KK MART RETAIL BERHAD
[Registration No.: 202301037992 (1531914-U)]

TERMS OF REFERENCE OF THE SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

1. PURPOSE

1.1 The Sustainability and Risk Management Committee of KK MART RETAIL BERHAD ("**Company**") ("**Committee**") is established by the Board of Directors of the Company ("**Board**") to identify, assess and monitor key business risks to safeguard the shareholders' investments and the assets of the Company and its subsidiaries ("**Group**") as well as to assist the Board in promoting a sustainability strategy and the initiatives of the Group in relation to sustainability matters.

1.2 The Committee's objectives are as follows:-

(a) oversee the management of principal business risks and significant or material Environmental, Social and Governance ("**ESG**") risks;

(b) oversee and monitor the formulation and implementation of the risk management and sustainability-related frameworks, policies, procedures, measures and actions in identifying and managing risks and internal processes across the Group's business operations and programmes to address the Group's key risk areas;

(c) review and advise the Board on significant strategic activities and policies regarding sustainability practices and initiatives;

(d) assist management in establishing and achieving the sustainability milestones, goals and strategies;

(e) assist the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability strategy and initiatives comprising economic, environmental and social matters;

(f) work together with management to ensure that the Group's risk culture and processes enable participation in opportunities while managing risks which may have an adverse impact on the Group's reputation and ability to achieve its business objectives; and

(g) ensure the adequacy of resources and systems for risk, sustainability and compliance management and assessing the effectiveness of the Sustainability and Risk Management Working Group ("**SRMWG**") in carrying out the duties and responsibilities to assist the Committee.

2. MEMBERSHIP

2.1 The Board must appoint the members of the Committee from among its Directors which shall comprise at least three (3) members, the majority of whom shall be Independent Non-Executive Directors.

2.2 The Board shall, through the Nomination and Remuneration Committee, review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference.

2.3 The Committee members should possess a diverse mix of expertise and experience, including sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group's key risk and sustainability areas to anticipate, assess, drive potential future sustainability opportunities and mitigate potential future risks to the Group.

2.4 The Committee members must elect a Chairperson among themselves who is an Independent Non-Executive Director.

2.5 The Chairperson of the Board must not be a member of the Committee.

2.6 The Company must ensure that no alternate Director, Group Managing Director/Chief Executive Officer is appointed as a member of the Committee.

2.7 All members of the Committee, including its Chairperson, will 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/her membership in the Committee will cease forthwith.

2.8 Any vacancy in the Committee (including its Chairperson) resulting in the non-compliance of Clause 2.1 above, shall be filled within three (3) months upon the recommendation of the Nomination and Remuneration Committee.

3. CHAIRPERSON

3.1 The Chairperson is responsible for ensuring the overall effectiveness and independence of the Committee.

3.2 He/she shall engage on a continuous basis with the senior management such as the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit Function and SRMWG within the Group in order to be kept informed of matters relating to risk and sustainability affecting the Group.

3.3 In the absence of the Chairperson of the Committee, the other members of the Committee shall among themselves elect a Chairperson who must be an Independent Non-Executive Director to chair the meeting.

4. SECRETARY

The Company Secretary or such substitute as appointed by the Directors from time to time shall be the Secretary of the Committee.

5. QUORUM AND MEETING PROCEDURES

5.1 The Committee shall meet at least twice each financial year. The Chairperson may request for additional meetings as he considers necessary.

5.2 The Chairperson of the Committee or the Secretary, on the requisition of any Committee member, shall at any time summon a Committee meeting.

5.3 The Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all persons to participate for the entire duration of the meeting. The technology to be used for the purpose of the meeting must be such that all persons taking part in the meeting must be able to communicate simultaneously with each of the other persons taking part in the meeting and may include telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.

5.4 A virtual meeting shall be deemed to constitute a Committee meeting provided the following conditions are met:-

(a) all the Committee members for the time being entitled to receive notice of the Committee meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and

(b) a Committee member may not leave a virtual meeting by disconnecting from the technology used unless he has previously expressly notified the Chairperson of the meeting of his intention to leave the meeting and that Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of him leaving the meeting. However, no business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business.

5.5 The main venue of the meeting shall be the place where the Chairperson or the Chairperson of the meeting is present.

5.6 The quorum for the meeting shall be two (2) members, who are Independent Non-Executive Directors.

5.7 The Company Secretary, in consultation with the Chairperson of the Committee, shall draw up the agenda of the Committee meeting. The agenda, together with the relevant supporting papers, shall be circulated at least five (5) business days, or at such shorter notice where it is unavoidable, prior to each meeting, to the members of the Committee.

5.8 The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.

5.9 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairperson shall be entitled to a second or casting vote. Nonetheless, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairperson of the Committee will not have the casting vote.

