



LEONG HUP INTERNATIONAL BERHAD

Registration No. 201401022577 (1098663-D)

SUSTAINABILITY COMMITTEE TERMS OF REFERENCE

25 APRIL 2024

Sustainability Committee Terms of Reference

I. Purpose

The Board of Directors of the Company ("Board") has established a committee of the Board known as Sustainability Committee ("SC" or "Committee") which aims to fulfil its oversight responsibilities in relation to the Company's sustainability strategy and initiatives covering environmental, social and governance ("ESG"), and economical aspects of the businesses as well as embedding sustainability practices into the businesses.

II. Composition

1. The Committee shall consist of not less than three (3) members, all of whom shall be appointed by the Board amongst its Directors. An Alternate Director shall not be appointed as a member of the Committee.
2. The Chairman of the Committee shall be appointed by the Board amongst the Committee's members
3. All members of the Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Company. Should any member of the Committee cease to be a Director of the Company, his membership in the Committee shall cease forthwith.
4. In the event the number of the Committee's members is reduced to below three (3) due to whatsoever reason, the Board shall fill the vacancy within a reasonable period to be determined by the Board.
5. The Chairman of the Board shall not be a member of the Committee.
6. The Committee shall be assisted by a team of staff led by the Chief Operating Officer.

III. Roles and Responsibilities

The roles and responsibilities of the Committee comprise, among others, the following:-

- (i) To review and recommend to the Board for approval the Group's ESG framework and strategies, including related policies, targets, priorities, and to measure the Group's performance taking into consideration of the environment in which the Group operates and the requirement of all stakeholders.
- (ii) To provide oversight and input to management's implementation, operation and assurance of policies and standards, so as to ensure the alignment of the Group's strategies and goals pertaining to sustainability.
- (iii) To oversee the processes, standards and strategies designed to manage social and environment risks, covering issues such as safety, health, employment practices, community relations, human rights, etc., through the following:
 - Reviewing the adoption and effectiveness of all sustainability-related policies / standards;
 - Overseeing management processes to ensure compliance with policies / standards;

- Reviewing periodic reports from senior management; and
 - Reviewing the Sustainability Statement / Report prior to publishing the same in the Company's Annual Report.
- (iv) To review issues relating to sustainability arising from grievances, independent audits and assurance reports as well as any matters highlighted by the external consultant, if one is appointed.
- (v) To oversee the outcome of any stakeholder's engagement, in particular on matters that may affect the Group's reputation, which shall include grievances, concerns / allegations, evolving public / market sentiments and government regulations.
- (vi) To perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board.

IV. Meetings

1. The SC shall meet at least once a year or as and when circumstances dictate.
2. Two (2) members present at a meeting shall form a quorum, of which one shall be an Independent Non-Executive Director.
3. Matters at any meeting shall be decided by a majority vote of the members present, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the Committee shall not have the second or casting vote.
4. The Chairman of the Committee shall chair the Committee's meetings. If he is not present at any meeting within fifteen (15) minutes of the time appointed for holding the same, the members of the SC present shall choose one of the members to be the chairman of the meeting.
5. The Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
6. The Chairman of the Committee shall attend the Annual General Meeting to answer any shareholder's questions on the Committee's activities.
7. The minutes of the SC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. The minutes of the Committee, when approved by the Committee and signed by the Chairman of the Committee, shall be circulated to the Board.
8. A resolution in writing, signed, approved or assented by any technology purporting to include a signature and/or an electronic or digital signature by all members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

V. Reporting

The Committee, through its Chairman, shall report a summary of significant matters to the Board at the Board meeting following each Committee meeting and make recommendation to the Board on the Group's ESG and sustainability matters.

The Committee shall review the Sustainability Statement / Report, which is to be included in the Company's Annual Report, about the Group's implementation of strategy, measurement and disclosure on the sustainability pillars, i.e. environment, social and governance as well as economic aspects of the businesses, and the answers on questions for ESG Reporting through Bursa Link of Bursa Malaysia Securities Berhad.

VI. Authority

The Committee is authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties.

VII. Secretary

The Company Secretary or other persons appointed by the Board (if any) shall be the Secretary of the Committee and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to the members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

VIII. Review of the Terms of Reference

1. The Terms of Reference shall be reviewed as and when required and updated in accordance with the needs of the Company and any new regulations. Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
2. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

The Terms of Reference of the SC was adopted by the Board on 25 April 2024.