

## **SALCON BERHAD**

### **TERMS OF REFERENCE FOR SUSTAINABILITY COMMITTEE (Committee)**

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#### **Objective**

The principal objective of the Sustainability Committee (“Committee”) is to advise and assist the Board on matters required to enable:

(a) the Salcon Group (“Group“) to operate on a sustainable basis by setting the tone and strategic direction so as to effectively manage sustainability risks in the following areas:-

- Financial Management & Profitability
- Sound environmental and social practices
- Transparency and accountability
- Health and safety;
- Relationships with employees, communities and other stakeholders; and
- Ethical, elements affecting or relevant to the Group’s business or operations.

In line with legal and regulatory requirements which are applicable in the areas in which the Group operates;

(b) Sustainable growth by maintaining economic feasibility and enhancing the Group’s economic, environmental, social and technological capital in the long term.

#### **Composition**

The Committee shall be appointed by the Board of Directors and shall include not less than 2 Board members together with the Chief Operating Officer and General Manager – Corporate and any additional persons co-opted to the Committee as the Committee may decide.

A Non-Executive Director shall take the role of the Chairman. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst themselves.

## **Duties and Responsibilities**

The Committee has the following responsibilities in support of the fulfilment of its Objective.

### **1. Sustainability goals, priorities, policies and frameworks**

- (a) To review, endorse and report to the Board on the Group's Sustainability standards, priorities and goals and to oversee group-level strategies, policies and practices on Sustainability matters to attain those standards and goals. These policies include but are not limited to the Group's Green Policy, ISO policies, Code of Ethics and Conduct, Whistleblowing policy etc
- (b) provide guidance on processes to ensure that the Group maintains its listing in the FTSE4Good Index or any other index or rating as agreed; and
- (c) recommend to the Board, the Group's sustainability commitments and targets and monitor the progress with regard to achieving these commitments and targets.

### **2. To oversee, review, evaluate and recommend strategies for improvements in the Group's Sustainability performance in the following core focus areas:-**

- Responsible and ethical business practices
- Sustainable supply chain
- Safe and healthy workplace including equality of treatment, gender diversity and human rights.
- Green initiatives including environmental and climate change initiatives, emissions to air, water and land and energy management.
- Community engagement & development

### **3. To oversee the Group's community, charitable and environmental partnerships, strategies and related group-level policies and make recommendations to the Board on any changes to those partnerships, strategies and policies.**

### **4. The Committee, in a non-executive capacity, also has the duty to review the actions of each major subsidiary company to determine the suitability of the workplace, health and safety and environmental policies and practices of their respective key suppliers and contractors.**

## **Authority and Scope**

The Committee reports to the BOD and is authorised to investigate all matters that fall within these Terms of Reference.

The Committee may employ, instruct, appoint or retain, at the company's expense, any professional advisor as it considers necessary and appropriate in connection with its purposes and secure the attendance of those advisors at Committee meetings as appropriate

The Committee will make its recommendations to the Board for its consideration.

## **Reporting**

The following committees report to the Committee:

- Sustainability Working Group Committee which implements the Group's sustainability initiatives and comprise Head of Departments of the following functions:-
  - Corporate
    - Corporate Affairs Department,
    - Finance & Accounts Department
    - Human Resources Department
    - Internal Audit & Risk Management Department
  - Water Engineering
  - Wastewater Engineering
  - Property Development
  - Technology & Services
  - Transportation
  - Renewable Energy
  - Healthcare Services
- any other committee that is established to address a Sustainability matter

## **Meetings**

The Sustainability Committee shall meet at a minimum **once** a year.

The quorum of the Committee shall be three members, at least one of whom must be a Director, present throughout the meeting.

The Company Secretary of the Company shall be the secretary of the Committee.

## **Review of Terms of Reference**

These Terms of Reference shall be reviewed by the Committee every two years and the Committee shall recommend to the Board any necessary changes.