



A member of **UEM Group**

UEM SUNRISE BERHAD

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TERMS OF REFERENCE OF THE BOARD GOVERNANCE & RISK COMMITTEE

As at 10 September 2021

BOARD GOVERNANCE & RISK COMMITTEE

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BOARD GOVERNANCE & RISK COMMITTEE

TERMS OF REFERENCE

1.0 OBJECTIVES OF THE BOARD GOVERNANCE & RISK COMMITTEE

1.1 The objectives of the Board Governance & Risk Committee ("the Committee") are to assist the Board of Directors ("the Board") of UEM Sunrise Berhad ("UEM Sunrise" or "the Company") in overseeing risk management matters in order to manage the overall risk exposure of the Company and its subsidiary companies ("Group"), overseeing the Group's governance and anti-corruption compliance matters and make the necessary recommendations with regard to risk, governance, anti-corruption compliance and sustainability matters in alignment to the Group's long-term strategy. The Committee shall:

- a) review the effectiveness of risk management practices in identifying, assessing and monitoring key business risks including cybersecurity risks and risks relating to data privacy, as well as internal processes to safeguard shareholders' investments and the Group's assets.
- b) oversee the formulation of a strong governance, ethical and integrity culture within the Group and provide oversight on the Group's integrity, governance and anti-corruption initiatives as well as potential risks arising from non-compliant practices in line with the applicable laws and regulatory requirements on anti-corruption.
- c) assist the Board on whistleblowing management by providing avenues for legitimate concerns to be objectively investigated and addressed.

2.0 COMPOSITION OF THE BOARD GOVERNANCE & RISK COMMITTEE

2.1 The Committee shall be appointed by the Board from amongst its members, including alternate Director(s), comprising exclusively non-executive director, a majority of whom are independent.

2.2 The composition of the Committee must not be less than three (3) members.

2.3 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2.4 If the Chairman is not determined by the Board, the members of the Committee shall elect a Chairman from among the members.

- 2.5 All members of the Committee, including the Chairman, shall hold office only for so long as they serve as Directors of the Company.
- 2.6 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary.

3.0 SECRETARY

- 3.1 The Company Secretary of UEM Sunrise and/or his/her representatives shall be the Secretary of the Committee.

4.0 DUTIES AND RESPONSIBILITIES OF THE BOARD GOVERNANCE & RISK COMMITTEE

- 4.1 The main duties and responsibilities of the Committee shall include but not be limited to the following:

4.1.1 Integrity and Anti-Corruption Governance

- a) Review and recommend the Group's integrity and anti-corruption governance and compliance framework for the approval of the Board to inculcate an ethical environment and promulgate good governance practices consistent with the Board's risk appetite, guided by applicable laws and regulations, including but not limited to, the Malaysian Code on Corporate Governance and the Malaysian Anti-Corruption Commission Act 2009.
- b) Review policy governance of the Group and its compliance with applicable laws and regulations on anti-corruption.
- c) Review adequacy of anti-corruption compliance programme of the Group and the implementation of relevant anti-graft/bribery/corruption control measures, including but not limited to, Anti-Bribery Management System ("ABMS"), due diligence process, anti-corruption compliance checks and monitoring, as well as authorities' raid procedures.
- d) Ensure ongoing awareness programme, communication, training and education on anti-corruption compliance and promote an integrity culture and behaviours to ensure the effectiveness of the integrity and anti-corruption management processes.

- e) Review and approve the annual anti-corruption compliance plan and ensure the adequacy of coverage. This plan may be represented by the Integrity and Anti-Corruption plan ("IACP").
- f) Review the Group's procedures for detecting corruption and fraud, including the adequacy and effectiveness of the whistleblowing policy and process to encourage the employees and stakeholders to raise genuine concerns about illegal, unethical or questionable practices in the Group without the risk of reprisal. This should include the following:
 - i. establish an accessible and confidential trusted reporting channel (whistleblowing channel), which may be used anonymously, for internal and external parties to raise concerns in relation to real or suspected corruption incidents or inadequacies of the anti-corruption programme;
 - ii. encourage individuals to report, in good faith, any suspected, attempted or actual corruption;
 - iii. establish a secure information management system to ensure the confidentiality of the whistleblower's identity and the information reported;
 - iv. prohibit retaliation against those making reports in good faith;
 - v. receive whistleblowing reports, direct and where appropriate supervise any investigation by an independent investigation team, and review investigation report on corruption and any major defalcation, frauds, thefts, unethical or questionable practices, and to recommend appropriate and prompt remedial action to be taken by Management;
 - vi. commission and appoint, where required, relevant external experts to investigate and report on any aspect of the whistleblowing cases at the Company's cost;
 - vii. deliberate and recommend appropriate course of actions upon completion of the investigation;
 - viii. notify the Board of UEM Sunrise for all cases related to corruption for its recommendations. The Board of UEM Sunrise shall be the ultimate decision maker for all corruption cases; and

