

	STRATUS GLOBAL HOLDINGS BERHAD	DOC. NO.	SGH-005-TORSR
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	TERMS OF REFERENCE FOR SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE	EFF. DATE	26/11/2025
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This Terms of Reference sets out the matters concerning the governance of the Sustainability and Risk Management Committee (“SRMC”).

1.0 Purpose

- 1.1 The purpose of the SRMC is to assist the Board of Directors (“Board”) in fulfilling its fiduciary duties as well as following oversight objectives on the activities of Stratus Global Holdings Berhad (the “Company” or “STRATUS”) and its subsidiaries (collectively, the “Group”) in respect of the following:
 - a) Oversee the management of principal business risks and significant or material environmental, social and governance (“ESG”) risks and implement of sustainability-related policies, measures and actions in achieving the Company’s sustainability milestones and goals;
 - b) Integrate sustainability risks and opportunities in the risk management framework of the Company;
 - c) Implement risk management framework, policy and process approved by the Board and oversight of risk management practice on group wide basis respectively; and
 - d) Approve disclosure statements relating to management of sustainability matters of the Group.
- 1.2 In the exercise of its functions, it is understood that the SRMC is generally not delegated with decision-making powers but shall report its recommendations to the Board for decision except otherwise stated in authoritative promulgations. The existence of the SRMC does not diminish the Board’s ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the SRMC.

2.0 Powers and Authority

- 2.0 The SRMC shall have the authority to deliberate and recommend and in certain limited circumstances as delegated by the Board and approve matters within its primary duties and responsibilities as set out in this Terms of Reference.
- 2.1 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the SRMC shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedure and at the expense of the Group, such as:
 - a) To investigate any matter within its Terms of Reference;
 - b) Have full and unrestricted access to information, records, properties and employees of the Group;
 - c) Have direct communication channels with the management of the Company and person(s) carrying out the sustainability and risk management activities; and
 - d) To obtain professional and independent advice from external advisors with relevant knowledge and experience, as and when necessary for the performance of its duties.

3.0 Composition of the SRMC

- 3.1 Size
 - 3.1.1 The SRMC shall have at least three (3) members.

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3.2 Membership

- 3.2.1 Members of the SRMC must comprise a majority of Independent Directors.
- 3.2.2 At least one member of the SRMC shall be the Chief Executive Officer (“CEO”) or Executive Director.

3.3 Chairman of the SRMC

- 3.3.1 The SRMC Chairman shall be a Non-Executive Director appointed by the Board.
- 3.3.2 In the absence of the SRMC Chairman, an alternate Chairman shall chair the meeting, of whom should be an Independent Director.

3.4 Secretary of the SRMC

- 3.4.1 The Secretary of the SRMC shall be the Company Secretary.

4.0 Appointment of Members

- 4.1 The Nomination Committee (“NC”) shall recommend the appointment of SRMC members to the Board.
- 4.2 Members shall be appointed based on their ability to devote time, skills and experience relevant to their duties of the SRMC.
- 4.3 The members serving the SRMC shall be changed at appropriate intervals, if deemed necessary. In order to ensure that the entire SRMC is not replaced at any one time, such change of members shall be done on a progressive basis.
- 4.4 Members of the SRMC may relinquish their membership in the SRMC with prior written notice to the Company Secretary. The office of a member shall become vacant upon the member’s resignation/ retirement/ removal or disqualification as a Director of the Company.
- 4.5 In the event of any vacancy in the SRMC, the vacancy must be filled within three (3) months.

