

FGV



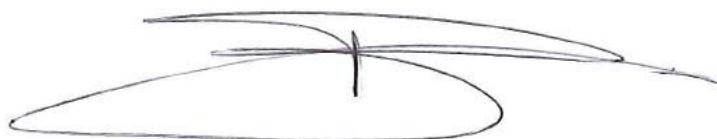
**INVESTMENT COMMITTEE
TERMS OF REFERENCE**

FGV HOLDINGS BERHAD

(VERSION 7.0)

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Chairman, Board of Directors

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1. INTRODUCTION

- 1.1. This Investment Committee's Terms of Reference ("TOR" or the "Terms of Reference") sets out the requirements of the Board of Directors of FGV Holdings Berhad for the establishment of an Investment 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 Companies¹;
 - "the Board" refers to the Board of Directors of FGV;
 - "IC" or "the Committee" refers to the Investment 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, 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 IC with respect to its delegated responsibilities to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities in relation to the review of significant investments. 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; and
- 1.3.2. The Corporate Governance Guide – Moving from Aspiration to Actualisation, 3rd 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 issuer's appreciation on the drivers of sound corporate governance.

2. PURPOSE

- 2.1. The purpose of the Committee is to review, monitor and recommend to the Board significant matters related to all existing and potential investments of the Group, in line with FGV's prevailing Group's Limit of Authorities ("Group LOA") and Group's Investment Policy.
- 2.2. The Committee shall facilitate the Main Board's statutory and fiduciary responsibility relating to the functions and duties of the Committee.

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

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 from amongst the Directors of FGV Board.
- 3.2. Majority of the Committee members shall be Independent Non-Executive Directors.
- 3.3. Chairman of the Committee shall be an Independent Non-Executive Director.
- 3.4. No Alternate Director shall be appointed as a member of the Committee.
- 3.5. All Committee members shall possess the following skills and knowledge:
 - 3.5.1 financial literacy to read, analyse and interpret financials to understand the impact of investment towards the Group's financial performance and position;
 - 3.5.2 corporate finance to understand the various financial models and structure to finance the Group's capital requirements; and
 - 3.5.3 knowledge on the markets and industries in which FGV's businesses operate and appreciation of risk and governance would be an added advantage.
- 3.6. Quorum
 - 3.6.1. In order to form a quorum for the Committee meeting, at least two (2) members shall be present at the meeting with at least one (1) present being an Independent Non-Executive Director.
 - 3.6.2. The Chairman of the Committee must be present at all of the Committee meetings.
- 3.7. The Board of FGV may also appoint any other persons with relevant qualification and experience as the Board thinks appropriate to be Independent Advisors of the Committee, subject to the formalisation of his/her appointment via letter of appointment signed by the Chairman of the Board of FGV. There shall not be more than two (2) Independent Advisors appointed to the Committee at any given point of time.

Independent Advisors shall perform an advisory role in the Committee and shall not be considered as members of the Committee. Independent Advisors shall not be considered in meeting quorums nor do they carry voting rights in the Committee's decisions.

4. CHAIRMAN OF THE COMMITTEE

- 4.1. The Chairman of the Committee shall provide leadership and steer the Committee through its decision-making process.
- 4.2. The Chairman shall ensure that sufficient time is dedicated to discussion of pertinent matters at each meeting and a consensus is reached for the decisions made at the meeting. Dissenting views are to be recorded in the meeting minutes.
- 4.3. The Chairman shall invite Management, Independent Advisors and/or external parties (e.g. consultants/professionals) as required, to provide clarification/detailed explanations on issues that fall within the scope of functions and responsibility of the Committee.

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 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 and drafting 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 (i.e. formal and prompt reporting) 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 Terms of Reference 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. review and recommend to the Board investment in, acquisitions or divestments of businesses, companies, overseas offices, land and buildings, within the limits set out in the Group LOA and Group's Investment Policy;
 - 6.1.3. approve expenditure on official due diligence for acquisitions, on a per-project basis, within limits set out in the Group LOA and Group's Investment Policy;
 - 6.1.4. acquire the resources from internal and external professionals, 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 with the Group LOA;
 - 6.1.5. meet exclusively among itself, whenever deemed necessary; and
 - 6.1.6. 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.
- 6.2. The Committee shall be assisted by the Group CEO, FGV Group Chief Financial Officer and the FGV Chief Strategy Officer to drive the investment initiatives across the FGV Group.

7. RESPONSIBILITIES AND DUTIES

- 7.1. The main responsibility of the Investment Committee shall be:
- 7.1.1 to review the Group's Strategic Plan developed by Management in its effort to enhance shareholders' value; and
 - 7.1.2 to review and recommend the Group's Investment Policy for the Board's approval.
- 7.2. The scope and functions of the Investment Committee are set out below:

The Group's Strategic Plan

- 7.2.1. oversee the execution of the approved the Group's Strategic Plan comprising of strategy implementation, progress tracking and performance evaluation against the approved the Group's Strategic Plan;
- 7.2.2. review the Group's Strategic Plan pertaining to investments and divestment activities;

- 7.2.3. review progress of due diligence and implementation of the potential investments/divestments;
- 7.2.4. review progress of approved investments/divestments, acquisitions/disposals at every quarter;

