



Terms of Reference of the Halal and Sustainability Committee of Duopharma Biotech Berhad

Version: 3.0

Effective Date: 24 August 2023

Reference No: Duopharma Biotech/TORHSC/03

Updated: 11 September 2023

Halal and Sustainability Committee of Duopharma Biotech Berhad

Terms of Reference

This Terms of Reference sets out the matters concerning the governance of the Halal and Sustainability Committee (“HSC” or the “Committee”).

1. Purpose

- 1.1 The purpose of the HSC is to assist the Board of Directors (“Board”) in providing stewardship to Duopharma Biotech Berhad (“Duopharma Biotech” or the “Company”) and its subsidiaries’ (collectively referred to as the “Group”) on Halal Pharmaceuticals Agenda (“HPA”) and sustainability matters, covering Environmental, Social and Governance (“ESG”) considerations. The Board is the custodian of the Group’s HPA and sustainability matters.
- 1.2 In the exercise of its functions, it is understood that the HSC is not delegated with decision-making powers but shall report its recommendations to the Board for decision. The existence of the HSC does not diminish the Board’s ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the Committee.

2. Composition

- 2.1 **Size**
The Committee shall comprise at least three (3) members.
- 2.2 **Membership**
All the Committee members shall be Non-Executive Directors. The Chairman of the Board shall not be a member of the Committee (*Practice 1.4, Malaysian Code on Corporate Governance*).
- 2.3 **Chairman of the Committee**
The Chairman of the Committee shall be a Non-Executive Director. Before appointment as Chairman of the HSC, it is desirable for the appointee to have served on the HSC for an appropriate period.
- 2.4 **Secretary of the Committee**
The Secretary of the Committee shall be the Company Secretary or his or her representative.

3. Appointment of members

- 3.1 The Nomination & Remuneration Committee (“NRC”) in consultation with the HSC shall recommend the appointment of HSC members to the Board.
- 3.2 Members shall be appointed based on their ability to devote time, character, integrity, competence and experience relevant to their duties within the HSC.
- 3.3 The members serving the Committee shall be changed at appropriate and regular intervals. In order to ensure that the entire Committee is not replaced at any one time and the change does not affect the composition in terms of compliance with legislative promulgations (if any), such change of members shall be done on a progressive basis.

4. Performance Evaluation

- 4.1 The effectiveness of the HSC as a Board Committee (including skills mix and contribution of members) shall be assessed annually by the NRC.

5. Duties of the Chairman of the Committee

- 5.1 The key duties of the Chairman of HSC shall include the following:
 - (a) Plan and conduct the HSC meetings;
 - (b) Ensure that the HSC meetings are run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the committee;
 - (c) Encourage open discussion during meetings;
 - (d) Oversee reporting to the Board; and
 - (e) Act as the key contact between the Committee members and members of the Board and maintain active ongoing dialogue with Management and both key internal and external stakeholders.
- 5.2 The Chairman of HSC together with other members of the Committee shall also ensure, amongst others, the following:
 - (a) The Committee provides an independent review on the effectiveness and efficiency of the Group’s Halal and sustainability initiatives, and recommends relevant intervention that enables the Group to remain as a halal pharmaceutical industry thought and market leader as well as leading sustainability adopter;
 - (b) The Committee appropriately communicates its insights, views and concerns about relevant transactions and events relating to the Group’s HPA and sustainability agenda to the Board and Management;
 - (c) The Committee’s concerns on matters that may have an effect on the Group’s HPA and sustainability agenda are communicated to the Board and Management; and

- (d) The Committee monitors overall Group's ESG, and Occupational Health and Safety.

5.3 There is coordination with other Board Committees to avoid overlaps or duplications and/or synchronize approaches/activities in the overall Halal and Sustainability stewardship process and other Board Committees' processes.

6. Duties of the Committee

Subject to any resolution of the Board, the duties of the Committee are:

- 6.1 To carry out the following in relation to the **Group's HPA** which includes to:
 - (a) Deliberate, determine and recommend to the Board, on the applicability, relevancy and benefits of HPA scope and framework to optimize positioning and create value for Duopharma Biotech Group and the Group's stakeholders;
 - (b) Provide advice to ensure that Duopharma Biotech Group's HPA is supported by sound business principles, strategies, framework, policies and processes;
 - (c) Ensure alignment and integration of Halal initiatives with other initiatives which include formulation of strategies, development of business plans, budgeting, forecasting and performance review, within Duopharma Biotech Group;
 - (d) Participate with Management to identify strategic opportunities and potential business networks/partnerships/collaborations and develop good relationship with independent experts, national authorities, foreign/international Islamic councils/authorities/certification bodies and research institutions to assist in advancing Duopharma Biotech Halal Pharmaceutical initiatives; and
 - (e) Endorse any appointment or termination of the members of the Halal Strategy Committee and Halal Council, on the recommendation of Management. Where, in the course of meeting its purpose and performing its duties, the HSC discovers that any member of Duopharma Biotech Group is involved in non-compliant activities relating to the Group's HPA/Halal integrity or discovers an issue of concern or for which there is scope for improvement, make recommendations to the Board on action needed to address the issue or to make improvements.
 - (f) Review and endorse the Halal policy, Halal strategies, Halal Standard(s) and Halal-related Research & Development (R&D) initiatives, within Duopharma Biotech Group;
 - (g) Ensure and monitor status of the Duopharma Biotech Group's securities listed as Shariah-compliant securities; and
 - (h) Provide advice and guidance on critical matters of Halal to sustain Duopharma Biotech Group's leadership in Halal Integrity.

