



**BOARD GOVERNANCE &  
RISK MANAGEMENT COMMITTEE  
TERMS OF REFERENCE**

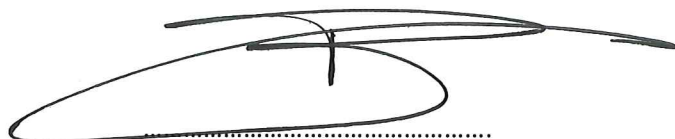
**FGV HOLDINGS BERHAD  
(FORMERLY KNOWN AS FELDA GLOBAL  
VENTURES HOLDINGS BERHAD)**

**(VERSION 8.0)**



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Chairman, Board of Directors

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## **1. INTRODUCTION**

- 1.1. This Board Governance & Risk Management Committee's Terms of Reference ("TOR" or the "Terms of Reference") sets out the requirements of the Board of Directors of FGV Holdings Berhad (formerly known as Felda Global Ventures Holdings Berhad) towards the establishment of a Board Governance & Risk Management Committee, and the delegation of responsibilities to such committee, as at the date hereof.
- 1.2. Unless otherwise stated, in this Terms of Reference, the following applies:
- "FGV" or "the Company" refers to FGV Holdings Berhad (formerly known as Felda Global Ventures Holdings Berhad);
  - "FGV Group" or "the Group" refers to FGV and its Group of Companies<sup>1</sup>;
  - "the Board" refers to the Board of Directors of FGV; and
  - "BGRMC" or "the Committee" refers to the Board Governance & Risk Management Committee of FGV; and
  - "Top Management" refers to the Group President/Chief Executive Officer ("Group President/CEO"), the Sector Heads (Chief Operating Officers), Cluster Heads, the Corporate Centre Heads, FGV Group Chief Financial Officer, FGV Chief Internal Auditor, Head of Group Governance, FGV Chief Risk Officer and FGV Company Secretary.
- 1.3. The Terms of Reference aims to guide FGV's BGRMC with respect to its delegated responsibilities to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities in relation to governance, ethics and integrity and risk management based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). In addition, the Terms of Reference also recognizes and aims to adopt related better practices and guidance from the following documents:
- 1.3.1. The Malaysian Code on Corporate Governance 2017, ("the Code" or "MCCG 2017"), which provides Principles, Intended Outcome, Practices and Guidance to promote greater internalisation of corporate governance culture;
- 1.3.2. The Corporate Governance Guide – Moving from Aspiration to Actualisation, 3<sup>rd</sup> Edition ("the Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in 2017, which seeks to enrich the application and actualisation of corporate governance practices by providing practical guidance to listed issuers and cultivate listed issuers' appreciation on the drivers of sound corporate governance;
- 1.3.3. The Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers; and
- 1.3.4. The Sustainability Reporting Guide.

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<sup>1</sup> FGV Group refers to include FGV's operating Subsidiaries, Associates and Jointly-Controlled Entities in which FGV holds a controlling interest, as established under the corporate structure of FGV.

## **2. PURPOSE**

- 2.1. The purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities in formulating, overseeing as well as inculcating good governance, sound risk management and sustainability best practices and culture in FGV Group.
- 2.2. The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

## **3. MEMBERSHIP**

- 3.1. The Committee membership and the Chairman of the Committee shall be appointed by the Board of FGV, and shall comprise of not less than three (3) members whom shall be appointed from among the Directors of FGV Board.
- 3.2. Majority of the Committee members must be Independent Non-Executive Directors, one (1) of whom shall be an Audit Committee member. Practice 9.3, MCCG 2017
- 3.3. No Alternate Director shall be appointed as a member of the Committee.
- 3.4. Each of the Committee member must:
  - 3.4.1. have a reasonable knowledge of the Group's operations and performance;
  - 3.4.2. have experience or knowledge pertaining to the subjects of governance, risk management and sustainability including knowledge on related regulations and relevant best practice references/standards; and
  - 3.4.3. dedicate the necessary time and attention to the execution of responsibilities and duties of the Committee.
- 3.5. Quorum
  - 3.5.1. In order to form a quorum for the Committee meeting, at least two (2) of the members of the Committee must be present at the meeting, with at least one (1) Independent Non-Executive Director.
  - 3.5.2. The Chairman of the Committee must be present at all of the Committee meetings.