- ix. make a recommendation to the Board of UEM Sunrise pertaining to disclosures that require escalation to any of the external enforcement agencies. The Board of UEM Sunrise shall then provide instructions to the Committee or other relevant party to notify the relevant enforcement agency.
- g) To consider other integrity and anti-corruption governance and compliance matters as defined by the Board.

4.1.2 Risk Management

- a) Assist the Board in identifying, reviewing and assessing the principal risks in the achievement of the Company's objectives and overseeing the implementation of appropriate systems/processes to manage these risks. These include areas of Enterprise Risk Management (including Operational and Business Risks, Market Risks, Legal & Regulatory Risks, Business Continuity and Crisis Management), Cybersecurity, Privacy, Ethics & Integrity Compliance, and Regulatory Compliance which include but not limited to requirements imposed by capital market authority, central bank (e.g. e-money, forex controls, anti-money laundering, etc.), local authorities (e.g. site permits, consumer protection measures, anti-competitive behaviours, ecology and environmental standards, health and safety), Bursa Malaysia Securities Berhad's Listing Requirements and domestic trade (e.g. anti-profiteering and commercial dealings of business partners).
- b) Review and recommend the risk management framework, policy and procedures as well as levels of tolerance and risk appetite for the approval and acknowledgement of the Board and provide guidance on the overall risk management strategy and directives for implementation to ensure that the principles and requirements of managing risk are consistently adopted throughout the Group.
- c) Review and recommend the corruption risk management policy and procedures for the approval and acknowledgement of the Board including compliance with Adequate Procedure Guidelines.

- d) Review periodically the risk management framework, risk profile, exposure and mitigating/remedial actions as well as manage and monitor risks within the levels of tolerance and appetite to ensure they are relevant and consistent with the Group's business strategy and level of operations in safeguarding the Group's assets and profitability and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks (i.e. financial and non-financial) in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities.
- e) Commission, where required, relevant experts for special projects to review, investigate, develop or report on specific aspects of the risk management processes of the Company at the Company's cost.
- f) Ensure the Group adopts sound and effective policies and procedures as well as adequate infrastructure, resources and systems are in place for effective risk management.
- g) Liaise closely with the other Board Committees to exchange information relevant to risk management and risk governance matters.
- h) Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management.
- i) Review and recommend the business continuity framework, policy and procedures for the approval of the Board and ensure that a robust business continuity management programme is consistently adopted throughout the Group to improve its resilience and preparedness for any disruptions and stress conditions.
- j) Review and provide oversight of risk governance related matters including, but not limited to, review and recommend Discretionary Authority Limits ("DAL") as well as relevant annual report sections.
- k) Ensure ongoing awareness programme, communication, training and education on risk management and promote a healthy risk management culture and behaviours to ensure the effectiveness of the risk management processes.
- l) To consider other matters relating to risk management, including governance and relevant legislature applicable in all operating areas of the Group as defined by the Board.

4.1.3 Sustainability Governance

- a) Review and provide oversight of sustainability governance to ensure alignment with the Group's business strategy through effective management of significant and material economic, environment and social matters impacting the principal businesses of the Group.
 - b) Assist the Board in setting the Company's sustainability strategies, priorities and targets for the Board's consideration when it oversees the planning, performance and long-term strategy of the Company, to ensure the Company remains resilient and is able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders.
- 4.2 Apart from the oversight of the functions of Integrity and Governance Unit of the Group, the Committee shall not assume the functions of Management, which remain the responsibility of the Managing Director and/or Chief Executive Officer and other members of the Senior Management. The role of the Committee is to assist the Board in ensuring that the Group has in place a sound and robust governance and enterprise risk management framework and such framework has been effectively implemented to enhance the Group's ability to achieve its strategic objectives.

