

FGV



**INVESTMENT COMMITTEE
TERMS OF REFERENCE**

FGV HOLDINGS BERHAD

(VERSION 8.0)

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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;
 - "listed subsidiaries" refers to FGV's subsidiaries which are listed on Bursa Malaysia;
 - "the Board" refers to the Board of Directors of FGV;
 - "Group LOA" refers to the Limits of Authority of FGV Group;
 - "Group Investment Policy" refers to the Investment Policy of FGV Group;
 - "GCSO" refers to the Chief Strategy Officer of FGV Group;
 - "IC" or "Committee" refers to the Investment Committee of FGV; and
 - "Top Management" refers to the Group Chief Executive Officer ("Group CEO"), the Group Divisional Directors, Group Chief Financial Officer ("GCFO"), Chief Internal Auditor, Head of Group Governance & Risk Management, Head of Group Sustainability, Company Secretary and all positions from Senior Vice President and above.
- 1.3. The IC Terms of Reference aims to set out the terms of conduct of the 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 and divestments. In addition, the IC Terms of Reference also recognizes and aims to adopt related practices and guidance from the following documents:
- 1.3.1. The Malaysian Code on Corporate Governance 2021 and subsequent amendments ("the Code" or "MCCG"), which provides Principles, Intended Outcome, Practices and Guidance to promote greater internalisation of good governance and culture of integrity; and
- 1.3.2. The Corporate Governance Guide ("the Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), 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 and divestments of the Group, in line with FGV's prevailing Group LOA and Group Investment Policy.

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.

- 2.2. The Committee shall facilitate the Main Board's statutory and fiduciary responsibility relating to the functions and duties of the Committee.
- 2.3. 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, and shall comprise of not less than three (3) members whom shall be appointed from amongst the Directors of the Board.
- 3.2. Majority of the Committee members shall be Independent Non-Executive Directors.
- 3.3. All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of FGV.
- 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. To form a quorum for the Committee meeting, 50% of the members or not less than two (2) members of the Committee, whichever is higher, must be present at the meeting, with at least one (1) of the member attending is an Independent Non-Executive Director.
 - 3.6.2. The Chairman of the Committee must be present at all of the Committee meetings.
- 3.7 Deleted

4. CHAIRMAN OF THE COMMITTEE

- 4.1. The Chairman of the Committee shall be determined by the Board and must be an Independent Non-Executive Director. The Chairman of the Committee is not the Chairman of the Board.

- 4.2. The Chairman of the Committee shall provide leadership and steer the Committee through its decision-making process. The Chairman shall ensure that sufficient time is dedicated to discussion of pertinent matters at each Committee meeting and a consensus is reached for the decisions made at the Committee meeting.
- 4.3. The Chairman shall ensure that sufficient time is dedicated to discussion of pertinent matters at each Committee meeting and a consensus is reached for the decisions made at the Committee meeting.

5. SECRETARY OF THE COMMITTEE

- 5.1. The 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 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 (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 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 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 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. 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 external consultant through the Secretary of the Committee with approval of the Committee or Chairman of the Committee or Chairman of the Board; and
 - 6.1.6. meet exclusively among itself, whenever deemed necessary.
- 6.2. The Committee shall be assisted by the Top Management to drive the investment initiatives across FGV Group.
- 6.3. The Committee shall also be assisted by the Head of Group Strategy, the designated person within management, to provide dedicated focus to the Group's long-term strategic direction, strategic plan, business model and business planning processes with integration of risk management and internal controls.

7. RESPONSIBILITIES AND DUTIES

- 7.1. The main responsibility of the Committee shall be:
- 7.1.1 to review the Group's strategic plan developed by management in its effort to enhance shareholders' value for the Board's approval; and
 - 7.1.2 to review and recommend the Group Investment Policy in line with the Group's strategic plan for the Board's approval.
- 7.2. The Committee's responsibilities shall include, but are not limited to the following:
- 7.2.1 oversee the execution of the Group's strategic plan comprising of strategy implementation, progress tracking and performance evaluation;
 - 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;
- 7.2.5 review and recommend to the Board, the specific initiatives, projects and potential investments proposed by management to achieve 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;
- 7.2.6 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;
- 7.2.7 review 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;
- 7.2.8 review and recommend to the Board, any proposed investments and acquisitions in accordance with established thresholds in the Group LOA;
- 7.2.9 review and recommend to the Board any proposed divestments/cessation of businesses, companies, land, buildings and overseas offices within the limit set out in the Group LOA;
- 7.2.10 review and approve budgeted due diligence expenses as well as mergers and acquisitions related consultant expenses for investments / acquisitions / divestments / cessation of businesses, companies, land, buildings and overseas offices whereby the total expenses shall not exceed the approved annual budget as per the Group LOA;
- 7.2.11 review and approve unbudgeted due diligence expenses as well as mergers and acquisitions related consultant expenses for investments / acquisitions / divestments / cessation of businesses, companies, land, buildings and overseas offices as per the Group LOA;
- 7.2.12 assess, review and recommend to the Board for approval the Group's statement, reporting or disclosures in relation to investments / acquisitions / divestments / strategic direction / strategic plan including the Investment Committee Report for inclusion in the Company's Annual Integrated Report; and
- 7.2.13 undertake any such other functions as may be determined by the Board from time to time.
- 7.2.14 Deleted

