EXSIM HOSPITALITY

EXSIM HOSPITALITY BERHAD

Registration No.: 198301000236 (95469-W)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

1. INTRODUCTION

1.1 EXSIM Hospitality Berhad ("**Company**") is principally an investment holding company. The Company and its subsidiaries (collectively, the "**Group**") are principally involved in hospitality-related activities, including the operation of hotels and hospitality assets, short-term accommodation and property management, specialised fit-out services for hospitality assets, renovation and refurbishment works and other related activities. The Group has also diversified into construction works and related activities and the centralised procurement of building materials and household appliances and related activities.

1.2 The Board of Directors of the Company ("**Board**") retains ultimate responsibility and oversight for the Group's sustainability, risk management and internal control systems, including the approval of the Group's strategic direction, risk appetite, material sustainability matters and disclosures.

1.3 The Sustainability and Risk Management Committee ("**SRMC**") is established by the Board as a management-level committee to assist the Board and the Audit Committee ("**AC**"), where applicable, by coordinating the implementation, monitoring and reporting of the Group's sustainability and risk management activities.

1.4 For the avoidance of doubt, the SRMC is not a committee of the Board. The establishment of the SRMC does not diminish or transfer the responsibilities of the Board, the AC, individual Directors, management, business heads or risk owners.

2. OBJECTIVES

The objectives of the SRMC are to:-

(a) provide a single management forum for the integrated consideration of enterprise risks and sustainability-related risks and opportunities;

(b) promote consistent implementation of the frameworks, policies, strategies and targets approved by the Board;

(c) strengthen ownership, accountability and coordination among Executive Directors ("**EDs**"), Key Senior Management ("**KSM**"), business units and risk or data owners;

(d) improve the quality, consistency and traceability of information used for management decisions and corporate disclosures; and

(e) ensure the timely escalation of material matters to the AC and/or the Board, as appropriate.

3. DUTIES AND RESPONSIBILITIES

The SRMC shall perform the following duties within the authority delegated to it:

3.1. Enterprise Risk Management

(a) implement and monitor the Group's risk management framework, policies, risk appetite and risk tolerance parameters as approved by the Board;

(b) coordinate the identification, assessment, prioritisation, treatment and monitoring of principal and emerging risks across the Group, and ensure that risk owners, mitigation plans, key risk indicators and target completion dates are clearly assigned;

(c) review the Group's consolidated risk register, risk dashboard and material changes in risk exposure, including the interdependencies between financial and non-financial risks;

(d) monitor the effectiveness and timeliness of risk mitigation measures and require risk owners to address overdue or inadequate actions;

(e) review material risk assessments relating to proposed acquisitions, disposals, business diversification, financing, capital expenditure, major projects or contracts and other significant proposals before submission to the relevant approving authority;

(f) monitor, where relevant to the Group, business continuity and crisis readiness, project delivery, cybersecurity, data protection, workplace health and safety, fraud, bribery and corruption, regulatory compliance, counterparty and reputational risks;

(g) promote risk awareness and appropriate risk management practices throughout the Group; and

(h) review the adequacy and continuing relevance of the risk management framework at least annually and recommend material changes to the AC and/or Board.

3.2. Sustainability Management

(a) implement and monitor the Group's sustainability strategy, policies, commitments, goals and targets as approved by the Board;

(b) coordinate the identification and assessment of material sustainability matters, including relevant environmental, social and governance ("ESG") risks and opportunities, stakeholder concerns and changes in the Group's operating environment;

(c) ensure that material sustainability matters are integrated, where relevant, into business planning, enterprise risk management, capital allocation, project evaluation, procurement and operational decision-making;

(d) recommend sustainability policies, material matters, targets and action plans for the Board's approval and monitor performance against the approved targets;

(e) oversee the assignment of accountable owners for sustainability initiatives, indicators and data, including appropriate documentation and controls over data collection;

(f) monitor climate-related and other emerging sustainability risks and opportunities relevant to the Group, including any approved transition or resilience measures; and

(g) coordinate sustainability initiatives across the Group and identify areas requiring resources, capability building or external expertise.

3.3. Reporting and Disclosures

(a) oversee the preparation of the Group's sustainability statement and other sustainability-related disclosures required by applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and other applicable standards or frameworks;

(b) review the completeness, balance, consistency and supporting records for sustainability disclosures, and recommend the disclosures to the Board for approval;

(c) provide the AC and the Board with management information required for the preparation and review of the Statement on Risk Management and Internal Control and other risk-related disclosures;

(d) assess the Group's readiness for internal or external assurance over sustainability information and monitor the rectification of material findings; and

(e) ensure that significant limitations, data gaps, control weaknesses or instances of non-compliance affecting disclosures are promptly escalated.

3.4. Assurance, Compliance and Integrity

(a) consider risk and sustainability matters arising from internal audit reviews, external assurance engagements, regulatory observations and reports by professional advisers, and monitor management's corrective actions;

(b) monitor significant compliance, integrity, anti-bribery and anti-corruption risks and the effectiveness of related management controls, without limiting the responsibilities assigned to the Board, the AC or other functions;

(c) coordinate with the AC, internal auditors, external auditors and relevant control functions on matters of common concern, while preserving the independence and reporting lines of those parties; and

(d) perform such other sustainability or risk management functions as may be assigned by the Board from time to time.

4. REPORTING AND ESCALATION

4.1 The SRMC shall report through its Chairman or a designated member as follows:

(a) sustainability strategies, material sustainability matters, targets, performance and proposed disclosures shall be reported and/or recommended to the Board;

(b) risk management and internal control matters shall be reported to the AC and, where required or appropriate, the Board; and

(c) any material matter requiring urgent attention shall be escalated promptly without waiting for the next scheduled meeting.

