture-building programmes implemented across the organisation;
- c) Monitor the effectiveness of the whistleblowing framework, ensuring accessible reporting channels and adequate protection for whistleblowers;
- d) Review findings arising from investigations and verification activities conducted by the IGU, and monitor Management's implementation of corrective and remedial actions;
- e) Review analysis of complaint statistics, misconduct trends, and recurring governance issues, and provide guidance on preventive and corrective measures;
- f) Review governance assessments conducted by the IGU and monitor Management's implementation of recommendations to strengthen governance policies, systems, processes, and procedures;
- g) Report significant integrity, governance, and ethical matters to the Board, together with recommendations for action where appropriate; and
- h) Review and endorse periodic reports on integrity and governance matters prepared by the IGU, including submission to relevant authorities, where required.

### **7.1.2 Risk management**

In relation to risk management, to perform the following:

- a) Review and endorse the Company's Risk Management Framework, including related governance practices and enhancements, for Board approval;
- b) Review and endorse the Company's risk appetite, risk tolerance levels, key risk exposures, and risk treatment strategies;
- c) Oversee the implementation and effectiveness of the Risk Management Framework, including processes for identifying, assessing, monitoring, managing, and reporting risks;
- d) Review Management's assessment of key and emerging risks, including the Company's risk profile, trends, mitigation plans, and risk management activities;
- e) Advise the Board on significant risk matters, material risk exposures,



emerging risks, and risk management strategies requiring Board attention;

- f) Review the risk implications associated with significant investments, projects, transactions, business initiatives, and strategic decisions (if required);
- g) Monitor the implementation and effectiveness of risk mitigation measures and action plans undertaken by Management to address material risks;
- h) Promote a strong risk-aware culture throughout the Company and oversee the integration of risk management into strategic planning, decision-making, and business operations;
- i) Review the adequacy of resources, competencies, training, systems, and capabilities required to support an effective risk management function; and
- j) Ensure that material risk matters are escalated to the Board in a timely manner and that appropriate actions are taken to address such matters.

#### **7.1.3 Sustainability**

In relation to sustainability, to perform the following:

- a) Review and recommend the Company's sustainability governance framework, processes, and practices that support responsible and sustainable business conduct for Board approval;
- b) Review and recommend the Company's sustainability strategy, objectives, priorities, and commitments to the Board, ensuring alignment with corporate strategy and stakeholder expectations;
- c) Monitor the implementation of sustainability initiatives, programmes, and action plans;
- d) Monitor progress against sustainability goals, targets and approved action plans;
- e) Review management reports on sustainability performance, material sustainability issues, stakeholder engagement outcomes, and significant sustainability incidents or concerns;
- f) Monitor the effectiveness of climate, environmental, social, community, human rights, diversity, health and safety, and other material sustainability initiatives undertaken by the Company (if required);
- g) Monitor Management's implementation of recommendations arising from sustainability reviews, assessments, or assurance assessment; and
- h) Promote a culture of sustainability, ethical business conduct, and responsible decision-making throughout the organisation.

#### **7.1.4 Other responsibilities and duties**

- a) Periodically review the Committee's TOR and recommend any amendments to the Board for approval.

#### **7.1.5 The Committee shall undertake any such other functions as may be determined by the Board from time to time.**



## **8. REPORTING**

- 8.1 The Committee shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group through:
  - 8.1.1 copies of minutes of each meeting of the Committee supported by explanatory papers, being circulated to all Board members once endorsed by the Chairman of the Committee;
  - 8.1.2 the Chairman of the Committee drawing to the Board's attention any matter of major importance; and
  - 8.1.3 the Chairman of the Committee updating the Board on the activities undertaken by the GRS.
- 8.2 At the discretion of the Chairman of the Committee and members of the Committee, any relevant matters deemed to be of major importance should be referred to the Board for its attention.

## **9. MEETING ADMINISTRATION**

- 9.1 Frequency and attendance
  - 9.1.1 The Committee meetings shall be conducted at least three (3) times annually, or more frequently as circumstances dictate.
  - 9.1.2 The Chairman of the Committee, in consultation with the Secretaries of the Committee, shall determine the frequency of the Committee meetings and discuss the schedule of meetings with the members of the Committee. In addition to the regular scheduled meetings, the Chairman of the Committee or any members of the Committee may call for meetings as and when required or upon request by the external auditor to consider any matters the external auditor believes should be brought to the attention of the Directors or shareholders.
  - 9.1.3 The Committee meetings shall normally be conducted in a face-to-face manner to enable effective discussion. The Committee meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Committee. For face-to-face Committee meetings, if a member of the Committee is unable to be physically present, the member may choose to participate via telephone conferencing, video conferencing or other appropriate means as determined by the Committee.
  - 9.1.4 All resolutions of the members of the Committee at a meeting or an adjourned meeting shall be adopted by a majority of votes of all the Committee members present. In the case of an equality of votes, the Chairman of the Committee shall have a second or casting vote.
  - 9.1.5 In the event matters requiring the Committee decision arise between Committee meetings, the Committee may, if deemed appropriate, consider and approve and/or recommend such matters through circular resolution in writing, in lieu of formally convening a meeting, which shall be supported by relevant papers, documents and information setting out details of the subject matter. The members of the Committee may obtain more information from management and express their viewpoints by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. The circular resolution shall be as valid and effectual as if it had been passed by a meeting of the Committee duly convened. Approval of the GRS obtained by a GRS circular resolution must be signed or approved by all GRS members, subject to para 9.1.8 of this TOR. All such circular resolutions shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolutions.



