



PHARMANIAGA BERHAD
(467709-M)

**SUSTAINABILITY COMMITTEE
TERMS OF REFERENCE**

(as at 16 August 2019)

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1. STATUS

- 1.1 The Sustainability Committee (“SC”) is a committee of the Board of Directors (“the Board”) of Pharmaniaga Berhad (“Pharmaniaga” or “the Company”).

2. PURPOSE AND SCOPE

- 2.1 The SC is established to assist the Board in fulfilling its oversight responsibility in relation to Pharmaniaga’s objectives, policies and practices pertaining to sustainability.
- 2.2 The sustainability areas under the purview of the Committee are as follows:
- a) Business continuity, including business model, product and service quality;
 - b) Sustainability-oriented research and innovation;
 - c) Safety and health;
 - d) Climate change mitigation and adaptation;
 - e) Resource use and efficiency, including energy, material, and water;
 - f) Waste management;
 - g) Biodiversity conservation;
 - h) Fair employment and labour practices;
 - i) Human rights;
 - j) Succession planning and leadership development;
 - k) Socio-economic development of local community;
 - l) Ethical and sustainable supply chain;
 - m) Product stewardship; and
 - n) Other areas deemed material from time to time.

3. COMPOSITION

- 3.1 The SC members shall be appointed by the Board from amongst the Directors of the Company.
- 3.2 The SC shall have at least four (4) members.
- 3.3 Members of the SC may relinquish their membership in the SC with prior written notice to the Chairman of the Board, the Company Secretary or the Board of Directors, and he may continue to serve as a Director of the Company.

4. QUORUM

- 4.1 Three (3) members shall form a quorum for meetings.

5. CHAIRMAN

- 5.1 The Chairman shall be an Independent Director.

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SUSTAINABILITY COMMITTEE
TERMS OF REFERENCE**

6. SECRETARY

- 6.1 The Company Secretary of Pharmaniaga or any other person appointed by the SC, shall be the Secretary of the SC.

7. MEETINGS AND MINUTES

- 7.1 The SC shall meet at least twice a year and at such other times as it deems necessary.
- 7.2 The Minutes of each meeting shall be tabled to the Board for notation.

8. CIRCULAR RESOLUTION

- 8.1 A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the SC. All such resolutions shall be forwarded to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telegram or other forms of electronic communication.

9. DUTIES AND RESPONSIBILITIES

The Terms of Reference for the Board Sustainability Committee are as follows:-

- 9.1 Recommending to the Board, the Company's strategies, targets, policies and roadmap pertaining to sustainability.
- 9.2 Reviewing the effectiveness of strategies, targets, policies and roadmaps pertaining to sustainability.
- 9.3 Monitoring the adequacy of resource allocated in achieving compliance with strategies, targets, policies and roadmaps pertaining to sustainability.
- 9.4 Advising the Board on the Company's risk appetite, tolerance and strategy with respect to sustainability risks, and ensuring potentially catastrophic sustainability risks are captured and considered in the Company's risk profile.
- 9.5 Monitoring the overall management of stakeholder engagement and its outcomes, including ensuring mechanisms for sustainability-related grievances are in place.
- 9.6 Performing the following in relation to the Sustainability Management Committee ("SMC"):
- a) Reviewing and the roadmap and strategies pertaining to sustainability prepared by the SMC;
 - b) Reviewing the status updates prepared by the SMC on the implementation and progress against targets; and
 - c) Reviewing timely reports on fatalities and serious safety and health and other sustainability-related incidents within the Company.

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SUSTAINABILITY COMMITTEE
TERMS OF REFERENCE**

- 9.7 Assessing, reviewing and recommending to the Board for approval the Company's annual sustainability reports or other public documents related to sustainability.