



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

**RISK  
AND  
SUSTAINABLE  
MANAGEMENT  
COMMITTEE  
TERMS OF REFERENCE**

(Reviewed and Approved by the Board on October 2019)

## Objectives

The primary objective of the Risk & Sustainability Management Committee of the Board of Directors (“the Board”) of Evergreen Fibreboard Berhad (“EFB”) shall be to assist the board in fulfilling its corporate governance oversight responsibilities for an effective Risk Management Framework with Internal Control and Sustainability matters focusing on the economic, environment and social (“EES”) aspect of the Company / Group.

## Composition

1. The Risk Management Committee was officially set up on 18th August 2017 and the Sustainability matters was place under the purview of this committee officially by the Board effective August 2019 and is known as Risk & Sustainability Management Committee (“RSMC” or “the Committee”).
2. In line with Malaysia Code on Corporate Governance (“MCCG”) Practice 9.3, the Committee established shall comprise a majority of independent directors, to oversee the company’s risk management framework and policies as well as the sustainability matters which shall not be less than three (3) persons in size and they shall be elected by the Chairman of the Board.
3. Election of the Committee’s Chairman is at the discretion of the Committee Members. Member(s) of this Committee is not permitted to relinquish their membership in the Committee unless approved or directed by the Board Chairman.

## Quorum

1. The Committee shall meet at a minimum of twice a year and hold additional meetings as and when necessary.
2. The quorum for meeting shall be at least half of the committee members being present in person for a meeting. The Chairman / Committee Members reserves the right to request the presence of any Executive Directors or Senior Management Employee to attend a meeting if the need so arises in order for the Committee Members to carry out their duties as required.
3. Meetings shall be coordinated by the Company Secretary at the request of the Committee Chairman.
4. Notice of each meeting confirming the venue, time and date, together with an agenda of items and it’s supporting papers to be discussed, shall be forwarded to each member of the committee, no later than seven (7) working days prior to the date of meeting.
5. Agenda for each Meeting will be set by Chairman of the Committee together with the Company Secretary.
6. The Company Secretary shall be secretary (the “Secretary”) of the Committee meetings and shall take minutes of all proceedings and resolutions, including the names of all attendees. Draft minutes of the committee meetings shall be circulated within fourteen (14) working days after conclusion of each meeting to all members of the committee for their comments.

Once amended minutes is confirmed by all directors, minutes will be recirculated to all and included in the meeting file in readiness to be approved by the Chairman.

## **Meetings**

Meetings of the Risk Management Committee shall be held at least twice yearly. However, the Chairman may at any time at the requisition of the Committee Members or when the need arises, summon for a meeting of the Risk Management Committee.

## **Minutes of Meeting**

The minutes of proceedings of all meeting shall be kept by the Company Secretary and shall be open to inspection to any stakeholders.

## **Role of the Risk & Sustainability Management Committee**

In line with MCCG Practice 9.1 the Board shall establish a Risk Management Committee to oversee the risk management framework and the internal control policies of the Company and Recommendation 1.4 of the Malaysian Code on Corporate Governance 2012 requires the Board to ensure that the company's strategies promote sustainability in relation to economic, environment and social matters. -

The Committee shall: -

- i) review the risk management framework and internal control policies for a sound and the materiality assessment process in order to identify the Group's material sustainability matters which includes and the associated risk & sustainable management practices of the Company / Group;

and

- ii) oversee the management of principal business risks and significant / material EES risks; by ensuring resources and processes are in place to enable the organization to achieve its sustainability commitments / targets; and approving disclosure statements relating to management of sustainability matters of the organization

and thereon: -

## **ON RISK MANAGEMENT**

a. To advise the Board on the framework and policies for risk governance and overall risk management, covering all major risks such as credit risk, market risk, operational risk and compliance risk, IT, Cyber, strategic and reputational risks and etc.;

b. To advise the Board on appropriate risk related frameworks, policies, appetite, tolerance and strategy for its business units;

c. To review the policies and framework that govern the management of risks, including risk governance matters, and which have been delegated by the Board;

- d. To review the risk appetite level of the Company / Group in alignment with the Board's approvals;
- e. To review appropriate Technology, Information and cyber risk governance policies;
- f. To monitor Technology, Information and cyber risk against appetite as a part of overall risk oversight;
- g. To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the Company/Group's financial risks are at appropriate levels;
- h. To review the adequacy of the Company's risk management policy and systems, and the effectiveness of policy and systems implementation in terms of identifying, monitoring, controlling and reporting these risks by top management to the Board;
- i. To review and monitor all risks and risk management practices, including internal control and compliance processes and systems;
- j. To approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committee / working group;
- k. To report the risk management performance and all risk management matters and measures to the Board, and to consult and exchange views with the Audit Committee in order to assess if the risk management policies and strategies cover all existing and new types of risk on financial and if the implementation of such policies and strategies are effective and efficient; and
- l. To perform other duties as delegated by the Board of Directors or other regulatory requirements.