## **4. CHAIRMAN OF THE COMMITTEE**

- 4.1. The Chairman of the Committee must be an Independent Non-Executive Director.



## **5. SECRETARY OF THE COMMITTEE**

- 5.1. The FGV Company Secretary shall be the Secretary of the Committee.
- 5.2. The Secretary of the Committee or with the approval of the Committee a representative of the FGV Company Secretary shall be present to record proceedings of the Committee meetings.
- 5.3. The Secretary of the Committee shall have the following responsibilities:
  - 5.3.1. ensuring meetings are arranged and held accordingly;
  - 5.3.2. assisting the Chairman of the Committee in planning the Committee's activities for the financial year;
  - 5.3.3. drawing up meeting agenda in consultation with the Chairman of the Committee, and circulate the agenda, together with the relevant papers, at least five (5) business days prior to each of the Committee meeting;
  - 5.3.4. ensuring structured communication between the Board and the Committee;
  - 5.3.5. ensuring proceedings of meetings are minuted and endorsed by the Chairman of the Committee before disseminating them to all Board members; and
  - 5.3.6. ensuring the Committee's recommendations presented to the Board are supported by explanatory papers, including report of the Committee or minutes that explains the rationale of the Committee's recommendations.

## **6. AUTHORITY**

- 6.1. The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this TOR to:
  - 6.1.1. perform the activities required to discharge its responsibilities within its terms of reference and make relevant recommendations to the Board;
  - 6.1.2. acquire the resources which are required to perform its duties;
  - 6.1.3. have full and unrestricted access to the records, properties and personnel in the Group, to obtain any information pertaining to the Group relevant for its purpose;
  - 6.1.4. obtain relevant internal and external independent professional advice, as it deems necessary, to assist the Committee in the proper discharge of its roles and responsibilities, at the expense of the Company and in accordance to the authority delegated to the Committee as stated in the Standard Operating Procedure Directors Seeking Independent Professional Advice; and
  - 6.1.5. meet exclusively among itself, whenever deemed necessary.
- 6.2. The Committee shall be assisted by the Group President/CEO, the Group Governance Division and the Group Risk Management Division, to drive good governance, sound risk management and sustainability best practices and culture in FGV Group.

## **7. RESPONSIBILITIES AND DUTIES**

- 7.1. The main responsibility of the Committee is to direct and oversee the formulation of a structured mechanism in the Group to inculcate good governance, sound risk management and sustainability best practices and culture within the Group.
- 7.2. The Committee's responsibilities shall include the review of the following areas and report of the same to the Board:

7.2.1. Governance

In relation to governance, to perform the following:

- (a) review and recommend for the Board's approval a set of governance blueprint and governance framework with a view to inculcate good governance practices across all levels of FGV Group;
- (b) direct and oversee the formulation of mechanisms, policies and programmes to ensure complete implementation of the Group's governance framework;
- (c) review and recommend the Group's policies for the Board's approval with the exception of specific policies falling under the authority of other Board Committees as detailed in the relevant Board Committee's Terms of Reference and the Discretionary Authority Limits ("DAL");
- (d) review reports on the status, availability and completeness of standard operating procedures for all levels of the Group's operations;
- (e) monitor the status of implementation of the related governance framework, blueprints and policies by Group Governance Division;
- (f) review arrangements by which employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action to be taken. This includes any whistle-blowing complaints and investigative reports received from the Whistleblowing Committee; and
- (g) maintain and keep under review the whistle-blowing mechanism of the Company which includes the whistle-blowing framework, Whistleblowing Policy, whistleblowing procedures, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality.

