



MISC BERHAD

Board Sustainability & Risk Committee

Terms of Reference

AS AT 1 OCTOBER 2025



1. ESTABLISHMENT

- 1.1 The Board Governance & Risk Committee ("BGRC") was established by the MISC Berhad ("MISC" or "Company") Board of Directors ("Board") as a Board Committee on 1 January 2021.

On 1 January 2023, the BGRC was further renamed as the Board Sustainability & Risk Committee ("BSRC" or the "Committee").

2. COMPOSITION

- 2.1 The Committee members shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members (including the Chairman):
- i) All members must be Non-Executive Directors, with a majority being Independent Directors.
 - ii) The Chairman of the Board shall not be a member of the Committee.
 - iii) No Alternate Director can be appointed as a member of the Committee.
 - iv) At least one (1) member of the Committee must also be a member of the MISC Board Audit Committee. This is to foster a common understanding of the risk management and internal control system and ensure co-ordination between the various standing Board Committees of MISC in its sustainability, risk and governance oversight roles.
- 2.2 In the event of any vacancy in the Committee where membership falls below three (3), the vacancy must be filled within three (3) months.
- 2.3 Membership in the Committee shall automatically cease upon resignation, retirement or vacation from office by any means as a Director of the Company.
- 2.4 Any member may be removed from office by the affirmed vote of a majority of the Board.

3. CHAIRMAN

- 3.1 The Board shall appoint a Chairman of the Committee from among the Board members who are Independent Directors.



4. SECRETARY

- 4.1 The Company Secretary of MISC or any other person appointed by the Committee shall be the Secretary to the Committee.

5. MEETINGS AND CIRCULAR RESOLUTIONS

- 5.1 The Committee shall meet not less than four (4) times in a year and additional meetings may be held as and when required. The meeting of the Committee may be conducted face-to-face or by means of audio, or audio and visual, communication by which all members participating can simultaneously hear each other throughout the meeting, or by a combination of both methods.
- 5.2 The quorum for each meeting shall be two (2) members, who shall both be Independent Directors.
- 5.3 Should the Chairman be absent from any meeting, one (1) of the members who is an Independent Director shall be elected as Chairman of the meeting.
- 5.4 Any matter requiring a decision at any meeting of the Committee shall be determined by a majority of the votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote. Where the meeting is attended by only two (2) members sufficient to constitute a quorum or which only two (2) members present are competent to vote on the question at issue, the Chairman shall not have a casting vote.
- 5.5 In the event of an equality of votes, where the meeting is attended by only two (2) members sufficient to constitute a quorum or which only two (2) members present are competent to vote on the question at issue, the matter shall be deferred to a subsequent Committee meeting for further deliberation. However, in instances where the matter is considered critical or requires expedited attention due to time constraints, it shall be escalated to the Board for resolution.
- 5.6 The proceedings of the Committee meetings shall be recorded and maintained by the Secretary to the Committee.



- 5.7 The Chairman of the Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- 5.8 The Committee may request other Directors, Management, other employees, consultants, advisers and/or other attendees to attend and participate in the Committee meetings, as necessary, provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the Committee unless he or she is a member of the Committee.
- 5.9 Subject to clause 5.10, a resolution in writing of the Committee signed or approved by all Committee members, shall be valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents, including facsimile or other means of communication, in similar form and each document shall be signed or assented by one (1) or more members.
- 5.10 Each individual Committee member shall excuse himself/herself from the meeting and shall abstain from deliberation and decision of any resolution which will or may give rise to an actual, potential or perceived conflict. However, the Committee may resolve that the disclosed conflict should not disqualify the interested Committee member from participating in any deliberation and/or voting thereon.

6. AUTHORITY

The Committee is empowered by the Board with the following authority to execute any matters within its terms of reference ("TOR") at the cost to be borne by MISC:

- 6.1 Full and unrestricted access to resources and information which are required to perform its duties. This includes authority to investigate and/or seek information from any employees of the Group. Employees subjected to such request may be directed by the Committee to co-operate with the request; and
- 6.2 Right to obtain independent professional advice or other advice.

7. FUNCTIONS

The Committee's functions are to review, evaluate, report and make appropriate recommendations to the Board on the following matters:

In relation to Risk Management:-

- 7.1 Oversee the development, adequacy and effectiveness of MISC's Risk Management Policy and Framework, and other on-going activities to ensure appropriate processes are in place to effectively manage and monitor identified material risks.
- 7.2 Oversee MISC's risk appetite and tolerance for risks, including monitoring that risks are managed within the tolerance levels as approved by the Board.
- 7.3 Status of Enterprise Risk Management reporting, to identify, evaluate, manage and monitor risks, focusing on key strategic and business risks, including sustainability related risks.
- 7.4 Risk assessments conducted by the Management Risk Committee or the Project Risk Assessment Sub-Committee on enterprise risks and strategic and high impact transactions, ensuring key risks are identified, considered and addressed to facilitate risk based decision-making; strategic and high impact transactions may include, but are not limited to the following:
 - i) merger & acquisition, divestment and joint-venture proposals;
 - ii) financial-related decisions (e.g. financing);
 - iii) commercial transactions with material complexity and exposure;
 - iv) country-related decisions (e.g. entry or exit management);
 - v) key capital projects; and
 - vi) new business ventures or special projects.
- 7.5 Effectively oversee business continuity management and crisis management which are integrated with the overall risk management framework.

In relation to Governance and Compliance:-

- 7.6 Good governance practices consistent with the Board's risk appetite, and guided by applicable laws and regulations.
- 7.7 Adequacy and effectiveness of MISC's compliance and ethics programme as the framework for enhancement and monitoring of good business ethics and conduct of employees and other stakeholders, including but not limited to the Code of Conduct and Business Ethics (CoBE), Anti-Bribery and Corruption Policy and Guidelines (ABC Manual), No Gift Policy and ongoing awareness programmes, communication, training and education on compliance.

In relation to Sustainability and Health, Safety, Security and Environment ("HSSE"):-

- 7.8 Determination of MISC's sustainability strategy and governance structure in alignment with MISC's business strategy.
- 7.9 Oversee the processes, framework, and strategies designed to manage sustainability risks and opportunities ("SRO") and climate-related risks and opportunities ("CRO"), covering matters such as climate and other environmental matters, safety and health, human rights, and community relations.
- 7.10 Oversee the process of identification, prioritization, and target setting of SRO and CRO.
- 7.11 Review MISC's performance and progress monitoring in the areas of SRO, CRO and HSSE on a periodic basis.

Others:-

- 7.12 Review the disclosures required to be made in the Company's integrated annual report in relation to matters required by the relevant laws and prevailing corporate governance best practices, including the Statement on Risk Management and Internal Control and sustainability reporting.
- 7.13 Any other function and/or any other relevant matters as may be determined by the Board.



8. **REVIEW OF TOR**

- 8.1 The Committee may from time-to-time recommend to the Board to revise or amend its TOR provided always that the said revisions or amendments are in compliance with applicable laws, the prevailing corporate governance best practices or other regulatory requirements.