



**PENGURUSAN AIR SELANGOR SDN. BHD.**  
[Company No.: 201401006213 (1082296-U)]

**TERMS OF REFERENCE OF  
BOARD RISK & SUSTAINABILITY COMMITTEE  
(BRSC)**

(Approved by the Board of Directors on 16 January 2023)

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## **1.0 PURPOSE**

- 1.1 The primary function of the Board Risk and Sustainability Committee (“BRSC” or “the Committee”) is to assist the Board of Directors (“Board”) in overseeing the effectiveness of the risk management framework and the integration of sustainability into the corporate strategy and decision-making of the Company.
- 1.2 The BRSC’s objectives are as follows:
- a) Overseeing risk management matters (including business continuity management) in order to manage the overall risk exposure of the Company.
  - b) Review the effectiveness of the Risk Management Framework in identifying, evaluating and monitoring key business risks and internal processes to remain aligned to the Company’s objective, strategy and business goals.
  - c) Set, review and recommend to the Board for approval the Company’s sustainability strategies, priorities, and targets.
  - d) Oversee the integration of sustainability considerations into corporate strategy, business plans, risk management and investment decision-making processes.
  - e) Ensure effective communication of the Company’s Risk Management & Sustainability performance to internal and external stakeholders via the Company’s Sustainability Report.

## **2.0 COMPOSITION**

- 2.1 Members of the BRSC shall be appointed by the Board. The BRSC shall consist of not less than three (3) members. A majority of the BRSC members shall be Independent Non-Executive Directors. The Chairman of the Board shall not be a member of the BRSC.
- 2.2 The Chairman of the BRSC shall be an Independent Non-Executive Director appointed by the Board.
- 2.3 No alternate Director shall be appointed as a member of the BRSC.
- 2.4 The BRSC members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Company operates in order to challenge and facilitate robust discussions on the management of the Company’s key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Company.

- 2.5 The appointment of a BRSC member terminates when the member ceases to be a Director, or as determined by the Board.
- 2.6 The BRSC members may relinquish their membership in the BRSC with prior written notice to the Company Secretary. In the event of any vacancy arising in the BRSC resulting in the number of members of the BRSC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancy.

### **3.0 AUTHORITY**

- 3.1 The BRSC is authorised by the Board and at the expense of the Company to perform the following:
- a) Secure the necessary resources in order to perform its duties as set out in its terms of reference;
  - b) Have direct communication channels and unrestricted access to Senior Management including the Company's information, records, reports, properties, and personnel;
  - c) Instruct the Risk Management Department to perform duties as necessary to support the BRSC in discharging its functions and duties;
  - d) Obtain the assistance of management and Company officers, where necessary;
  - e) Obtain external legal or other independent professional advice as necessary and to invite external parties with relevant expertise to attend the BRSC meetings (if required) and to brief the BRSC. Prior to the selection of such an advisor, the Committee shall carry out an independent assessment of such an advisor; and
  - f) Request other Directors, members of Board Committees / management, to participate in the BRSC meetings, as necessary, to carry out the BRSC's responsibilities, provided that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the BRSC, unless he or she is a member of the BRSC.
- 3.2 The BRSC shall make recommendations to the Board on risk and sustainability related matters for the Board's consideration and approval for implementation, but the BRSC has no executive power to implement such recommendations on behalf of the Board.

## **4.0 FUNCTIONS AND DUTIES**

### **4.1 Risk Management:**

- (a) Review and recommend the Company's risk management framework (including business continuity management) based on internationally recognized risk management framework, policies and procedures to the Board for approval and provide guidance on the overall risk management strategy and directives for implementation and consistent application throughout the Company;
- (b) Conduct periodic review of the Company's risk management framework. Where required, insights or changes made to the risk framework arising from the review will be disclosed to the Board appropriately;
- (c) Assist the Board in the review of Company's risk profile. This includes reviewing, highlighting, and monitoring of any strategic / significant risks that could affect the Company in achieving its objectives;
- (d) Review, monitor, and provide feedback on the effectiveness of risk management strategies for key business risks and any new emerging threats or risks related to finance, operations, regulatory compliance, reputation, cyber security, climate-related risks and sustainability by considering the complexity, level of risk exposure and adequacy of the risk strategies;
- (e) Provide direction on risk appetite setting, determine and communicate the risk tolerance level and ensure the embedment of risk management consideration before the approval of business plans, financial budget, major projects / investments / decisions; and
- (f) Review and recommend the business continuity framework and strategies for approval and ensure that a robust business continuity management programme is implemented to improve its business resilience and preparedness for any disruption and stress conditions.

### **4.2 Sustainability:**

- (a) Review and recommend to the Board for approval the Company's sustainability policies, strategies, and framework.
- (b) Review the effectiveness of the Company's sustainability strategies and the adoption of sustainability-related policies and / or standards;
- (c) Oversee all sustainability disclosures made by the Company and provide information and advice to the Board in relation to those disclosures as required;
- (d) Oversee the Company's approach to stakeholder communications regarding sustainability matters;

- (e) Monitor the Company's sustainability performance indicators and advise the Board on the Company's sustainability performance against identified metrics and targets;
- (f) Monitor developments and emerging best practices on sustainability approaches (including those related to climate change risks and opportunities) and provide advice against the Company's corporate strategy; and
- (g) Provide input and guidance to the Company's management and the Risk Management Department on sustainability matters where appropriate.