## **ON SUSTAINABILITY**

- a. to advise the Board and recommend business strategies in the area of sustainability;
- b. to monitor the implementation of sustainability strategies as approved by the Board;
- c. to recommend to the Board sustainability-related policies for adoption and monitoring the implementation of the policies;
- d. to recommending to the Board for its approval sustainability matters identified as material;
- e. to oversee the overall management of stakeholder engagement, including ensuring grievance mechanisms are in place;
- f. to oversee the management of sustainability matters, with particular focus on matters material to the organization;
- g. to oversee the preparation of sustainability disclosures as required by laws and/or rules, and recommend it to the Board for approval; and

## **Chairman's Responsibilities**

1. Chairman shall ensure that meetings are carried out in a timely and orderly manner and minutes of meetings are documented / distributed to all concern for timely action to be taken.
2. Review, Implement and Ensure Risk are being identified on a periodic manner and sufficient controls are put in place by the Management / Risk Management Working Committee ("RMWC") Members within the Group.
3. Make known to the Board of Directors should there be instance(s) or possibility of un- control risk or sustainability issues in the group due to what so ever reason and update the Board on new risk or Sustainable issue identified together with the controls in place.

## **Duties and Responsibilities of Each Member**

The principal duties and responsibilities of each Committee Member are as follows: -

- (i) Participate an effective role and make recommendations for an effective meeting with regard to Risk and Sustainability matters;
- (ii) Utilize the available resources and systems in place to effectively contribute to the objective of the committee;
- (iii) Attend Meetings on a timely manner to deliberate on related matters and to suggest on action or steps to be implemented to remedy any risk or weak control area or any plans for further improvement;

## **Authority of Members**

All Members are empowered and granted the authority:

- (i) To have all the necessary resources required to perform their duties;
- (ii) To have access to any information pertaining to the risk / sustainability management working committee's activities of the Company / Group;
- (iii) To form sub-committee or Working Group on Risk / Sustainability Management in order to discharge its responsibilities within the Company / Group as and when needed; and
- (iv) To engage third party audit / consultant at the expense of the Company if the need arises to satisfy their doubts on matters pertaining the risk / sustainability management in the group by merely informing the Chairman of the Committee & the Board of his / her intention or purpose.

## **Disclosure on Risk and Sustainability Management Activities**

The Risk Management Committee shall ensure that the Company makes the following disclosures as required under Paragraph 15.26(b) of Bursa Securities Listing Requirements and Paragraph 42 of SORMIC Guidelines in its annual report on Risk Management and on Sustainability matters in accordance with Paragraph 29, Part A of Appendix 9C of Bursa Malaysia Securities Berhad, as well as Practice Note 9 of the Listing Requirements regarding the manner of sustainability disclosure as prescribed by Bursa.

**On Risk Management Statement**

- a. The main features of the company’s risk management and internal control system;*
- b. The ongoing process for identifying, evaluating and managing the significant risks faced by the company in its achievement of objectives and strategies;*
- c. That such process has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report;*
- d. The process it (or where applicable, through its committees) has applied in reviewing the risk management and internal control system and confirming that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review;*
- e. That a review on the adequacy and effectiveness of the risk management and internal control system has been undertaken;*
- f. The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework;*
- g. The process it has applied to deal with material internal control aspects of any significant problems disclosed in the annual report and financial statements;*
- h. Where material joint ventures and associates have not been dealt with as part of the group for the purposes of applying these guidelines, this should be disclosed; and*
- i. That the board has received assurance from the Chief Executive Officer and Chief Financial Controller stating that the company’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the company.*

**On Sustainability Statement**

- a. Ensure that the Sustainability Statement contains information that is balanced, comparable and meaningful based on the Sustainability Reporting Guide;*
- b. Sustainability Statement must include disclosures on the governance structure in place to manage the economic, environmental and social risks and opportunities (“sustainability matters);*
- c. Sustainability Statement shall include the disclosures on the scope of the Sustainability Statement and basis for the scope;*
- d. Sustainability Statement shall contain material sustainability matters on
  - (i) how they are identified;*
  - (ii) why they are important to the listed issuer; and*
  - (iii) how they are managed including details such as policies, measures or actions taken to deal with these sustainability matters; and indicators relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters.**

