

A-RANK BERHAD

Registration No: 200301031200 (633621-X)
(Incorporated in Malaysia)

**TERMS OF REFERENCE –
SUSTAINABILITY MANAGEMENT
COMMITTEE**

(Effective from 25 June 2024)

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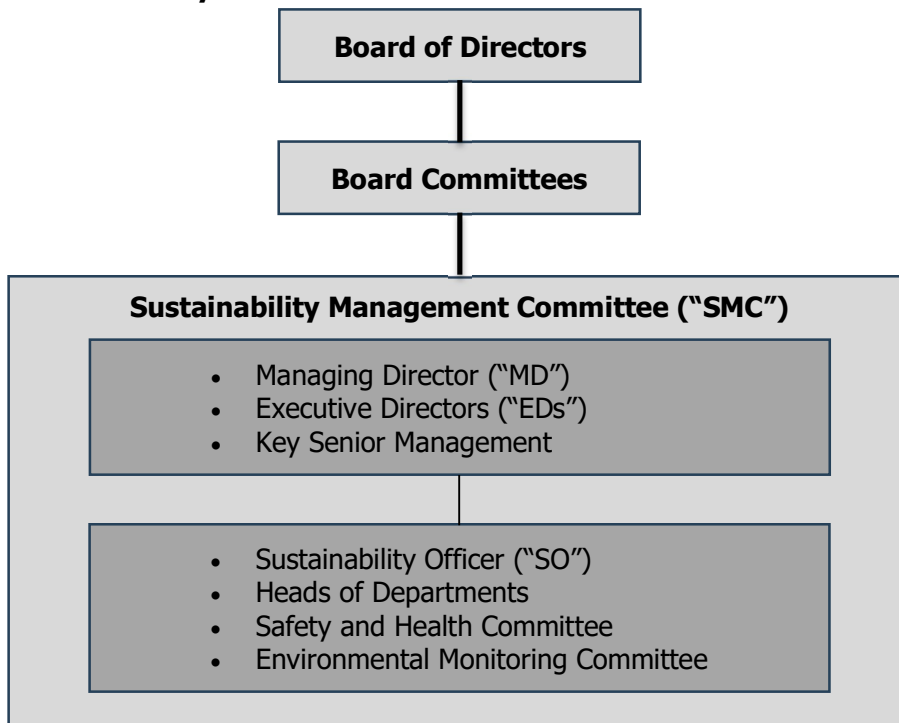
1. OBJECTIVE

Sustainability Governance is the structure that A-Rank Berhad puts in place to ensure accountability, oversight and review in identifying and managing material sustainability matters. The structure also defines the processes for sustainability governance, including the scope of responsibilities, lines of reporting and governing bodies, which should be established to create a line of accountability for sustainability. The Board is responsible for overseeing the compliance effectively, whilst the Senior Management is expected to deliver the Group’s material sustainability strategies and targets.

2. STRUCTURE AND COMPOSITION

The Board established A-Ranks’ Sustainability Governance Structure. It is headed by the Group’s Managing Director (“MD”) and consists of Executive Directors (“EDs”), Key Senior Management, Head of Departments and Functions.

2.1 Sustainability Governance Structure



2. STRUCTURE AND COMPOSITION (Cont'd)

2.1 Sustainability Governance Structure (Cont'd)

Roles	Responsibilities
Board of Directors ("Board")	<ul style="list-style-type: none"> • Chiefly oversees the compliance of the Group's sustainability matters, including but not limited to the overall sustainability strategy and targets, materiality assessment and climate-related risks and opportunities. • Promotes accountability for our sustainability commitments by integrating them into all activities of the Group and its business segments and instilling a strong sustainability culture across the Group. • Designate a specific committee to strategically manage the company's material sustainability matters.
Board Committees	<ul style="list-style-type: none"> • The Audit Committee will review and recommend the SMC's Terms of Reference and approve the Sustainability Statement of the Annual Report and targets pursuant to the Group's Sustainability Policy to the Board for approval. • The Nomination Committee will perform an annual evaluation to assess the performance of the Sustainability Committee. • The Remuneration Committee will review the SMC's performance against the sustainability targets. The sustainability targets can be tied to the remuneration packages. <p>The Board Committees updates the Board as regards the Group's sustainability status.</p>
Sustainability Management Committee ("SMC")	<ul style="list-style-type: none"> • The SMC is headed by the MD, who is also the chairman and is supported by the EDs and Key Senior Management. • The SO is the key coordinator in addressing sustainability matters in each department and function. The SO works closely with the EDs and Key Senior Management and reports to the MD. <p>The SMC reports to the Board Committees regarding the Group's sustainability matters.</p> <p><i>Refer to Section 3 - Terms of Reference for further details of roles of SMC</i></p>