In relation to ethics and integrity, to perform the following :

- (a) oversee and maintain the Directors' Code of Ethics and Conduct and the Directors' Code of Business Practice which shall be applicable to FGV Board, FGV Board Committees and FGV Subsidiary Boards;
- (b) oversee and maintain the Group's Code of Business Conducts and Ethics for employees which shall be applicable to all employees, consultants or business partners of the Group; and
- (c) direct and oversee the Group's integrity and ethics.



#### 7.2.2. Risk Management

In relation to risk management, to perform the following:

- (a) direct and oversee the Group's risk management framework and policies;
- (b) report, advise and recommend to the Board, the overall risk appetite, level of risk tolerance and strategy on managing business risks; Practice 9.1, MCCG 2017
- (c) monitor and report to the Board, key business risks and seek its approval on the management of key business risks that are aligned to the Board's risk appetite; Practice 9.1, MCCG 2017
- (d) report to the Board, the evaluated key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability and the controls in place to mitigate or manage those risks; Practice 9.2, MCCG 2017
- (e) monitor the effectiveness and progress of management of key business risks and accordingly report to the Board the status of the key business risks; Practice 9.1, MCCG 2017
- (f) recommend to the Board, the approval of, and/or amendments to, the Group's risk management framework and strategies, including policies, procedures, systems, capability and parameters, as relevant; and Practice 9.2, MCCG 2017
- (g) review the effectiveness of the Group's risk management framework including compliance with internationally recognised risk management framework and make recommendations necessary for improvement. Practice 9.2, MCCG 2017

#### 7.2.3. Sustainability

- (a) direct and oversee the formulation of the Group's overall sustainability framework and strategies, including principles and policies which are aligned with related regulations and standards;
- (b) monitor the implementation of the Group's approved overall sustainability framework and strategies, including principles and policies; and
- (c) review any Sustainability Report or information having major financial and/or reputational impact to the Group, to be publicly issued by the Group.

#### 7.2.4. Governance, risk and sustainability reporting to the shareholders and relevant authorities

- (a) to review any reporting of matters relating to the Group's governance, risk management and sustainability to the shareholders and relevant authorities.
- (b) to review the relevant statements for inclusion in the Company's Annual Integrated Report, including the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Board Governance & Risk Management Committee Report, Sustainability Statement and Corporate Governance Report and recommend to the Board for approval.

#### 7.3. The Committee shall undertake any such other functions as may be determined by the Board from time to time.

## **8. RELATIONSHIP WITH LISTED SUBSIDIARIES' BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEES**

- 8.1. FGV's BGRMC delegates the functions under its terms of reference, in respect of its subsidiaries which are listed on Bursa Malaysia ("the listed subsidiaries") and Companies directly held by the listed subsidiaries, to the Board Governance & Risk Management Committees of the listed subsidiaries.
- 8.2. Nevertheless, the conduct of the delegated functions under its terms of reference should be consistently maintained, particularly in the ethics, risk management, corporate governance and sustainability processes.
- 8.3. FGV's BGRMC reserves the right to establish orderly conduct of the duties and authority across the Board Governance & Risk Management Committees of the listed subsidiaries and reserves its right to be apprised of any significant issues reported by the listed subsidiaries' Board Governance & Risk Management Committees and any other matters it deems appropriate.

## **9. REPORTING**

- 9.1. The Committee shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group through:
  - 9.1.1. copies of minutes of each meeting of the Committee, supported by explanatory papers, being circulated to all Board members once endorsed by the Chairman of the Committee; and
  - 9.1.2. the Chairman of the Committee drawing to the Board's attention any matter of major importance.
- 9.2. At the discretion of the Chairman and members of the Committee, any relevant matters deemed to be of major importance should be referred to the Board for its attention.
- 9.3. The Committee shall be responsible in ensuring that the Company discloses in its Annual Integrated Report the Statement on Risk Management and Internal Control, the Statement on Corporate Governance and Sustainability Statement for the financial year, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirements").

## **10. MEETINGS ADMINISTRATIONS**

- 10.1. Frequency and attendance
  - 10.1.1. The Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.
  - 10.1.2. The Chairman of the Committee, in consultation with the Secretary of the Committee, shall determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee.



