
HIL INDUSTRIES BERHAD

SUSTAINABILITY
COMMITTEE

TERMS OF REFERENCE

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1. PURPOSE AND ROLE

1.1 The Sustainability Committee (“SC”) is established as a committee of the Hil Industries Berhad (“HIB”) Board of Directors (“Board”) to assist the Board in fulfilling its oversight responsibilities in relation to the HIB group of companies’ (“Group”) objectives, policies and practices pertaining to sustainability which comprise the following:

1.1.1 Contribute to a better society.

1.1.2 Minimise environmental harm.

1.1.3 Deliver sustainable development.

1.2 The primary objectives of the SC are as follows:

1.2.1 To review and to make recommendations to the Board on the Company’s policy and performance in relation to the marketplace, environment and social. The SC is authorised:

(a) to seek any information it requires in order to perform its duties from any employees of the Group; and

(b) to obtain, at the Company’s expense, any other professional advice and services as it considers necessary to carry out its duties.

1.2.2 To provide oversight and input to Management to ensure that the Group’s strategies, goals and principles pertaining to the sustainability are aligned with, promote and encourage the Group’s commitment towards sustainability.

1.2.3 To advise on the Group’s sustainability report and any other specific reports (if any) prior to reporting to the Board including:

(a) changes in sustainability policies, standards and procedures, and its implementation.

(b) assessment of issues material to the achievement of sustainability by the Group and efforts to address the material issues.

1.2.4 To review issues relating to sustainability arising from independent audits and assurance reports as well as any matters highlighted by the consultants (if any).

1.2.5 To consider and to recommend to the Board positioning on relevant emerging sustainability issues.

1.3 The SC shall not perform any management functions, nor assume any management responsibilities, and will act in an advisory and oversight capacity.

2. COMPOSITION AND APPOINTMENT

2.1 The SC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members who shall all be Non-Executive Directors except for the Managing Director.

2.2 No alternate Director shall be appointed as a member of the SC.

2.3 The Chairman of the SC shall be a Non-Executive Director appointed by the Board.

2.4 The SC members may relinquish their membership in the SC with prior written notice to the Company Secretary. If a member of the SC resigns, then the Board shall, as soon as possible, but not later than three (3) months from that event, appoint such number of new members as may be required.

2.5 The Board may appoint an Independent Sustainability Advisor who for the duration of their appointment will be an ex officio member of the SC.

3. MEETINGS

3.1 The SC shall meet at least once a year and at such other time(s) as it deems necessary to fulfil its responsibilities.

3.2 The SC may extend any invitation to any person to attend all or part of any meeting which it considers appropriate.

3.3 The Secretary to the SC shall be the Company Secretary or a person recommended by the Company Secretary and approved by the Board.

- 3.4 The SC Secretary shall attend the SC meetings. The SC shall cause minutes to be entered in the books provided for purpose of recording all resolutions and proceedings of meetings of the SC.
- 3.5 Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- 3.6 The quorum of the SC shall be three (3) members of the SC.
- 3.7 In the absence of the SC Chairman, the members shall elect one of their number as Chairman for that meeting.
- 3.8 All resolutions of the SC shall be adopted by a simple majority vote with each member having one vote. In case of an equality of votes, the Chairman of the SC shall have a second or casting vote.
- 3.9 An SC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.
- 3.10 The books containing the minutes of the proceedings of any meetings of the SC shall be kept by the Company at the registered office of the Company and shall be open to the inspection of any members of the SC or the Board.
- 3.11 A circular resolution in writing signed by majority members shall be valid and effective as it had been passed at a meeting. All such resolution shall be submitted for confirmation at a meeting of the SC following the passing of the circular resolution.

4. REPORTING

- 4.1 The SC will report to the Board, identifying any matters within its remit in respect of which it considers an action or improvement is needed, and making recommendations as appropriate.
- 4.2 Minutes of each SC meeting will be made available to the Board.

5. REVIEW OF THE TERMS OF REFERENCE

The SC shall recommend any changes to its terms of reference in such manner as the SC 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 of Corporate Governance, 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 Group that may affect the SC's role.

6. OTHER MATTERS

- 6.1 Ensure that proper processes and procedures are in place to comply with all relevant laws, regulations and rules which could have a significant impact on the implementation of the sustainability within the HIB Group.
- 6.2 Undertake such other functions as may be determined by the Board from time to time.