5.10 A member of the Committee who has an interest in or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

5.11 The Committee may, upon the request of the members of the risk management working group, convene a meeting to consider any matter they believe shall be brought to the attention of the directors of the Company.

6. MINUTES

6.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. The minutes of each meeting shall be signed by the Chairperson of the meeting at which proceedings were held or by the Chairperson of the next succeeding meeting. Such minutes shall be reviewed by the Committee before disseminating them to the Board.

6.2 The minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.

6.3 The minutes of each Committee meeting shall be distributed to the Board members for notation.

7. WRITTEN RESOLUTION

7.1 A resolution in writing signed by all Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

7.2 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature of the said Committee member.

8. REPORTING

The Committee, through its Chairperson, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

9. AUTHORITY

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-

(a) have explicit authority to investigate any matter within its Terms of Reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to all information and documents which are required to perform its duties as well as to the internal and external auditors and management of the Group;

(d) obtain external professional advice or other advice and invite persons with relevant experience and expertise to attend its meetings, if necessary;

(e) have direct communication channels with the management of the Group, the SRMWG, and the internal and external auditors of the Company;

(f) establish a working group to support the Committee in undertaking risk management and internal control framework of the Group; and

(g) where the Committee is of the view that the matter they reported to the Board has not been satisfactorily resolved, resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Committee shall promptly report such matter to Bursa Securities.

10. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include, amongst others, the following:-

Sustainability

10.1 Review and assess the Group's sustainability strategies, policies and standards in relation to ESG aspects including matters such as safety, health, employment, human rights, community affairs and other pertinent sustainability issues of the Group (collectively "**Sustainability Matters**") guided by the applicable laws and regulations.

10.2 Provide oversight and approve strategic initiatives in relation to the Sustainability Matters and report to the Board regularly.

10.3 Review the implementation of the Group's Sustainability Matters in respect to compliance with the law and regulatory requirements.

10.4 Review matters relating to sustainability arising from independent audits and assurance reports as well as other relevant matters pertaining to the industry.

10.5 Receiving a half-yearly update from the SRMWG and/or management on the progress made towards achieving the Group's sustainability targets.

Sustainability Disclosures

10.6 Review and recommend the sustainability disclosures as required by the applicable laws and regulations.

10.7 Review and recommend the Group's Sustainability Statement and Reporting and recommend to the Board for approval.

Risk Management

10.8 Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board.

10.9 Oversee the Group's overall risk management framework and policies and provide an objective view on its effectiveness.

10.10 Review the risk management and internal control framework, policies and processes, which include steps on identifying, managing, monitoring, treating and mitigating significant financial and non-financial risks of the Group, and recommend for approval by the Board.

10.11 Ensure an adequate and effective Group's risk management and internal control framework is in place for the Group, embedding the management of sustainability risks and opportunities.

10.12 Review and assess the risk appetite and risk tolerance for the Group.

10.13 Review the report on the effectiveness of the Group's risks management, as prepared by management to the Committee.

10.14 Review the adequacy of management's responses to issues identified to the Group's risks register, ensuring that risks are managed within the Group's risk appetite.

10.15 Review the Group's risk management activities and significant risks identified and assess the mitigating actions put in place to manage these risks.

10.16 Ensure that the key risks are effectively managed in accordance with the Group's risk management policies and strategies.

10.17 Review the adequacy of resources in managing the risk management and internal control framework.

10.18 Review and deliberate reports on non-compliance findings of internal investigations, and by regulatory agencies, as well as to consider management's response to such findings.

10.19 Ensure that the SRMWG implements and maintains a sound risk management framework that identifies, assesses, manages and monitors the Group's risks, as well as matters relating to compliance and sustainability.

10.20 Review the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report and to recommend to the Board for approval.

Others

10.21 Obtain regular updates from management regarding compliance matters.

10.22 Review findings, queries or investigation by the regulatory agencies (if any).

10.23 Review the adequacy and appropriateness of the Group's Anti-Bribery and Corruption Policy, when necessary.

10.24 Carry out any other functions that may be mutually agreed upon by the Committee and the Board**.**

11. REVIEW OF THE TERMS OF REFERENCE

11.1 This Terms of Reference shall be periodically reviewed and updated taking into consideration the needs of the Company as well as any development in the rules and regulations that may have an impact on the discharge of the Committee's responsibilities.

11.2 The Terms of Reference may be revised or amended from time to time, as and when required to meet good corporate governance practices. Any amendments to the Terms of Reference are to be reviewed and approved by the Board.

11.3 This Terms of Reference was reviewed and approved by the Board on 8 June 2026 and is made available for reference on the Company's website at https://www.kkmartretail.my.

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