5.0 Duties and Responsibilities of the SRMC

5.1 Sustainability

- 5.1.1 Advise and recommend business strategies related to sustainability to the Board. The SRMC shall ensure that sustainability considerations, including ESG factors, are integrated into the Group’s business strategy, operations and decision-making processes.
- 5.1.2 Review and recommend sustainability-related policies or frameworks to the Board for approval.
- 5.1.3 Oversee the implementation of the Group’s sustainability strategies, policies and targets as approved by the Board.
- 5.1.4 Oversee the establishment of an effective sustainability governance structure, with clear roles and accountabilities across the Group.
- 5.1.5 Review sustainability issues which arise from independent audits and assurance reports, if any, and matters related to sustainability highlighted by regulators or relevant consultants.
- 5.1.6 Oversee the effective management of stakeholder engagement with regards to the pursuit of strategic sustainability goals to better understand and manage the Group’s sustainability risks and opportunities.

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- 5.1.7 Review and recommend material sustainability matters to the Board for approval.
- 5.1.8 Monitor the progress and performance of the Group in achieving its sustainability targets and commitments. The SRMC shall ensure that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to internal and external stakeholders.
- 5.1.9 Stay abreast with and understand the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities.

5.2 Risk management

- 5.2.1 Oversee and recommend the risk management strategies and policies and risk tolerance levels for the Board's approval.
- 5.2.2 Ensure the management of sustainability risks and opportunities is integrated into the risk management framework and that the risk management framework and policy are embedded in and function effectively throughout the Group within the parameters established by the Board. The risk management framework shall be based on an internationally recognised framework.
- 5.2.3 Identify and measure potential risks and to formulate mitigation action plans to manage and monitor the identified risks within the Group's risk appetite. The SRMC shall also ensure that corrective measures are taken to address any failings and/or weaknesses.
- 5.2.4 Conduct annual review and periodic testing of the risk management framework. This includes reviewing key risk registers and risk dashboard of the Group to ensure compliance and relevance in light of any changes in internal business processes, business strategies, external ESG or any related to sustainability issues.
- 5.2.5 Provide risk management awareness and education to all levels of the Group.
- 5.2.6 Ensure infrastructure, resources and systems are in place for risk management. This includes ensuring that staff responsible for implementing risk management systems perform their duties independently of the Group's risk-taking activities.
- 5.2.7 Report the Group's risk management activities including assessing the resources and knowledge of the management and employee involved in the risk management process, and update key risk registers and the risk dashboard to the Board on a regular basis, at least annually.
- 5.2.8 Maintain an adequate number of resources to carry out its functions and responsibilities.
- 5.2.9 Perform risk identification and assessment regarding major asset/business acquisition or divestment, or business diversification or business consolidation. The assessment results need to be reported to the Board for strategic decision making.
- 5.2.10 Establish and oversee the implementation of the Group's anti-bribery and corruption policies and practices, ensuring that these policies align with broader sustainability and ethical standards. The SRMC shall also ensure that corruption risk is included in the annual risk assessment of the Group.
- 5.2.11 Review the effectiveness of the Group's risk management systems; and recommend, where appropriate, the endorsement of the Statement on Risk Management and Internal Control to be included in the Company's annual report by the Board.
- 5.2.12 Monitor changes anticipated for the business environment, including consideration of emerging risks, legislative or regulatory changes, major initiatives and other factors considered relevant to the Group's risk profile and provide report on the same to the Board for overall consideration on the Group's business and operations.

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- 5.2.13 Provide oversight over projects/major contracts, and other contracts requiring the Board's approval, including endorsement of contract terms (and any material amendments to such contracts) prior to acceptance and execution as well as potential/actual disputes with counterparties.
- 5.2.14 Liaise with Audit Committee and review the external auditor's findings on the management of risks as to ensure issues of common concern are addressed appropriately.
- 5.2.15 Co-ordinate activities with other Board Committees on risk oversight to avoid overlaps in the overall risk oversight process.
- 5.3 Other responsibilities, functions or assignments as may be defined by the Board from time to time.

6.0 Reporting and Disclosure

- 6.1 The SRMC shall oversee the preparation of the Sustainability Statement and the Statement of Risk Management and Internal Control. The SRMC must ensure that the Company's Annual Report includes sufficient disclosure in both statements and compliance with the Main Market Listing Requirements, the Malaysian Code on Corporate Governance, and other relevant regulations in force at the material time.

