

**LYSAGHT GALVANIZED STEEL BERHAD**  
**THE SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE**  
**TERMS OF REFERENCE**

**Composition of the Sustainability and Risk Management Committee**

The Committee shall be appointed by the Board from among its Directors and shall fulfill the following requirements:-

- a) the Committee shall be composed of no fewer than three (3) members; and
- b) the Committee shall consist mainly of non-Executive Directors.

The Chairman of the Committee and the members shall be appointed by the Board based on the recommendations of the Nomination Committee.

The Board shall periodically review the membership and terms of reference of the Committee to determine its adequacy for current circumstances and the Committee may recommend any change it considers necessary to the Board for approval.

**Rights**

The Committee shall, in accordance with the procedure determined by the Board and at the expense of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the internal and external auditors and with Senior Executive Management;
- e) be able to obtain independent professional or other advice.

**Functions**

The functions of the Committee shall include the following:-

- (1) to define and recommend the principles, framework and process for managing risks within the Group, for consideration and approval by the Board.
- (2) to develop and implement an Enterprise Risk Management (ERM) framework.
- (3) to review the risk management policy development by Management pursuant of its business.
- (4) to review and approve the Risk Management Framework Document.
- (5) to provide directions to Management on risk matters.
- (6) identify and approve to the extent necessary, on resources and staffing required for effective risk management.

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- (7) to carry out such other functions as may be necessary or desirable to ensure effective risk management system in place.
- (8) review and approve the inclusion of revisions to the risk management principles, framework and process arising from the Committee or the Board's decision to ensure that they remain relevant for the Group.
- (9) review and recommend the Corporate Risk Profile which specifies key enterprise risks, for approval by the Board.
- (10) review, monitor and assess the effectiveness of risk treatment/mitigation action plan(s) for the management and control of the enterprise risks.
- (11) review if necessary together with other Committees, the Management, internal auditors and external auditors, any significant risks that could affect the Group and assess the steps that the Management has taken to manage such risks.
- (12) review the annual risk management report on adequacy and effectiveness of risk management within the Group.
- (13) review the effectiveness of Corporate Risk Management function in the overall implementation of risk management framework and process in the Group.
- (14) review the compliance framework, the plan and the scope of work of the compliance function.
- (15) monitor the overall compliance to the internal policies, statutory and regulatory requirements as well as guidelines for the Group.
- (16) review, manage and monitor risks that could potentially impact the Group and to oversee the implementation of risk governance on behalf of the Board by:
  - a) approving the Board's acceptable risk appetite;
  - b) evaluating the principal risks and ensuring that these risks are appropriately communicated to management;
  - c) establishing in general, the risk management and control policies for the Group;
  - d) ensuring that the Group has implemented an effective ongoing process to identify risk, to measure the potential impacts against a broad set of assumptions, and then to activate what is necessary to proactively pre-empt or manage these risks; and
  - e) ensuring timely and regular receipt of reports from management of principal risks and that appropriate follow-up measures are implemented on a timely basis.
- (17) review, manage and monitor the Anti-Bribery and Corruption Policy set up by the committee to ensure the compliance of Section 17A of MACC (Amendment) Act 2018.

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- (18) reassess and update the Anti-Bribery and Corruption Policy at least once every three (3) years pursuant to Paragraph 15.29(1)(b) of the amended Main Market Listing Requirement.
- (19) assist the Board in fulfilling responsibilities in relation to Group's sustainability strategy and goals focusing on economic, environment and social aspect of the Group. This includes the following:
- Establish and recommend for the Board's approval the Group's sustainability strategy, material matters, policies and guidelines and sustainability risk tolerance levels;
  - Review the effectiveness of the Group's sustainability strategies, policies and principles against the priorities and targets as set by the Board;
  - Oversee the processes, framework and strategies designed to manage environment, social and governance, covering matters such as safety, health, employment practices, environmental practices, human rights, community relations and other relevant sustainability matters;
  - Review and monitor the Group's sustainability key performance against the sustainability strategies and targets set, including climate-related risks and opportunities;
  - Review the Company's Sustainability Report and any other specific reports (if any) prior to recommendation to the Board for approval;
  - To perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board.

**Meetings and Minutes**

- (1) Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

- (2) Frequency of Meetings

Meetings of the Committee shall be held at least twice (2) a year. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting.

Other Board members and any other persons may attend any particular meeting only at the Committee's invitation.

- (3) Notice of Meeting

Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.

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Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received in a timely manner to enable full and proper consideration.

(4) Quorum for Meetings

The quorum for the meeting shall be majority of members for the Committee meeting to be held.

(5) Minutes of Meetings

The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Committee unless it is deemed inappropriate to do so.

(6) Reporting Responsibilities

The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.