



# **MISC BERHAD**

## **Board Governance & Risk Committee**

### **Terms of Reference**

**AS AT 1 JANUARY 2022**



## **1. ESTABLISHMENT**

1.1 The Board Governance & Risk Committee (“BGRC”) was established by the MISC Board of Directors (the “Board”) as a Board Committee pursuant to its resolution on 9 December 2020 to oversee the following:

1.1.1 MISC’s risk management framework, policies and practices; and

1.1.2 MISC’s governance, compliance and sustainability matters.

## **2. COMPOSITION**

2.1 The BGRC members shall be appointed by the Board from amongst its non-executive members and shall consist of not less than three (3) members, with the majority comprising Independent Directors. The Chairman of the Board shall not be a member of the BGRC.

2.2 In the event of any vacancy in the BGRC where membership falls below three (3), the vacancy must be filled within three (3) months or within such extension period approved by the Board.

2.3 At least one (1) member of the BGRC must also be a member of the MISC Board Audit Committee. This is to foster a common understanding of the risk management and internal control system and ensure co-ordination between the various standing Board Committees of MISC in its risk and governance oversight roles.

2.4 No Alternate Director can be appointed as a member of the BGRC.

## **3. CHAIRMAN**

The Board shall appoint a Chairman of the BGRC from among the Board members who are Independent Directors. Should the Chairman be absent from any meeting, one (1) of the members who shall be an Independent Director shall be elected as Chairman by the BGRC members.



#### **4. MEETINGS**

- 4.1 The BGRC shall hold meetings every quarter and additional meetings may be held as and when required. The quorum for each meeting must be two (2) members who shall both be Independent Directors.
- 4.2 The proceedings of the BGRC meetings shall be recorded and maintained by the Secretary to the BGRC. The Company Secretary of MISC Berhad or any other person appointed by the BGRC shall be the Secretary to the BGRC.
- 4.3 The President/Group Chief Executive Officer and Vice President – Finance shall normally attend BGRC meetings. Other representatives of Management, representatives of the external auditors and other attendees at the discretion of the BGRC may be invited to attend BGRC meetings on matters relevant to them.

#### **5. AUTHORITY**

The BGRC is empowered by the Board with the following authority to execute any matters within its terms of reference (“TOR”) at the cost to be borne by MISC:

- 5.1 Full and unrestricted access to resources and information which are required to perform its duties. This includes authority to seek information from any employees of the Group. Employees subjected to such request may be directed by the BGRC to co-operate with the request;
- 5.2 Right to obtain independent professional advice or other advice. The BGRC may also invite external independent professionals to its meetings if it deems necessary; and
- 5.3 Right to review its TOR and to recommend amendments, revisions and updates thereto, where necessary in line with changes to the relevant laws, the prevailing corporate governance best practices or other regulatory requirements, to the Board for approval.

## **6. FUNCTIONS**

The BGRC's functions are to review, evaluate, report and make appropriate recommendations to the Board on the following matters:

### **Risk Management**

- 6.1 Adequacy and effectiveness of MISC's Risk Management Framework and the on-going activities (including reports on key strategic and business risks as well as environmental, social and governance risks) for identifying, evaluating, monitoring and mitigating risks;
- 6.2 Enterprise Risk Management Risk Register to ensure that appropriate systems and processes are in place to effectively monitor and manage the identified risks;
- 6.3 Risk assessments conducted by the Risk Management Committee or the Project Risk Assessment Sub-Committee, on business proposals and new initiatives including, but not limited to:
  - 6.3.1 merger & acquisition, divestment and joint-venture proposals;
  - 6.3.2 financial-related decisions (e.g. financing);
  - 6.3.3 commercial transactions with material complexity and exposure;
  - 6.3.4 country-related decisions (e.g. entry or exit management);
  - 6.3.5 key capital projects; and
  - 6.3.6 new business ventures or special projects;
- 6.4 Determination of MISC's level of risk tolerance; and



## **Governance, Compliance and Sustainability**

- 6.5 Good governance practices consistent with the Board's risk appetite, guided by applicable laws and regulations;
- 6.6 Adequacy and effectiveness of MISC's compliance and ethics programme as the framework for enhancement and monitoring of good business ethics and conduct of employees and other stakeholders, including the Code of Conduct and Business Ethics (CoBE), Anti-Bribery and Corruption Policy and Guidelines (ABC Manual), No Gift Policy and ongoing awareness programmes, communication, training and education on compliance;
- 6.7 Determination of MISC's sustainability strategy and governance structure in alignment with MISC's business strategy; and
- 6.8 Consider any other relevant matters as determined by the Board.