2.2 Composition and Meetings

(a) Composition

Position	Designation
Managing Director	Chairman
Executive Directors	Member
Sustainability Officer	Member
Head of Departments and other staffs	Member

2. STRUCTURE AND COMPOSITION (Cont'd)

2.2 Composition and Meetings (Cont'd)

(b) Meeting, Minutes and Procedure

Meetings are to be held as and when necessary, and at least once (1) a year. The quorum for each meeting shall be two (2) members, which must include the MD or ED. A duly convened meeting of the SMC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions exercisable by the SMC.

Meetings of the SMC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

The Chairman will appoint a Secretary on an ad-hoc basis amongst the Head of Departments to the SMC Meeting, who shall be responsible for drawing up the agenda which shall be sent to all members of the SMC and any other persons who may be required/invited to attend.

The SMC decides on its own procedures and other administrative arrangements. The Chairman, ED, or SO of the SMC reports to the Board Committee after each SMC meeting. The appointed secretary keeps minutes of each meeting as evidence that the SMC has discharged its functions.

3. TERMS OF REFERENCE

The SMC shall:

- 3.1 Prepare the SMC's Terms of Reference and Sustainability Policy for the Board Committee, who will subsequently recommend them to the Board for approval.
- 3.2 Develop sustainability policies that will facilitate the overall sustainability strategy, and ensure that it is implemented consistently across all of the Group's business segments and geographical locations. These policies include but are not limited to:
 - climate change and related matters, including nature and biodiversity;
 - ecological footprint;
 - responsible sourcing of the Group's key raw materials;
 - reduction of the use of virgin materials by using alternative products and seeking environmentally friendly ways to reduce, reuse, and recycle (3Rs) waste;
 - safety, including major hazard and critical risk management;
 - health, including occupational health, mental health and well-being;
 - environment, including water management, air emissions, waste management and climate change;
 - communities and social performance, including community relations, economic and social development in the communities where we operate through employment, training and development, and local supply chain development; and
 - human rights due diligence, including monitoring and reporting on its most severe risks, as well as the Group's risk management strategies.

3. TERMS OF REFERENCE (Cont'd)

- 3.3 Set and submit sustainability targets to the Board Committee for the Board's approval and review performance against selected external sustainability indexes and internal targets.
- 3.4 Implement the Board's decisions through day-to-day operations, incorporate sustainability strategies, and manage sustainability risks and opportunities.
- 3.5 Ensure adequate resource allocation for the implementation of sustainability initiatives.
- 3.6 Report to the Board Committee as regards the Group's sustainability matters, and the Board Committee shall report to the Board.
- 3.7 Provide industry and regulatory updates, advice, and guidance, including requests from our stakeholders.
- 3.8 Maintain direct engagement with our stakeholders through various communication channels to address their needs.
- 3.9 Ensure that sustainability matters are considered part of the annual planning and budgetary process.
- 3.10 Prepare the Sustainability Statement of Annual Report for the Audit Committee ("AC") to review, and the AC shall recommend to the Board for approval.
- 3.11 Ensure that training is in place and communicated adequately to the staff to fulfil the requirements of the sustainability matters.

4. REVIEW OF TERMS OF REFERENCE

This Term of Reference will be subject to review and revision periodically and as deemed necessary.

This Terms of Reference - Sustainability Management Committee has been reviewed and approved by the Board on 25 June 2024.