5.0 AUTHORITY OF THE BOARD GOVERNANCE & RISK COMMITTEE

- 5.1 In carrying out its duties and responsibilities, the Committee will have the following rights:
- 5.1.1 Explicit authority to investigate any matter within its terms of reference and to appoint such independent expert(s) or investigator(s), as appropriate, at the Company's cost.
 - 5.1.2 Access to resources that are required to perform its duties at the Company's cost.
 - 5.1.3 Full, free and unrestricted access to any information, records, properties and personnel of the Company and of any other companies within the Group.
 - 5.1.4 Be able, at the Company's cost, to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee.
 - 5.1.5 Access to the advice and services of the Company Secretary.

6.0 BOARD GOVERNANCE & RISK COMMITTEE MEETINGS

- 6.1 The Committee will meet at least four (4) times in each financial year. Additional meetings may be called as and when required, at the discretion of the Committee Chairman.
- 6.2 The quorum for each meeting shall consist of at least two (2) members.
- 6.3 The meetings shall be chaired by the Chairman of the Committee. In the absence of the Chairman, the members present shall elect from among themselves, as Chairman for the meeting.
- 6.4 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the Committee shall seek the Board's approval to appoint on an ad-hoc basis, another candidate(s) who meets the membership criteria.
- 6.5 Recommendations of the Committee are submitted to the Board for approval.
- 6.6 The Secretary of the Committee and/or his/her representatives shall be in attendance at all Committee meetings and record the proceedings of the meeting thereat.
- 6.7 Minutes of each meeting shall be kept as part of the statutory record of the Company upon adoption by the Committee.
- 6.8 A resolution in writing signed and approved by the Committee members who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be forwarded or otherwise delivered to the Secretary of the Committee without delay and shall be recorded by him/her in the Company's Minute Book. Any such resolution may consist of several documents in like form each signed by one or more Committee members.
- 6.9 A meeting of the Committee may be held by means of telephone, videoconference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.

- 6.10 The Managing Director and/or Chief Executive Officer and/or any employee and/or professional advisors may be invited to attend the meetings where their presence are considered appropriate as determined by the Committee Chairman.

7.0 CHAIRMAN OF THE BOARD GOVERNANCE & RISK COMMITTEE

- 7.1 The following are the main duties and responsibilities of the Committee Chairman:

- 7.1.1 Help the Committee fulfil the goals it sets by assigning specific tasks to members of the Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
- 7.1.2 Engage with the Secretary of the Committee on matters relating to its Terms of Reference and how those responsibilities should be discharged.
- 7.1.3 Provide a reasonable time for discussion at the meeting. Organise and present the agenda for regular or special Committee meetings based on input from members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage healthy debate on the issue at hand and bring to the Committee a healthy level of scepticism and independence. The Chairman will report to the Board after each meeting.
- 7.1.4 Provide leadership to the Committee, ensure proper flow of information to the Committee and review the adequacy and timing of documentation.
- 7.1.5 Secure good corporate governance and ensure that members look beyond their Committee function and accept their share of responsibilities of governance materials in support of management's proposals.
- 7.1.6 Manage the processes and workings of the Committee and ensure that the Committee discharges its responsibilities in accordance with the Terms of Reference.
- 7.1.7 Ensure that every Committee resolution is put to a vote to ensure that it is the will of the majority that prevails.

8.0 BOARD GOVERNANCE & RISK COMMITTEE MEMBERS

- 8.1 Each Committee member is expected to:

- 8.1.1 Provide his/her opinion to the fact-finding, analysis and decision-making process of the Committee.
- 8.1.2 Consider the views from the other Committee members; make decisions and recommendations in the best interest of the Board and UEM Sunrise.
- 8.1.3 Ensure that all whistleblowing case management and investigations are conducted in a fair, transparent, and timely manner.
- 8.1.4 Keep abreast of the latest corporate governance and anti-corruption guidelines and best practices in relation to the Committee and the Board as a whole.
- 8.1.5 Practise highest level of integrity; comply to laws and regulations on anti-corruption; effectively manage corruption risks and provide assurance to stakeholders on the effectiveness of the anti-corruption compliance programme.

9.0 REVISION OF THE TERMS OF REFERENCE

- 9.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee, shall first be presented to the Board for its approval.
- 9.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference.
- 9.3 The Terms of Reference shall also be reviewed periodically and updated as and when necessary.