7.0 Meetings

- 7.1 Frequency and calling of meetings
 - 7.1.1 The SRMC shall meet at least two (2) times a year.
 - 7.1.2 Additional meetings shall be scheduled as considered necessary by the SRMC. The SRMC Chairman may convene an SRMC meeting if requested to do so by the Chairman of the Board or requested by another member of the SRMC.
- 7.2 Notice of Meetings
 - 7.2.1 The SRMC meeting agenda shall be developed by the SRMC Chairman and the Company Secretary in consultation with the SRMC members and Management.
 - 7.2.2 Unless otherwise agreed by the SRMC members and whenever necessary, the notice of each meeting confirming the venue, date and time together with the brief agenda of the meeting shall be circulated to all SRMC members and any other persons who may be required to attend the meeting within at least 5 business days prior to the meeting.
 - 7.2.3 The SRMC Chairman together with the Company Secretary shall ensure that sufficient information such as the agenda and accompanying meeting materials for each meeting are circulated within a reasonable period prior to the SRMC meeting to SRMC members and all those who are invited to attend the meeting.

7.3 Quorum and participation

- 7.3.1 The quorum for the SRMC meetings shall be a minimum of two (2) members. The quorum shall comprise a majority of Independent Directors.
- 7.3.2 In the absence of the SRMC Chairman, the other SRMC members shall amongst themselves elect a Chairman who must be an Independent Director to chair the meetings.

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- 7.3.3 The SRMC may invite other Directors, Senior Management, person(s) who is carrying out sustainability and risk management activities and other individuals such as external advisors to attend the meetings as and when appropriate and necessary.
- 7.3.4 The meetings may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means.
- 7.3.5 In appropriate circumstances, the SRMC may deal with matters by way of circular resolution in lieu of convening a formal meeting. An SRMC's Circular Resolution in writing signed or approved by letter, telex or facsimile by a majority of members (of whom at least two must be an Independent Director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

7.4 Voting

- 7.4.1 A matter put to vote at the SRMC meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman has the casting vote.
- 7.4.2 A member of the SRMC who has interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in decisions.

7.5 Minutes of Meetings

- 7.5.1 The Company Secretary shall also be responsible for keeping minutes of the meetings and circulate them in a timely manner to members of the SRMC and to the other members of the Board where issues can be further deliberated where necessary. The minutes of meetings shall be open to the inspection of any member of the SRMC or any member of the Board.
- 7.5.2 The minutes of the meetings shall be signed by the Chairman at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 7.5.3 All SRMC members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the SRMC, which includes any dissenting comments made and if any SRMC members had abstained from voting or deliberating on a particular matter.
- 7.5.4 The minutes of SRMC meeting shall be tabled and presented to the Board during the subsequent Board meeting to keep them informed and updated on the key issues deliberated by the SRMC.
- 7.5.5 The Chairman of the SRMC (or in his absence, any member of the SRMC) shall attend the Annual General Meeting and be prepared to answer questions concerning Company's approach to risk management, internal control and sustainability matters.

8.0 Performance Evaluation

- 8.1 On annual basis, the Board via the NC shall evaluate the effectiveness of the SRMC (including skills mix and contribution of members) and the term of office. The assessment shall be facilitated using self and peer rating by the SRMC and the NC shall discuss the outcome of the assessment with the SRMC.

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9.0 Review and Amendments of Terms of Reference

- 9.1 This Terms of Reference will be reviewed periodically at least once every 3 years or as and when required and updated in accordance with the needs of the Group and any new legislative promulgations that may have an impact in discharging the Board's responsibilities.
- 9.2 Any revision or amendment to this Terms of Reference, as proposed by the SRMC or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference.
- 9.3 The duly revised or amended Terms of Reference shall be disclosed on the Group's website.

Reviewed and approved by the Board on 26 November 2025.