

Terms of Reference Group Sustainability Committee

Objectives : To support the Board in overseeing the development of sustainability strategies and targets, ensuring that the Group's sustainability-related strategies, goals and principles align with and advance its commitment to sustainability.

Responsibilities :

1. Review and recommend for Board approval sustainability strategies and targets proposed by Management taking into account environmental risks and opportunities including but not limited to risk and opportunities arising from climate change.
2. Approve sustainability frameworks, methodologies, priorities, policies, guidelines; and any sustainability-related matters affecting the Group.
3. Provide oversight and input to Management to ensure that the Group's sustainability strategies, goals and principles are aligned with and support the Group's commitment to sustainability.
4. Provide oversight into the integration of sustainability and climate-related risks with existing risk management infrastructure, to safeguard the Bank's resilience against the adverse impacts of climate change.
5. Oversee Management's implementation of training and related programs to ensure the Bank remains up to date with the latest developments in sustainability, climate change and climate risk management.
6. Oversee actions taken by Management to engage the workforce and support the development of relevant people-related strategies.
7. Oversee management's implementation of support programs to help communities, families and businesses to thrive within the framework of financial inclusion and responsible business practices.
8. Provide input to the Group Nomination and Remuneration Committee on the establishment and evaluation of performance and incentive targets related to sustainability.
9. Annually assess the Board's and Senior Management's performance in managing the Group's material sustainability risks and opportunities.
10. Review issues relating to sustainability arising from independent audits and assurance reports as well as any matters pertaining to sustainability highlighted by regulators or consultants.
11. Review and recommend to the Board for approval both the sustainability report for annual report and other public documents related to the Group's reporting on sustainability to ensure that the Group's sustainability story is effectively communicated to investors and other stakeholders.
12. Approve the climate risk scenarios used for climate risk scenario analysis and stress testing, as well as the resulting reports.

13. Receive quarterly update from Management on the progress towards achieving the Group's sustainability targets.
14. Review periodic reports on sustainability and climate-related risk.
15. Identify a designated member of Management to provide dedicated strategic focus on sustainability, including the integration of sustainability considerations in the Bank's operations.
16. Perform any other functions and exercise any additional powers as may be delegated by the Board from time to time.

Accountability : Directly accountable to the Boards of the respective licensed entities. For avoidance of doubt, the Group Risk Management Committee shall continue to be responsible for the assessment and management of sustainability risks.

Members : To comprise at least three Directors with a majority of Independent Directors.

Chairman : The Chairman shall be an Independent Director.

Quorum : The quorum shall be a minimum of two (2) members present.

Decision : Questions arising at any meeting shall be decided by a majority of votes. In case of equality of votes, the Chairman shall have a second or casting vote.

Frequency of Meeting : At least four (4) times a year.

Secretary : The Company Secretary.

Frequency & Reporting Process : A copy of the confirmed minutes shall be circulated by email to the Boards (where relevant) or tabled at the next Board meeting for notation.

Review Frequency: The Committee shall review and assess the adequacy of this Terms of Reference every two (2) years, or as necessary. Any proposed amendments shall be approved by the Board.

Note :

"Group" shall mean Alliance Bank Malaysia Berhad (ABMB) and its subsidiaries, including Alliance Islamic Bank Berhad (AIS).