- 10.1.3. In addition to the regular scheduled meeting, the Chairman of the Committee shall call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.
- 10.1.4. Resolutions of the members of the Committee at a meeting or adjourned meeting of the Committee shall be adopted by a majority of votes of all members present. In the event matters requiring the Committee's decision arise between meetings, such matters shall be resolved through circular resolution which shall be supported by relevant papers setting out details of the subject matters. The members of the Committee may obtain more information from Management and express their view points by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolutions shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolutions.
- 10.1.5. The Committee meeting shall normally be conducted in a face-to-face manner to enable effective discussion. Nevertheless, if a member of the Committee is unable to be physically present, the member may choose to participate via video or tele-conferencing, or other appropriate means as determined by the Committee.
- 10.1.6. In addition to the members of the Committee, other Directors of the Board, other executives of the Group, and/or any party which the Committee deems necessary may attend the Committee meetings upon invitation of the Committee. Participation of invitees may not be required for the full duration of the Committee meeting.
- 10.1.7. Head of Group Governance, FGV Chief Risk Officer and Head of Sustainability shall be invited to attend the Committee meetings to report on the Group's governance and risk management. Participation from Head of Group Governance, FGV Chief Risk Officer and Head of Sustainability may not be required for the full duration of the meeting.
- 10.1.8. Other executives of the Group and/or external parties may be invited to attend the Committee meeting as the Chairman of the Committee and members of the Committee think fit.
- 10.1.9. Any of the Committee member or invited participant, including Independent Advisors, with conflicting interest shall abstain from the said discussion and shall not be physically present during the discussion. The member of the Committee and/ or invited participant, including Independent Advisors, shall abstain and excuse himself/herself from the Committee meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. The conflicted members shall not be included in the voting process.
- 10.1.10. The Chairman of the Committee shall exercise the right to request those who are in attendance to leave the room if matters discussed are confidential or the deliberation may be impaired due to the presence of individuals concerned.
- 10.2. Notice and agenda
  - 10.2.1. Proper notice shall be issued for any of the Committee meeting and the Chairman of the Committee shall ensure that proper agenda is prepared for the Committee meeting.

- 10.2.2. The agenda and relevant papers for the Committee meeting must be circulated at least five (5) business days prior to each of the Committee meeting.
- 10.3. Minutes of the meeting
- 10.3.1. The discussions and conclusions of the Committee meetings should be minuted, in a clear, accurate (reflect the deliberations and decisions), consistent, complete and timely manner; Practice 1.5, MCGG 2017
- 10.3.2. The minutes shall be entered into the minutes Register kept by the FGV Company Secretary together with the attendance sheet.
- 10.3.3. Keeping of the minutes must comply with the requirements of the relevant law and regulations, e.g. Companies Act, 2016 and Income Tax Act, 1967.
- 10.3.4. Reproduction of any part of the minutes can only be performed through/by the FGV Company Secretary.

## **11. THE COMMITTEE'S PERFORMANCE**

- 11.1. On an annual basis, the Board shall evaluate the Committee's performance and extent to which the Committee has met the requirements of its Terms of Reference. This performance assessment may constitute a part of the annual Board Effectiveness Assessment, pertaining to the assessment of Board Committees. Practice 5.1, MCGG 2017

## **12. THE COMMITTEE'S ETHICS AND PROCEDURES**

- 12.1. All members of the Committee shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of the Committee members only.
- 12.2. The Committee shall work diligently amongst the members of the Board in performing its assessments and adhere to all relevant laws and regulations as well as the prescriptions rendered in the Directors' Code of Ethics and Conduct and the Directors' Code of Business Practice.

## **13. REVIEW OF TERMS OF REFERENCE**

- 13.1. The Committee Terms of Reference and work plans shall be reviewed periodically, as and when required, especially when there are changes to the Listing Requirements and the MCGG 2017, Companies Act, 2016 or at least once every three (3) years. This review shall be facilitated by FGV Company Secretary, Head of Group Governance, FGV Chief Risk Officer and FGV Chief Internal Auditor.
- 13.2. All amendments to the Terms of References of the Committee must be approved by the FGV Board.