



## **KPJ HEALTHCARE BERHAD TERMS OF REFERENCE OF THE RISK, SUSTAINABILITY & GOVERNANCE COMMITTEE**

### **1. INTRODUCTION**

The Risk, Sustainability and Governance Committee (the RSGC Committee) is established as a committee of KPJ Healthcare Berhad (KPJ) Board of Directors (the Board). The RSGC Committee is appointed by the Board for the purpose of overseeing the risk management, sustainability and governance process within the Group.

### **2. OBJECTIVE**

The RSGC Committee supports the Board by overseeing the Risk Management, Sustainability & Governance framework of KPJ and its group of Companies (Group) and regularly assessing the framework to ascertain its adequacy and effectiveness. The RSGC Committee's objectives are as follows:

- i. To have overall responsibility for establishing a strategic approach to risk management process across the Group. Ensure that the necessary policies & processes are in place to achieve compliance with statutory requirements and to protect the patients, staff and assets.
- ii. Oversee the policies, processes and strategies which were designed to manage the Environmental, Social and Governance (ESG) risks and achieve compliance with sustainable development, responsibilities and commitments and strive for an industry leadership position on sustainability.
- iii. Oversee the four (4) themes covered under the Sustainability Framework as follows:
  - Protecting the Environment
  - Uplifting Patients and Communities
  - Foster Our People
  - Upholding Good Governance
- iv. Oversee the Group's governance matters and make the necessary recommendation with regard to risk, sustainability and governance matters aligned to the Group's strategy.

### **3. COMPOSITION**

- i. The RSGC Committee shall be appointed by the Board amongst their members and shall consist of not less than 4 members with a majority of independent directors.
- ii. It must be chaired by an independent director who is not the Chairman of the Board.
- iii. Members comprise of directors who preferably have the skills, knowledge and experience relevant to the responsibilities of the Committee.
- iv. If a member retires or resigns from his position, that member ceases to be member of the Committee. The Board may appoint a successor.
- v. The RSGC Committee may invite members of KPJ Management or staff or outside parties to attend and participate in the meetings where necessary.

#### **4. MEETINGS – FREQUENCY, QUORUM & MINUTES**

- i. The Committee shall meet at least 4 times annually and at such other times as the Committee deems appropriate.
- ii. The quorum of the Committee shall be 3 members.
- iii. The minutes of the meeting shall be action oriented and record the deliberations and decisions of the RSGC Committee. This includes the key deliberations, rationale for each decision made and any other significant concerns and dissenting views. The minutes must also indicate whether any member abstained from voting or excused himself from deliberating on a particular matter. The minutes shall include compiled Board instructions as Matters Arising for discussion to ensure proper follow through.
- iv. The minutes of the meeting shall be circulated within two (2) weeks after the meeting.
- v. Any member who participates in the meeting via teleconferencing device shall be counted for the purpose of determining a quorum.
- vi. In the event the Chairman is unable to attend the Committee meeting, the members present may elect any one of the independent directors present (who is not the Chairman of the Board) to be the Chairman of the meeting.
- vii. Minutes of the meetings shall be submitted to the Board for notification in such format as determined by the Board.

#### **5. AGENDA**

- i. The notice of the RSGC meeting shall be issued and circulated confirming the venue, time and date at least seven (7) days before each meeting to the RSGC Committee members and all those who are required to attend the meeting.
- ii. The agenda for each meeting including relevant documents and information requested by the RSGC Committee shall be circulated at least seven (7) days before each meeting to the RSGC Committee members and all those who are required to attend the meeting.
- iii. The meeting agenda shall be the responsibility of the Chairman with input from the RSGC Committee members. The Chairman may also invite members of Management and other persons to participate in this process, where necessary.

#### **6. ATTENDANCE**

The following will be expected to attend Committee meetings on a regular basis:

- a) President and Managing Director (PMD);
- b) Chief Operating Officer (COO);
- c) Chief Financial Officer (CFO);
- d) Chief Digital Officer (CDO);
- e) Head, Group Risk; and
- f) Head, Sustainability.

Other Board members, management members, employees or representatives of service providers may also attend meetings upon the invitation of the RSGC as and when required.

#### **7. DUTIES AND FUNCTIONS**

The duties and functions of the RSGC Committee shall include but not limited to the followings:

##### **Risk Management**

- i. Provide oversight, guidance and direction to the Group risk management activities.
- ii. Evaluate the effectiveness of Enterprise Risk Management and the process of assessing and managing the Group's Principal risks.