The Group's Investment Matters

- 7.2.5. review and recommend to the Board the Group's Investment Policy in line with the Group's Strategic Plan;
- 7.2.6. review and recommend to the Board, the specific initiatives, projects and potential investments proposed by Management to achieve the approved the Group's Strategic Plan including any corporate exercises, change of business model, restructuring plans, major capital expenditure, funding requirements and the salient terms of agreements of the proposed acquisitions/disposals;
- 7.2.7. review the Group's investment portfolio and assess the performance of the Group's investments in the context of business and operational performance as well as changing market environment;
- 7.2.8. the review, including emerging risks and opportunities, market outlook (i.e. market study and market analysis), economic indicators, currency market, industry/regulatory developments as well as key business developments, which may affect the investment portfolio, the Group's investment strategy and the Group's financial health. Any required changes to the Group's investment portfolio and the Group's investment strategy shall be tabled to the Board for approval;
- 7.2.9. review and recommend to the Board, any proposed investments and divestments, including their funding requirements. Proposals on new investments and divestments, includes and is not limited to existing and new merger and acquisitions, acquisition of land and buildings. The Committee shall also recommend to the Board any proposed acquisition/divestment/cessation of overseas offices within the limit set out in Group LOA;
- 7.2.10. review and recommend to the Board unbudgeted due diligence expenses for investment in or acquisition/divestment/cessation of businesses, companies, land and buildings as per Group LOA;
- 7.2.11. review and approve budgeted due diligence expenses and M&A related consultant expenses for acquisition/divestment/cessation of businesses, companies, overseas offices, land and buildings whereby the total expenses shall not exceed the approved annual budget as per Group LOA;
- 7.2.12. review and approve unbudgeted due diligence expenses and M&A related consultant expenses for acquisition/divestment/cessation of businesses, companies, land and buildings as per Group LOA;

- 7.2.13. undertake any other necessary duties, as mutually agreed by the Investment Committee and the Board or any other authority, which are empowered by law or regulated by any Government in which FGV operates in; and
- 7.2.14. review the Investment Committee Report and recommend to the Board for approval.

8. RELATIONSHIP WITH LISTED SUBSIDIARIES' INVESTMENT COMMITTEES

- 8.1. FGV IC reserves its right to be apprised of any investments undertaken by the Listed Subsidiaries and/ or any other matters FGV IC deems appropriate.
- 8.2. Consistency shall be maintained in the conduct of all the Listed Subsidiaries' Investment Committees. All investments undertaken by the Listed Subsidiaries shall be in accordance to FGV Group's strategic direction, strategic plan, Group's Investment Policy and Group LOA.
- 8.3. FGV IC delegates the functions under this Terms of Reference to the Listed Subsidiaries IC for investments valuing less than RM200 million and which do not require any announcement to Bursa Malaysia by the Listed Subsidiaries or FGV, to be approved by the respective Listed Subsidiary's Board. Any investment of more than RM200 million shall be tabled to FGV IC prior to seeking approval from the Listed Subsidiaries' Board and FGV Board for the investment proposal.
- 8.4. Notwithstanding Clause 8.3, any investment proposal of Listed Subsidiaries, regardless of value, requiring announcement to Bursa Malaysia by the Listed Subsidiaries or FGV, shall be tabled to FGV IC prior to seeking approval from the Listed Subsidiaries' Board and FGV Board for the investment proposal.

9. REPORTING

- 9.1. The Committee has specific duties to fulfil, particularly, to oversee the investments and divestment activities of the Group and to ensure adherence to local regulations as well as compliance to FGV's strategic direction, strategic plan and Group's Investment Policy. Committee shall accordingly report to the Board on the Group's investment performance and any issues affecting the FGV investment portfolio that may affect to the Group's financial health.
- 9.2. The Committee shall submit a report on the Committee's resolutions and recommendations at the next immediate Board meeting. The report shall include summary of deliberations of the Committee, proposed resolutions and recommendations, tabled for the Board's deliberation and approval.

- 9.3. Copies of signed minutes of each meeting of the Investment Committee shall be circulated to all Board members together with the report prepared by the Committee.
- 9.4. The Chairman of the Committee shall draw the Board's attention to any matter of major importance.

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. 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. Participation via video or tele-conferencing shall contribute to quorum of the Committee meeting.

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.
- 10.1.5. In addition to the members of the Committee, other Directors of the Board, Independent Advisors of the Committee, 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.
- 10.1.6. Any of the Committee member or invited participant, including Independent Advisors, with conflicting interest shall abstain from discussion and participating in decisions or voting of the related matter. The member of the Committee and/ or invited participant, 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 gives rise to perceived conflict of interest situation for him/her.
- 10.1.7. 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.

- 10.1.8. 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 signed by all the members of the Committee and shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolutions.

10.2. Notice and agenda

- 10.2.1. Proper notice shall be issued for any Committee meeting and the Chairman 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 Committee meeting.

10.3. Minutes of the meeting

- 10.3.1. The discussions and conclusions of the Committee meetings shall be minuted, in a clear, accurate (reflect the deliberations and decisions), consistent, complete and timely manner.
- 10.3.2. The minutes shall be entered into the minutes Register kept by FGV Company Secretary together with the attendance sheet.
- 10.3.3. Keeping of the minutes shall 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 shall only be performed through/by FGV Company Secretary.

Practice 1.5,
MCCG 2017

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 shall constitute a part of the annual Board Effectiveness Assessment, pertaining to the assessment of Board Committees.

Practice 5.1,
MCCG 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.
- 12.3. All members of the Committee shall maintain their independence and shall not be involved in the investment process, namely due diligence, and negotiations with buyers/sellers. In the event a site visit by the Committee as a whole is necessary for its decision making, the Committee shall escalate its request to the Board for approval.

13. REVIEW OF TERMS OF REFERENCE

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