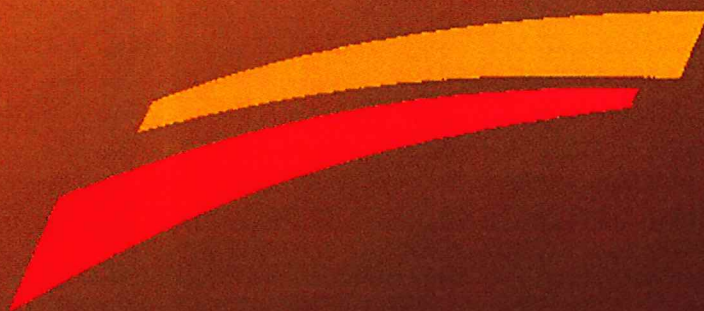


# FGV



## **BOARD SUSTAINABILITY COMMITTEE TERMS OF REFERENCE**

**FGV HOLDINGS BERHAD**

**(VERSION 1.0)**



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Chairman, Board of Directors

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## **1. INTRODUCTION**

- 1.1. This Board Sustainability Committee's Terms of Reference ("TOR" or the "Terms of Reference") sets out the requirements of the Board of Directors of FGV Holdings Berhad towards the establishment of a Board Sustainability Committee, and the delegation of responsibilities to such committee, as at the date hereof.
- 1.2. Unless otherwise stated the following applies:
- "FGV" or "the Company" refers to FGV 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
  - "BSC" or "the Committee" refers to the Board Sustainability Committee of FGV; and
  - "Top Management" refers to the Group Chief Executive Officer ("Group CEO"), the Sector Heads (Chief Operating Officers), FGV Group Chief Financial Officer, FGV Chief Internal Auditor, Head of Group Governance & Risk Management, Head of Group Sustainability, FGV Company Secretary and all positions from Senior Vice President and above.
- 1.3. The Terms of Reference aims to set out the terms of conduct of the FGV BSC with respect to its delegated responsibilities to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities in relation to sustainability matters 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 2021, ("the Code" or "MCCG 2021"), which provides Principles, Intended Outcome, Practices and Guidance to promote greater internalisation of corporate governance culture; and
- 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.

## **2. PURPOSE**

- 2.1. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's objectives, policies and practices in respect of sustainability that comprises the following areas:
- 2.1.1 Material sustainability matters;
- 2.1.2 Health and safety;

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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.

- 2.1.3 Environment, economic and social;
- 2.1.4 Human rights and good social practices;
- 2.1.5 Traceability and supply chain;
- 2.1.6 Sustainability certification; and
- 2.1.7 Other areas deemed material from time to time.

### **3. MEMBERSHIP**

- 3.1. The Committee members shall be appointed by the Board of FGV, and shall comprise of not less than three (3) members whom shall be appointed among the Directors of the Board.
- 3.2. Majority of the Committee members must be Independent Non-Executive Directors.
- 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 is the Chairman of the Board.

### **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 independent professional advice, as deemed necessary, to assist the Committee or any individual member of the Committee in the proper discharge of its roles, responsibilities and duties, at the expense of the Company and in accordance with the authority delegated to the Committee as stated in the Standard Operating Procedure Directors Seeking Independent Professional Advice. The Committee or any individual member of the Committee may seek waiver of para 6.3 - 6.6 of the Standard Operating Procedure Directors Seeking Independent Professional Advice to directly engage the independent professional advice through the Secretaries of the Committee with approval of the Committee or Chairman of the Committee or Chairman of the Board;

- 6.1.5. investigate or instruct investigation of any activity or matter within its Terms of Reference; and
- 6.1.6. meet exclusively among itself, whenever deemed necessary.
- 6.2. The Committee shall be assisted by the Group CEO and the Top Management to drive sustainability best practices in FGV Group.
- 6.3. The Committee shall also be assisted by the Head of Group Sustainability Division, the designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.

Practice 4.5  
(Step Up),  
MCCG 2021

## **7. RESPONSIBILITIES AND DUTIES**

- 7.1. The Committee's responsibilities shall include, but are not limited to the following:

- (a) to direct and oversee the formulation of the Group's Sustainability Policy, the Group's overall sustainability strategies, sustainability framework, initiatives, priorities and targets as well as principles and policies which are aligned with the Group's commitment towards sustainability, the United Nations Sustainable Development Goals (SDGs), related regulations and standards;
- (b) to direct and oversee the Group's health, safety, environment and community (HSEC) performance as well as the adequacy of the Group's HSEC framework and management system consequences of decisions and actions, including the impact on employees and third parties and communities and on the reputation of the Group;
- (c) to ensure that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability, human rights as well as climate-related risks and opportunities;
- (d) to oversee and monitor the strategic management of material sustainability matters, risks as well as opportunities driven by Top Management and monitor progress against the achievement of the Group's sustainability targets (sustainability key performance indicators);
- (e) to review issues relating to sustainability arising from grievances, independent audits and assurance reports as well as any matters highlighted by the Independent Advisors;
- (f) to monitor employee awareness programmes in understanding the Group's approach to sustainability and support actions on sustainability across the Group;
- (g) to oversee the outcome of the stakeholder engagement in particular, matters that may affect the Group's reputation which shall include grievances, concerns/allegations, evolving public/market sentiments and government regulations;

Practice 4.1,  
MCCG 2021

Practice 1.1,  
MCCG 2021

Practice 4.1  
and 4.4,  
MCCG 2021

Practice 4.3  
MCCG 2021



- (h) to ensure that the Group's overall sustainability framework, strategies, priorities and targets as well as performance against these targets are communicated to the Group's internal and external stakeholders through appropriate means such as engagements and disclosures; and
- (i) to assess, review and recommend to the Board for approval the Group's statement, reporting or disclosures in relation to sustainability.

