

## TERMS OF REFERENCE OF THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

### 1.0 Introduction

Effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making, a sustainability and its underlying environmental, social, and governance ("ESG") issues become increasingly material to the ability of companies to create durable and sustainable value and maintain confidence of their stakeholders.

Risk is inherent in every business, and the increased complexity of today's business risk profile coupled with the introduction of new legislation has meant that the ability to effectively manage risk and release potential business benefits had become ever more important.

Whilst the Board of the Directors of Tropicana ("**Board**") still retains ultimate responsibility for risk management, determining the appropriate level of risk appetite and the overall sustainability direction undertaken by Tropicana, a Risk Management and Sustainability Committee ("**RMSC**") has been established to provide assurance concerning Tropicana and its group of companies' ("**Tropicana Group**" or "**the Group**") profile to the Board.

### 2.0 Objective

The objective of the RMSC is threefold:

- 2.1 To ensure that sustainability and risk management frameworks are embedded throughout Tropicana Group;
- 2.2 To ensure that the sustainability and risk management frameworks are consistently adopted throughout the Group and is within the parameters established by the Board;
- 2.3 To provide oversight of sustainability initiatives in line with the purpose, values and strategy of Tropicana Group; and
- 2.4 To ensure compliance with external requirements such as the Bursa Malaysia Securities Berhad's Sustainability Statement and Statement of Internal Control - Guidance for Directors of Public Listed Companies.

### 3.0 Authority, Access to Resources and Scope

- 3.1 The RMSC has delegated authority from the Board with a remit that encompasses all sustainable development and risk management activities within the Group including compliance with the sustainability and risk management strategies.
- 3.2 The RMSC has access to all books, records, facilities and personnel of the Group necessary for the RMSC to discharge its duties and responsibilities.
- 3.3 The RMSC has authority to engage and authorise expenses for independent consultants and other advisors as the RMSC deems necessary to perform its duties.
- 3.4 The RMSC may conduct or may authorise a third party to conduct specific assessment into any activity or function within the Group so far as it relates to the duties of the RMSC and is in accordance with this terms of reference.
- 3.5 The RMSC reports to the Board.
- 3.6 The RMSC makes no decision on behalf of the Board but makes recommendations to the Board.
- 3.7 A committee member of the RMSC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member concerned. Where this cause insufficient directors to make up a quorum, the RMSC has the right to appoint another Director, which meets the membership criteria.
- 3.8 The deliberations of the RMSC do not reduce the individual and collective responsibilities of the Board, with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations. Subject to the provisions and any relevant legislation and codes of best practice, the members of the RMSC shall not attract any personal liability arising from their appointment and the Company shall indemnify the RMSC members to the extent possible in terms of its approved Directors' and Officers' liability insurance coverage.

#### **4.0 Composition**

- 4.1 The RMSC shall be appointed by the Board and shall comprise not fewer than three (3) members, a majority of whom being Independent Non-Executive Director.
- 4.2 The members of the RMSC shall have a mixture of risk and business management knowledge and experience.
- 4.3 The Chairman of the RMSC shall be an Independent Director appointed by the Board. In his absence, the RMSC members present may elect from among themselves the Chairman for their meetings.
- 4.4 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 fill the vacancy.

#### **5.0 Roles and Responsibilities**

- 5.1 Establishing risk management context / structure:
  - 5.1.1 Formalise Tropicana Group's Risk Management Policy including clearly setting out the objectives, strategy and scope of risk management activities for the Group; and
  - 5.1.2 Ensure that the Group's risk management strategy, framework and methodology have been implemented and consistently applied.
- 5.2 Establishing risk management process
  - 5.2.1 Ensure that a well-structured and systematic process exists to ensure comprehensive identification, assessment & management of risk facing Tropicana;
  - 5.2.2 Ensuring that the risk management strategy is clearly communicated to relevant personnel of the Group; and
  - 5.2.3 Ensuring that appropriate training in risk awareness & risk management is conducted at key levels.
- 5.3 Establishing monitoring and reporting mechanism:
  - 5.3.1 On quarterly basis, ensure that appropriate reporting and feedback is received from management with regards to risk management activity carried out;
  - 5.3.2 To oversee the Group's internal compliance and control systems established by management, including reviewing the effectiveness of these systems and approving management's programmes and policies to ensure effectiveness.
  - 5.3.3 Responsible for annual reporting on the Group Risk Profile (risks, controls and mitigating action plans) to the Board; and
  - 5.3.4 Responsible for immediate reporting to the Board on any major changes to the risk profile requiring immediate attention / notification.
- 5.4 To oversee the implementation of the Group's sustainability strategies, initiatives, policies, and practices.
- 5.5 To endorse proposed sustainability initiatives and targets proposed to address ESG risks and opportunities.
- 5.6 To review the Group's sustainability performance.
- 5.7 To formulate the Group's sustainability policy/ strategy and ensure the application of policy initiatives across the Group.
- 5.8 To review the result of materiality matrix assessment.
- 5.9 To review updates on key reporting standards.
- 5.10 To monitor ESG parameters related to sustainable development at Tropicana Group.

#### **6.0 Secretary**

The Company Secretary of the Company shall be the Secretary of the RMSC or his/her nominee shall be the Secretary of the RMSC.

## **7.0 Meeting Procedures**

### **7.1 Frequency and calling**

The RMSC shall meet at least four (4) times a year on a quarterly basis. Other Board members, Executive Directors, Head of Business Units and/or other appropriate officers may attend RMSC meetings upon the invitation of the RMSC.

Additional meetings may be called at any time at the RMSC Chairman's discretion. The Chairman is also required to call for a meeting of the RMSC, if requested to do so by any RMSC members or the Board.

### **7.2 Notice**

The notice period convening the meeting of the RMSC shall be at least seven (7) days, which may be waived with the consent of majority members of the RMSC.

### **7.3 Quorum**

A quorum shall consist of two (2) members, of whom at least one (1) shall be an Independent Non-Executive Director.

### **7.4 Recommendation to the Board**

Recommendation to the Board during RMSC meetings must be supported by a majority of the RMSC members, who are not interested in the transaction.

In the case of an equality of votes, the Chairman of the committee meeting shall have a second or casting vote.

### **7.5 Participation in meetings by conferencing**

All or any members of the RMSC may participate in a meeting of the RMSC by means of a telephone conference, video conference or any communication technology, which allows all members of the RMSC participating in the meeting to communicate simultaneously with each other. A member of the RMSC so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, the meeting shall be deemed held at the registered office of the Company.

## **8.0 Written Resolutions in circulation**

A resolution in writing signed or approved by letter, telegram, telex, telefax or other written electronic communications by majority the RMSC members, shall be as valid and effectual as if it had been passed at a meeting of the RMSC duly called and constituted. All such resolutions shall be described as "Risk Management Committee's Written Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him/her in the Company's minute's book. Any such resolution may consist of several documents in like form, each signed by one (1) or more RMSC member(s).

## **9.0 Review of the Terms of Reference**

The RMSC shall recommend any changes to its terms of reference in such manner as the RMSC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary.

## **10.0 Dissolution**

The RMSC shall be dissolved upon recommendation and decision of the Board.

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Revision wef: Board of Directors' meeting held on 27 November 2012

Revision wef: Board of Directors' meeting held on 9 May 2014

Revision wef: Board of Directors' meeting held on 19 February 2016

Revision wef: Board of Directors' meeting held on 23 August 2018

Revision wef: Board of Directors' meeting held on 19 November 2020

Revision wef: Board of Directors' meeting held on 21 April 2022