- iii. Review and evaluate the assessment of risk identification.
- iv. Recommend to the Board on any change in the policy, framework, standards and procedures, and their implementation where applicable.
- v. Review and evaluate the Group level risk exposures and management of the significant clinical and non-clinical risk identified.
- vi. Review risk management process, systems and internal controls.
- vii. Review regularly management reports on risk exposure.
- viii. Review any business proposals on new products and services.
- ix. Review and recommend risk management strategies, policies and risk appetite for the Board's approval.

### **Sustainability**

- i. Oversees the overall effectiveness of the Group's strategies, targets, policies and roadmap pertaining to sustainability recommended by the Sustainability Working Committee.
- ii. Monitors the adequacy of resource allocated in achieving compliance with strategies, targets, policies and roadmaps pertaining to sustainability.
- iii. Monitors the adequacy of the Group's risk appetite, tolerance and strategy with respect to sustainability risks, and ensuring potentially catastrophic sustainability risks are captured and considered in the Group's risk profile.
- iv. Supervises the overall management of stakeholder engagement and its outcomes, including ensuring mechanisms for sustainability related grievances are in place.

### **Governance**

- i. Review and recommend the Group's governance and compliance framework for the approval of the Board to inculcate an ethical environment and promulgate good governance practices consistent with the Board's risk appetite, guided by applicable laws and regulations, including but not limited to the Malaysian Code on Corporate Governance.
- ii. Review policy governance of the Group and its compliance with applicable laws and regulations.
- iii. Review adequacy of compliance programme of the Group and the implementation of control measures to ensure ongoing awareness programme, communication, training and education on compliance.
- iv. Review the Integrated Report including Statement on Risk Management and Internal Control (SORMIC) and the Corporate Governance Report to ensure the relevant information as prescribed in the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad is disclosed.
- v. Monitor appropriateness of KPJ strategies in addressing material stakeholder sustainability concerns and ensure its compliance with sustainability policy and reporting requirements.
- vi. Review the Group's procedure for detecting fraud, including the adequacy of whistle blowing policy and process to encourage the employees and stakeholders to raise genuine concerns about illegal, unethical or questionable practices in the Group.
- vii. Oversee issues of corruption, fraud, malpractice and unethical conduct within the organization.
- viii. Oversee robust and reliable corruption risk information and monitoring system.
- ix. Establish a channel to inform enforcement authorities so that individuals who require protection under the MACC Act 2009 and Whistleblower Protection Act 2010 receive protection, and confidentiality of information is guaranteed as allocated in the Acts.
- x. Review and recommend all policies related to anti-bribery and corruption.

- xi. Review the effectiveness of the reporting structure for the overall business activities and risk management functions and the implementation of the appropriate system to manage various types of risks.
- xii. Review new outsourcing proposals services including appointment, renewal of outsourcing service providers.
- xiii. To consider other governance and compliance matters as directed by the Board.

#### **8. LIMIT OF AUTHORITY**

- i. RSGC Committee has delegated authority from the Board in respect of its functions and duties specified in the Terms of Reference.
- ii. RSGC Committee has authority to investigate any matter within its Terms of Reference and to obtain such information as it may require which extends across all businesses owned, controlled and governed by the Group, including joint ventures, in all jurisdictions.
- iii. RSGC Committee has authority to obtain any information as it may require from any Director, officer, or employee of the KPJ Group.
- iv. When required, RSGC Committee has delegated authority from the Board for oversight of specified strategic, cultural or transformational projects led by the Management of KPJ.
- v. RSGC does not have any monetary or value a limit for approval.

#### **9. REPORTING TO THE BOARD**

The Chairman of the RSGC Committee shall report to the Board following each meeting. The report will cover on the matters as set out in the RSGC Committee's duties and functions.

#### **10. ACCESS TO INFORMATION**

The RSGC Committee has the right to obtain all information necessary for the performance of its duties and functions including obtaining independent professional or other advice, full access to the Group records, properties and personnel.

#### **11. REVIEW**

The terms of reference shall be reviewed on an annual basis to ensure that it reflects the current best practices in risk management, sustainability and governance.

#### **12. WRITTEN RESOLUTION**

- i. Decision by the RSGC Committee may be made via written resolution
- ii. Decision made via written resolution is deemed effective after being executed by majority of the members who are present in Malaysia

All decisions and /or approvals made via written resolution shall be presented at the subsequent Committee meeting for notation.