- 7.3. Notwithstanding the clauses above, management shall highlight to the Committee on any proposal which requires FGV's special shareholder's consent as per FGV's Constitution and the specific requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirements") in particular Chapter 9 and 10.

8. RELATIONSHIP WITH LISTED SUBSIDIARIES' INVESTMENT COMMITTEES

- 8.1. IC reserves its right to be apprised of any investments undertaken by its listed subsidiaries and companies directly held by the listed subsidiaries and/or any other matters 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 Investment Policy and the Group LOA.
- 8.3. In accordance with established thresholds in the Group LOA, IC delegates certain functions under this Terms of Reference to the listed subsidiaries' Investment Committee, to be approved by the respective listed subsidiaries' Board.
- 8.4. Notwithstanding Clause 8.3, any investment/divestment proposals of the listed subsidiaries, regardless of value, requiring announcement to be released to Bursa Malaysia by the listed subsidiaries or FGV, shall be tabled to IC prior to seeking approval from the listed subsidiaries' Board and the Board.

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 Investment Policy. The Committee shall accordingly report to the Board on the Group's investment performance and any issues affecting FGV's investment portfolio that may affect the Group's financial health.
- 9.2. The Committee shall also report to the Board on matters considered and its recommendations thereon, pertaining to the Group through:
- 9.2.1 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;
 - 9.2.2 the Chairman of the Committee drawing to the Board's attention any matter of major importance; and
 - 9.2.3 the Chairman of the Committee updating the Board on the activities undertaken by the IC.

- 9.3 Investment and divestment proposals to be tabled for the Board's deliberation and approval must be accompanied with the Committee's report which shall include summary of the Committee's deliberations, resolutions, concerns and recommendations.
- 9.4 Deleted

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 or any members of the Committee may call for meetings as and when required.
- 10.1.3. The Committee meetings shall normally be conducted in a face-to-face manner to enable effective discussion. 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 IC obtained by an IC circular resolution must be signed or approved by all IC 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, GCFO and GCSO shall be permanent invitees of the Committee meetings. Other Directors of the Board, other management or executives of the Group and/or external parties e.g. consultants/professionals and/or any party may be invited to attend the Committee meetings (to provide clarification/detailed explanations on issues that fall within the scope of functions and responsibilities of the Committee) as the Chairman of the Committee and members of the Committee think fit.
- 10.1.7. Any Committee member and invited participants with conflicting interest shall abstain from discussion and participating in decisions or voting of the related matter. The Committee member and/or invited participants, 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 these individuals.

10.2. Notice and agenda

- 10.2.1. The Secretary of the Committee shall issue and circulate the notice of the IC meeting confirming the venue, time and date to IC 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 IC meeting agendas shall be the responsibility of the Chairman. The Chairman may also consult other members of the Committee and management, if necessary.
- 10.2.3. The agenda for each Committee meeting including relevant papers, documents and information requested by the IC shall be circulated at least five (5) business days before each meeting to the IC members.

Practice 1.6,
MCCG

10.3. Minutes of the meeting

- 10.3.1. Upon conclusion of the meeting, the minutes will be circulated in a timely manner. The discussions and conclusions of the Committee meetings shall be minuted, in a clear, accurate (reflect the deliberations and decisions including any dissenting views), consistent and complete.
- 10.3.2. 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

10.3.3. Upon conclusion of the meeting, draft of the minutes of meeting shall be:

- a) distributed to all members of the Committee or the relevant sections of the said draft may be provided to management and relevant invited participants, to ensure proper key actions/directions given are acted upon; and
- b) upon confirmation on the accuracy of the draft minutes by the Committee members/management, the draft minutes shall be tabled at the following meeting for confirmation and signing.

Minutes shall be endorsed by the Chairman of the next succeeding meeting.

10.3.4. The minutes shall be entered into the minutes Register kept by the 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 or inspection of any part of the minutes can only be performed through/by the 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 6.1,
MCCG

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 and adhere to all applicable 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/or 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's 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, or at least once every two (2) years.
- 13.2 All amendments to the Terms of Reference of the Committee must be approved by the Board.