

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

1. Introduction

For the purposes of this document, “Company” refers to Farlim Group (Malaysia) Bhd. and “Group” refers to Farlim Group (Malaysia) Bhd. and its subsidiaries.

2. Composition

The Sustainability and Risk Management Committee (“SRMC”) should comprise at least three (3) members, with the majority of Non-executive Independent Directors. The vacancy causing the members of the Committee to be less than the above requirement shall be filled out within three (3) months.

The Chairman of the Board of Directors (“Board”) should not be a member of the SRMC.

3. Quorum

The majority of members who are the Independent Directors present in a meeting shall constitute a quorum.

4. Secretary

The Company Secretary shall act as Secretary of the SRMC.

5. Functions

The SRMC shall carry out the following functions and report to the Board:

- Review the appropriateness of the sustainability and risk management strategies, policies, risk appetite and tolerances in consideration of the Group’s business objectives;
- Ensure the implementation of the sustainability and risk management framework and review the adequacy and effectiveness thereof in identifying, assessing and managing risks;
- Evaluate the effectiveness of mitigation action taken to address the identified risks;
- Review the adequacy of the resources and competency of the sustainability and risk management function of the Group;
- Jointly with the Audit Committee, review the Statement on Sustainability and Risk Management and Internal Control;
- Oversee the management of the material sustainability matters and ensure that:

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- i. sustainability is being considered when developing and implementing company strategies, business plans, major action plans and making sustainability and risk management decisions;
- ii. the strategic plan of the company supports long-term value creation and underpinning sustainability;
- iii. the Group's sustainability strategies, priorities and targets, as well as its performance against these targets, are communicated to internal and external stakeholders;
- iv. resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
- v. the sustainability disclosure complies with the regulatory reporting requirements.

6. Meetings and Minutes

The Committee shall meet at least annually or as and when the need arises. On the request of any member, the Secretary shall summon a meeting at any time by giving all members seven days' notice in writing. A meeting may, with the consent of the majority of the members, be convened with a shorter notice.

In the absence of the Chairman, the members present shall elect one of their members, being an Independent Director, to chair the meeting.

The SRMC may hold meetings at two or more venues using information technology that gives all SRMC members a reasonable opportunity to participate in the meeting. Directors, employees, auditors or other individuals may attend meetings by invitation.

Minutes of each meeting shall be circulated to the SRMC members and presented to the Board. Issues discussed and actions recommended by the SRMC shall be presented and reported to the Board.

7. Access to Advice

Subject to the approval of the Board, the SRMC may seek independent professional advice in discharging their responsibilities at the expense of the Company.

8. Review of Terms of Reference

These Terms of Reference shall be reviewed periodically to ensure they are consistent with the Board's objectives, current regulatory requirements and corporate governance practices. Amendments to the Terms of Reference shall be approved with a board resolution.