6.2 To carry out the following in relation to the **Group's sustainability matters** which include to:

- (a) Review the alignment of ESG efforts undertaken by the Group vis-à-vis the strategic context and expectations of stakeholders;
- (b) Oversee the effective management of stakeholder engagement with regards to the pursuit of strategic ESG goals;
- (c) Review and recommend to the Board the effectiveness of the Sustainability and ESG framework or strategy including policies relating to the health and safety practices of the Group, ESG related targets, external commitments and key performance indicators to measure the Group's performance and the internal and external recognition of its ESG performance;
- (d) Oversee the Group's alignment with the relevant regional, national and international sustainability declarations as well as compliance to sustainability related sanctions imposed by the United Nations or Malaysian government;
- (e) Oversee the Group's Health, Safety and Environment related matters;
- (f) Monitor the Group's Operation Excellence functions carried out by Sustainability Department;
- (g) Monitor public policy as well as better practices relating to ESG that may affect the Group's business operations, performance and reputation;
- (h) Consider and recommend to the Board on positioning and responses in relation to emerging ESG developments and risk factors;
- (i) Review proposals submitted by shareholders on ESG matters;
- (j) Review the suggested appointment, fees and scope of independent/external professional advisors as proposed by the Sustainability Department;
- (k) Review, approve and report the same to the Board the Group's strategies and processes pertaining to business continuity management;
- (l) Review and oversee the implementation of the Group's ESG strategy to reduce climate change impact and improve Duopharma Biotech overall efficiency; and
- (m) Oversee disclosures relating to sustainability considerations in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

6.3 To carry out the following:

- (a) The HSC may undertake to perform any additional functions delegated to it by the Board from time to time; and
- (b) Approve and report the same to the Board the appointment of consultants in relation to matters that fall within the duties of the HSC, where such appointment exceeds the Group Managing Director's or Management's limits of authority.

7. Meetings

7.1 Meeting frequencies and calling of meetings

- (a) The Committee shall meet on a quarterly basis, or as frequently as the circumstances dictate; and
- (b) Additional meetings shall be scheduled as considered necessary by the Committee or Chairman of the HSC. The Chairman of the Committee shall call for a meeting if requested to do so by the Chairman of the Board or requested by another member of the Committee.

7.2 Quorum and participation

- (a) The quorum for the Committee shall be two (2) members;
- (b) In the event the Chairman is unable to be present for a meeting, the members who are present at the meeting can appoint a Chairman among themselves to chair the meeting;
- (c) Each individual Committee member shall attend at least 50% of the Committee meetings held during the financial year;
- (d) The Committee may request other Directors, members of Management, counsels or consultants to attend the Committee meetings by invitation if necessary; and
- (e) The meetings shall convene in a face-to-face manner or remotely (i.e., via virtual means). The member shall ensure all deliberations or information being communicated remotely is treated with confidence, and he/she shall prevent any leakage of information/materials to any third party.

7.3 Notice on meetings and information flow

- (a) Notice of the Committee's meeting shall be sent to all members in a timely manner, which should include the date, time, venue and the agenda of the meeting (*Paragraph 4 - notice on meetings, Third Schedule of Companies Act 2016*);
- (b) The HSC meeting agendas shall be developed by the Chairman of the HSC and the Secretary in consultation with Management;
- (c) The Chairman of the HSC together with the Company Secretary shall ensure that sufficient information such as the agenda and accompanying meeting materials for each meeting are circulated at least five (5) business days before each meeting to the Committee members and all those who are invited to attend the meeting, where applicable (*Guidance to Practice 1.6, Malaysian Code on Corporate Governance*).

7.4 Voting

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

- (b) Any resolution in writing, signed or assented to by the majority of the members of the HSC shall be as valid and effectual as if it had been passed at a meeting of the HSC duly called and constituted and may consist of several documents in the like form each signed by one or more of such members.

7.5 Circular Resolution

- (a) A circular resolution in writing shall be valid and effectual as if it had been passed at a meeting of the HSC when it is approved and signed by a majority of the HSC members.

7.6 Meeting minutes

- (a) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee (*Paragraph 13, Third Schedule of Companies Act 2016*);
- (b) The minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive and contemporaneous evidence without any further proof of the facts thereon stated;
- (c) All members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the Committee, which includes any dissenting comments made as well as abstention of the members (*Guidance to Practice 1.6, Malaysian Code on Corporate Governance*); and
- (d) The reproduction of any parts of the meeting minutes shall only be performed through or by the Secretary

7.7 Reporting and disclosure

- (a) The report of each Committee 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 Committee.

7.7 The HSC must provide, in the Company's annual report, a statement about its activities in the discharge of its duties for the financial year (*paragraph 15.08A of Main Market Listing Requirements by Bursa Malaysia Securities Berhad*).

8. Authority

8.1 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the Committee shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference at the expense of the Group, such as:

- (a) to obtain professional and independent advice from external advisors with relevant knowledge and experience, either through the Group Managing Director or the Company Secretary's office, when it is deemed necessary; and

- (b) full and unrestricted access to information concerning the Group.
(paragraph 15.04 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad)

9. Review and amendments of the Terms of Reference

- 9.1 This Terms of Reference has been approved by the Board. The Board shall review this Term of Reference periodically and make amendments when necessary; and
- 9.2 The Company Secretary shall ensure that the provisions of this Terms of Reference continue to comply with legal requirements and corporate governance enumerations applicable to the Group and, if necessary, shall suggest amendments to the Terms of Reference for consideration by the Board.