## **5.0 MEETINGS**

### **5.1 Frequency**

- (a) The BRSC shall meet on a quarterly basis and at such other time(s) as it deems necessary to fulfil its responsibilities.
- (b) The Head of Risk Management Department shall attend meetings of the BRSC as a permanent invitee. Other Directors, members of the Board Committees / management may attend meetings upon invitation of the BRSC.

### **5.2 Notice & Agenda**

- (a) The Company Secretary shall issue and circulate the notice of the BRSC meetings to the BRSC members and all those who are required to attend the meeting, confirming the venue, time, and date at least seven (7) working days or at a shorter notice period agreed to by the members before each meeting.
- (b) The agenda for each meeting including relevant documents and information requested by the BRSC shall be circulated at least five (5) working days before each meeting to the BRSC members and all those who are required to attend the meeting.
- (c) The BRSC meeting agendas shall be set by the Chairman with input from the BRSC members and Risk Management Department, and assisted by the Company Secretary. Where necessary, the agenda shall include input from management or other persons deemed appropriate to participate in this process.
- (d) Upon the request of a member of the BRSC and subject to approval by the BRSC Chairman, the Company Secretary shall, at any time call for a meeting of the BRSC. Each member of the BRSC shall receive notice of such meeting orally in person or in writing or by telephone or by facsimile or

electronic transmission or by such other means as the members may from time to time determine. Any notice given orally, in person or by telephone shall be confirmed in writing.

### 5.3 Quorum

- (a) The quorum for a meeting of the BRSC shall be at least two (2) members. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

### 5.4 Meeting Mode

- (a) A meeting of the BRSC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, online video conferencing, or any other appropriate means as determined by the BRSC and a member who participates in such meeting shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- (b) The BRSC may from time to time and if deemed appropriate, consider, and approve and / or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting.
- (c) The Circular Resolution signed or approved by letter or electronic mail or other forms of electronic communication or electronic signature (e-signature) by the **majority** of the BRSC members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the BRSC duly called and constituted subject to 5.5(b) below. Any such resolution may consist of several documents in the like form, each signed by one (1) or more Committee members.

### 5.5 Voting

- (a) All resolutions of the BRSC shall be adopted by a **simple majority** vote, each member having one vote. In case of equality of votes, the Chairman of the BRSC shall have a second or casting vote.
- (b) BRSC member is required to disclose and abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

### 5.6 Meeting Minutes

- (a) The minutes of the meeting shall be action-oriented and record the deliberations and decisions of the BRSC. Minutes shall include compiled

Board instructions as Matters Arising for discussion at each BRSC meeting to ensure proper follow-through.

- (b) Minutes shall be distributed to BRSC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

## **5.7 Secretary**

- (a) The Secretary to the BRSC shall be the Company Secretary or a person recommended by the Company Secretary and approved by the Board.
- (b) The Secretary shall organise and provide assistance at BRSC meetings and have the following key responsibilities:
  - (i) Draw up meeting agendas in consultation with the BRSC Chairman. The agenda shall be sent to all Members of the BRSC and any other persons who may be required to attend the meeting;
  - (ii) Assist the Chairman in planning the BRSC's activities in accordance with its Terms of Reference;
  - (iii) Ensure meetings are arranged and held accordingly;
  - (iv) Ensure proceedings of meetings are recorded and the minutes circulated in a timely manner and approved by the BRSC before disseminating them to the Board;
  - (v) Ensure structured communication channels between the Board and the BRSC;
  - (vi) Safeguarding and control the access / distribution of the minutes of meeting; and
  - (vii) Ensure BRSC's recommendations presented to the Board are supported by papers that explain the rationale for the BRSC's recommendations.

## **6.0 OTHER MATTERS**

- 6.1 The Board may delegate authority and responsibilities to the BRSC as the Board deems appropriate and, periodically review such delegations, if any.
- 6.2 The BRSC consider and examine all such other matters as the BRSC considers appropriate or as directed by the Board.

## **7.0 DISCLOSURE REQUIREMENTS**

- 7.1 The BRSC shall assist the Board in making certain disclosures concerning the activities of the Committee, and other reports such as the Statement on Risk



Management and Internal Control (SORMIC) to be disclosed in the Annual Report.

## **8.0 ANNUAL PERFORMANCE ASSESSMENT**

- 8.1 The BRSC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in the terms of reference and report the findings to the Board.
- 8.2 The Board shall review the composition, performance and effectiveness of the BRSC and each of its members annually to ensure that the BRSC has the right composition and relevant skills and expertise to effectively fulfill their roles.

## **9.0 REVIEW OF THE TERMS OF REFERENCE**

- 9.1 The BRSC shall recommend any changes to its terms of reference in such manner as the BRSC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the BRSC's role.

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