- 9.1.6 The CEO and Head of IRCD shall be permanent invitees to the Committee meetings. Other Directors of the Board, other management or executives of the Group, external parties and/or any party may be invited to attend the Committee meetings as the Chairman of the Committee and members of the Committee think fit.
- 9.1.7 The Committee may also invite any other management or executives of the subsidiaries to attend its meetings to provide any clarification of matters related to the subsidiaries.
- 9.1.8 Any Committee member and invited participants with conflicting interests shall abstain from discussion and participating in decisions or voting of the related matter.
- 9.1.9 The Committee member and/or invited participants shall excuse himself/herself from the Committee meeting during discussions or deliberations of any matter in which he/she has an interest or which give rise to an actual or perceived conflict of interest situation for him/her.
- 9.1.10 The Chairman of the Committee shall exercise the right to request those who are in attendance to leave the room if matters discussed are confidential or the deliberation may be impaired due to the presence of these individuals.
- 9.2 Notice and agenda
- 9.2.1 The Secretaries of the Committee shall issue and circulate the notice of the GRS meeting confirming the venue, time and date to GRS members at least five (5) business days before each meeting to the Committee members and all those who are required to attend the Committee meeting. Any issuance of notice of a meeting shall be in writing and shall be given either in hard copy or in electronic form or partly in hard copy and partly in electronic form.
- 9.2.2 The Chairman of the Committee shall ensure that a proper agenda is prepared for the Committee meeting and the Secretaries of the Committee shall draw up the meeting agenda in consultation with the Chairman of the Committee. The GRS meeting agendas shall be the responsibility of the Chairman. The Chairman may also consult other members of the Committee and management, if necessary.
- 9.2.3 The agenda for each Committee meeting, including relevant papers, documents and the information requested by the GRS, shall be circulated at least five (5) business days before each meeting to the GRS members.
- 9.3 Minutes of the meeting
- 9.3.1 Upon conclusion of the meeting, the minutes will be circulated in a timely manner. The discussions and conclusions of the Committee meetings shall be minuted, in a clear, accurate (reflecting the deliberations and decisions, including any dissenting views), consistent and complete.
- 9.3.2 The minutes shall also record if any of the Committee members or invited participants had abstained from voting or deliberating on a particular matter.
- 9.3.3 Upon conclusion of the meeting, the draft of the minutes of the meeting shall be:
- a) distributed to all members of the Committee or the relevant sections of the said draft may be provided to management and relevant invited participants, to ensure proper key actions/directions given are acted upon.
  - b) upon confirmation of the accuracy of the draft minutes by the Committee members/management, the draft minutes shall be tabled at the following meeting for confirmation and signing.
  - c) Minutes shall be endorsed by the Chairman of the next succeeding meeting.



9.3.4 The minutes shall be entered into the minutes Register kept by the Company Secretary, together with the attendance sheet.

9.3.5 Keeping of the minutes must comply with the requirements of the relevant law and regulations.

9.3.6 Reproduction or inspection of any part of the minutes can only be performed through/by the Company Secretary.

## **10. THE COMMITTEE'S PERFORMANCE**

10.1 On an annual basis, the Board shall evaluate the Committee's performance and the extent to which the Committee has met the requirements of its TOR, including the term of office and performance of the Committee and each of its members. This performance assessment may constitute a part of the annual Board Effectiveness Assessment, pertaining to the assessment of Board Committees.

10.2 The Committee members shall undertake continuous professional development to keep themselves abreast of relevant developments in governance, risk management, sustainability, compliance and relevant regulatory developments.

## **11. THE COMMITTEE'S ETHICS AND PROCEDURES**

11.1 All members of the Committee shall safeguard all internal communications and treat them as strictly private and confidential and for the use of the Committee members only.

11.2 The Committee shall work diligently amongst the members of the Board and adhere to all applicable laws and regulations as well as the prescriptions rendered in the Directors' Code of Ethics and Conduct and the Directors' Code of Business Practice.

## **12. REVIEW OF TERMS OF REFERENCE**

12.1 This TOR and work plans shall be reviewed periodically, as and when required or at least once every two (2) years.

12.2 All amendments to the Terms of Reference of the Committee must be approved by the Board.

## **13. REVISIONS**

| <b>Date</b> | <b>Terms</b> | <b>Revisions</b>    |
|-------------|--------------|---------------------|
| 19.09.26    | -            | Issuance of GRS TOR |