

KGW GROUP BERHAD
(Registration No. 202201009353 (1455050-D))

Sustainability and Risk Management Committee Terms of References

1. PRIMARY PURPOSES

The primary objective of the Sustainability and Risk Management Committee (“**SRMC**” or “**Committee**”) is to assist the Board of Directors (“**Board**”) of KGW Group Berhad (“**KGW**” or the “**Company**”) in fulfilling its corporate governance oversight responsibilities for an effective Risk Management Framework with internal control and sustainability matters focusing on the economic, environmental and social (“**EES**”) aspect of the Company/Group.

2. COMPOSITION

The Risk Management Committee was officially set up as the Audit and Risk Management Committee (“**ARMC**”) on 27 November 2023 and thereafter the ARMC Committee was separated into the Audit Committee (“**AC**”) and Risk Management Committee (“**RMC**”), and subsequently redesignated as the Sustainability and Risk Management Committee on 26 February 2025 (“**SRMC**”).

The composition of SRMC shall be appointed by the Board from amongst the directors of the Company and shall comprise of at least three (3) members, with a majority of whom must be Independent Non-Executive Directors and one (1) member must be an Executive Director.

No alternate director shall be appointed as a member of the Committee.

If a member of the Committee resigns or for any other reason ceases to be a member and as a result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. CHAIRMAN

The Committee shall elect a Chairman from amongst the SRMC members. The Chairman shall be an Independent Non-Executive Director and must not be the Chairman of the Board of Directors.

4. AUTHORITY

The Committee is authorised by the Board:

- i) To have full and unrestricted access to information and resources required from the management of the Company to perform its duties.
- ii) To call for anyone in the Company to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
- iii) To obtain, at the Company’s expense, external independent legal or other professional advice on any matters it deem necessary within its terms of reference.

5. DUTIES AND RESPONSIBILITIES

The functions of the Committee are as follows:

5.1 Risk Management

- i) Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for the Board's approval to safeguard shareholders' investments and the Company's assets;
- ii) Disclose the adequacy and effectiveness of risk assessment results based on the actual findings and potential impact of any failure or weakness, particularly those related to financial performance or conditions that may affect the Group;
- iii) Provide the Board with reasonable assurance that adverse impacts arising from foreseeable uncertainties are mitigated and managed;
- iv) Ensure the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment;
- v) Ensure there is an active process to identify, assess, manage and monitor principal risks to safeguard shareholder's investment and Group's asset and give timely input to both the Board and the Management;
- vi) Ensure that risk management and internal control system are adequate to manage the risk and corrective measures are available to remedy failure and/or weaknesses;
- vii) Ensure the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks);
- viii) To review adequacy and effectiveness of the risk management process to identify key organisational risks and the systems and processes in place to manage those risks;
- ix) To review and assess the steps and actions that the management has implemented or wish to implement to manage and mitigate identifiable risks;
- x) To review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for the Board's approval to safeguard shareholder's investment and the Company's assets;
- xi) To review the effectiveness of systems for monitoring compliance with laws and regulations;
- xii) To review all related party transactions and potential conflict of interests situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- xiii) Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects;

5. DUTIES AND RESPONSIBILITIES (CONT'D)

- xiv) Submit all findings and recommendations of the Committee to the Board for approval and notation; and
- xv) Promote healthy risk culture and observe dysfunctional trends that could undermine the performance of the risk management process.

5.2 Sustainability

- i) Oversees the overall effectiveness of the Group's strategies, targets, policies and roadmap pertaining to sustainability recommended by the Sustainability Working Committee ("**SWC**");
- ii) Assist the Board to establish an effective Sustainability Policy ("**Policy**") and disclose the adequacy and effectiveness;
- iii) Review and recommend to the Board of the key decisions on sustainability matters are made and aligned with the Company's overall business strategies and goals;
- iv) Ensure adequate resources are made available for the successful implementation of sustainability strategies and initiatives;
- v) Review and report periodic sustainability progress to the Board;
- vi) Supervises the overall management of stakeholder engagement and its outcomes, including ensuring mechanisms for sustainability related to grievance are in place; and
- vii) Periodically review key sustainability KPIs and performance metrics to ensure accountability.

Sustainability reporting matter: -

- (a) Oversee the management of principal business risks and significant/material economic, environmental and social risks;
- (b) Ensure resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
- (c) Review the Sustainability Statement of the Group in Annual Report.

The committee is to review its duties and responsibilities on an annual basis.

6. MEETINGS OF THE COMMITTEE

6.1 Frequency

The Committee shall meet at least once a year and as frequently as may be required.

In the event the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

6. MEETINGS OF THE COMMITTEE (CONT'D)

6.2 Notice of Meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting. Minutes of the last meeting and relevant papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6.3 Quorum

A minimum of two (2) members to form the quorum.

6.4 Meeting mode

A meeting of the SRMC may be by being present in person or by means of a video conferencing, telephone or other electronic and communication facilities which allows all persons at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

A resolution in writing signed or approved by a majority of the Directors, or members of SRMC, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted and may consist of several documents in like form each signed by one or more Directors or their alternates and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of board proceedings. The expressions of "in writing" or "signed" include approval by any such Director by letter, telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors. In case any Director is absent from Malaysia, a resolution signed by all the other Directors who present in Malaysia, shall be valid and effectual.

6.5 Secretary of the Committee

The Company Secretary shall be the secretary of the committee.

6.6 Minutes of the Committee meeting

The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The minutes of each Committee meeting shall be approved and signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be as evidence of the proceedings that the meeting was duly convened and held.

6. MEETINGS OF THE COMMITTEE (CONT'D)

The SRMC Chairman shall update the board on the activities undertaken by the SRMC at each Board meeting.

Relevant members of Management shall be provided with the minutes and matters arising for follow up on key actions required.

7. DISCLOSURE

Review the Sustainability Statement in the Group's Annual Report to ensure that relevant information as prescribed in the AMLR of Bursa Securities is disclosed.

Disclosure in the Annual Report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks.

8. AMENDMENT, VARIATION OR MODIFICATION

The Terms of Reference may be amended, varied or modified in writing as and when necessary subject to the Board's review and approval. Upon the Board's approval, the said revision or amendment shall form part of the Terms of Reference and shall be considered duly revised or amended.

The Terms of Reference was adopted by the Board of the Company on 26 February 2025.