4.2 The SRMC shall provide formal updates at least half-yearly, or more frequently as requested by the AC or the Board. Such updates should include the principal risks, material sustainability matters, performance against targets, overdue actions, significant incidents and matters requiring approval or direction.

4.3 The Chairman shall ensure that significant differences of view, unresolved matters and resource constraints are fairly presented to the AC and/or the Board.

5. COMPOSITION

5.1 The SRMC shall comprise not fewer than three (3) members consisting of EDs and KSM of the Group. Membership should collectively provide an appropriate mix of authority, operational knowledge and experience in risk, finance, compliance, sustainability and the Group's businesses.

5.2 The Chairman of the SRMC shall be an ED appointed by the Board.

5.3 Other members shall be appointed by the Board or by such person as may be authorised by the Board. Members may include, where applicable, other EDs and KSM responsible for finance, operations, business units, risk, compliance, sustainability, projects, procurement, human resources or other relevant functions.

5.4 In the absence of the Chairman, an ED who is a member of the SRMC shall chair the meeting. If more than one ED member is present, the ED members present shall select one amongst themselves to chair the meeting.

5.5 A member's appointment shall cease upon his or her resignation, removal, cessation of the relevant office or employment, or such other date determined by the appointing authority. Any vacancy shall be filled as soon as practicable.

5.6 Relevant Heads of Department, risk owners, data owners, internal auditors, external auditors, professional advisers or other persons may be invited to attend all or part of a meeting. Invitees shall not be regarded as members and shall have no voting rights.

5.7 Each member shall disclose any actual or potential conflict of interest in a matter under consideration and shall abstain from deliberation and decision on that matter where appropriate. The disclosure and abstention shall be recorded in the minutes.

6. SECRETARY

6.1 The Company Secretary or such other person appointed by the Chairman shall act as Secretary of the SRMC ("**Secretary**").

6.2 The Secretary shall, in consultation with the Chairman, arrange meetings, prepare and circulate the agenda and supporting papers, record the proceedings and decisions, maintain the minutes and track matters arising.

7. MEETINGS

7.1 The SRMC shall meet at least two (2) times in each financial year and more frequently where required by the Group's risk profile, reporting timetable or circumstances.

7.2 The Chairman may convene a meeting at any time. Any two (2) members may request the Chairman to convene a meeting to consider a material or urgent matter.

7.3 Notice, agenda and meeting papers should be circulated at least five (5) business days before a meeting, where practicable. A shorter notice period may be used for urgent matters with the Chairman's approval.

7.4 The quorum shall be two (2) members, including the Chairman or another ED who is a member of the SRMC.

7.5 Meetings may be held in person or by telephone, video conference or any other communication facility that enables all participants to hear and communicate with each other. Participation through such facility shall constitute presence at the meeting.

7.6 The SRMC should seek to reach decisions by consensus. Where a vote is required, each member present shall have one (1) vote and the matter shall be decided by a simple majority. In the event of an equality of votes, the Chairman shall have a casting vote, subject always to the limitations in Clause 9.

7.7 An urgent decision may be made through written or electronic confirmation by a majority of all members, including the Chairman. The decision and supporting basis shall be recorded and tabled at the next meeting.

8. AUTHORITY

Subject to the Group's approved limits of authority, policies and budget, the SRMC is authorised to:-

(a) obtain from the Group's employees the information, records and explanations reasonably required to discharge its responsibilities;

(b) require business heads, risk owners, data owners and action owners to attend meetings and provide timely updates;

(c) request assistance from the Group's internal auditors, external auditors, Company Secretary and other professional advisers, subject to their respective roles and independence;

(d) recommend the engagement of external advisers or assurance providers where specialised advice is required; and

(e) establish working groups and assign specific tasks, provided that the SRMC remains responsible for oversight and reporting.

9. LIMITATIONS OF AUTHORITY

9.1 Unless expressly authorised under the Group's limits of authority or by the Board, the SRMC shall not:

(a) approve any transaction, commitment, policy, target, disclosure or other matter reserved for the Board, the AC or another approving authority;

(b) bind the Company or any subsidiary to a contractual or financial obligation;

(c) approve the release of any public announcement, sustainability statement or other corporate disclosure; or

(d) exercise the functions or represent itself as a committee of the Board.

9.2 The SRMC's review of a matter does not replace the responsibility of the relevant management, business, risk or data owner, nor any independent review required from internal audit, external audit or an assurance provider.

10. MINUTES AND RECORDS

10.1 The Secretary shall prepare minutes recording the attendance, declarations of interest, material deliberations, decisions, recommendations, action owners and target dates.

10.2 Draft minutes should be circulated to the members within a reasonable period after each meeting and confirmed at the next meeting or by such other method agreed by the members.

10.3 Confirmed minutes or an appropriate summary shall be made available to the AC and the Board to keep them adequately informed, subject to the reporting routes in Clause 4.

10.4 Records of the SRMC shall be retained with the Company Secretary and the Management.

11. CONFIDENTIALITY

11.1 Members and invitees shall maintain the confidentiality of all information received or discussed and shall use such information only for the proper discharge of their duties, except where disclosure is authorised or required by law or regulation.

12. REVIEW OF THE TOR

12.1 The SRMC shall review this TOR at least once every three (3) years or earlier when there is a material change in the Group's structure, business, regulatory requirements or governance arrangements, and recommend any amendment to the Board for approval.

12.2 Any amendment to this TOR shall take effect only upon approval by the Board.

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