Practice 4.2,  
MCCG 2021

- 7.2. 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 SUSTAINABILITY COMMITTEES**

- 8.1. FGV BSC 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 Sustainability 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 governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets processes.
- 8.3. FGV BSC reserves the right to establish orderly conduct of the duties and authority across the Board Sustainability Committees of the listed subsidiaries and reserves its right to be apprised of any significant issues reported by the listed subsidiaries' Board Sustainability 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;
  - 9.1.2. the Chairman of the Committee drawing to the Board's attention any matter of major importance; and
  - 9.1.3. the Chairman of the Committee updating the Board on the activities undertaken by the BSC.

- 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 Sustainability Statement for the financial year, pursuant to 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 meetings and discuss the schedule of meetings with the members of the Committee. In addition to the regular scheduled meetings, the Chairman of the Committee shall call a meeting if so requested by any member of the Committee.
- 10.1.3. The Committee meetings shall normally be conducted in a face-to-face manner to enable effective discussion, however, the Committee meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Committee. For face-to-face Committee meetings, if a member of the Committee is unable to be physically present, the member may choose to participate via telephone conferencing, video conferencing or other appropriate means as determined by the Committee.
- 10.1.4. All resolutions of the members of the Committee at a meeting or adjourned meeting shall be adopted by a majority of votes of all the Committee members present. In the case of an equality of votes, the Chairman of the Committee shall have a second or casting vote.
- 10.1.5. In the event matters requiring the Committee's decision arise between Committee meetings, the Committee may if deemed appropriate, consider and approve and/or recommend such matters through circular resolution in writing, in lieu of formally convening a meeting, which shall be supported by relevant papers, documents and information setting out details of the subject matter. 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. The circular resolution shall be as valid and effectual as if it has been passed by a meeting of the Committee duly convened. Approval of the BSC obtained by a BSC circular resolution must be signed or approved by all BSC members subject to para 10.1.7 of this Terms of Reference. All such circular resolutions shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolutions.

Clause 110,  
FGV Constitution



10.1.6. The Group CEO and Head of Group Sustainability and Head of Group Health Safety & Environment shall be permanent invitees of the Committee meetings. Other Directors of the Board, other management or executives of the Group, external parties and/or any party may be invited to attend the Committee meetings as the Chairman of the Committee and members of the Committee think fit.

10.1.7. Any Committee members and invited participants, including Independent Advisors, with conflicting interest shall abstain from discussion and participating in decisions or voting of the related matter. The Committee member and/or invited participants, including Independent Advisors, shall excuse himself/herself from the Committee meeting during discussions or deliberations of any matter which he/she has interest in or which may give rise to an actual or perceived conflict of interest situation for him/her.

10.1.8. 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. The Secretary of the Committee shall issue and circulate the notice of the BSC meeting confirming the venue, time and date to BSC members at least five (5) business days before each meeting to the Committee members and all those who are required to attend the Committee meeting. Any issuance of notice of a meeting shall be in writing and shall be given either in hard copy or in electronic form or partly in hard copy and partly in electronic form.

10.2.2. The Chairman of the Committee shall ensure that proper agenda is prepared for the Committee meeting. The Secretary of the Committee shall draw up the meeting agenda in consultation with the Chairman of the Committee. The BSC meeting agendas shall be the responsibility of the Chairman with input from the BSC members. The Chairman may also invite other members of management and other persons to participate in this process, if necessary.

10.2.3. The agenda for each Committee meeting including relevant papers, documents and information requested by the BSC shall be circulated at least five (5) business days before each meeting to the BSC members.

Practice 1.6,  
MCCG 2021

## 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 including any dissenting views), consistent, complete and timely manner. The minutes shall also record if any of the Committee member or invited participants had abstained from voting or deliberating on a particular matter.

Practice 1.6,  
MCCG 2021

10.3.2. Minutes shall be endorsed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

- 10.3.3. Copies of minutes of each meeting shall be distributed to all members of the Committee and relevant invited participants, to ensure proper key actions are acted upon.
- 10.3.4. The minutes shall be entered into the minutes Register kept by the FGV Company Secretary together with the attendance sheet.
- 10.3.5. Keeping of the minutes must comply with the requirements of the relevant law and regulations.
- 10.3.6. Reproduction of any part of the minutes can only be performed through/by the Secretary of the Committee.

## **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 6.1,  
MCCG 2021

## **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 MCCG 2021, Companies Act, 2016 or at least once every three (3) years.
- 13.2. All amendments to the Terms of Reference of the Committee must be approved by FGV Board.