

FGV



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

FGV HOLDINGS BERHAD

(VERSION 12.0)

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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 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 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;
- "Board Committees" refers to the Board Committees of FGV;
- "management" refers to the management of FGV Group;
- "Group LOA" refers to the Limits of Authority of FGV Group;
- "MACC Act" refers to the Malaysian Anti-Corruption Commission Act 2009;
- "Subsidiary Board" refers to the Board of Directors of FGV Group;
- "BGRMC" or "the Committee" refers to the Board Governance & Risk Management Committee of FGV;
- "BGRMC (Whistleblowing)" refers to BGRMC that oversees whistleblowing matters;
- "WBEC" refers to Whistleblowing Evaluation Committee;
- "Top Management" refers to the Group Chief Executive Officer ("Group CEO"), the Group Directors, Group Chief Financial Officer, Chief Internal Auditor, Chief Governance & Risk Officer ("CGRO"), Chief Sustainability Officer, Company Secretary, Group Management Committee (GMC) members, all positions from Senior Vice President and above; and
- "Key Management" refers to all positions from Vice President and above.

1.3. The BGRMC Terms of Reference aims to set out the terms of conduct of the 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 BGRMC 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

¹ 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.

Outcome, Practices and Guidance to promote greater internalisation of good governance and culture of integrity;

- 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 issuers' appreciation on the drivers of sound corporate governance; and
- 1.3.3. Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("Guidelines on Adequate Procedures".

2. PURPOSE

- 2.1. The purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities by:
 - 2.1.1. inculcating good governance and culture of integrity in FGV Group, as well as overseeing that FGV Group is operating in compliance with its policies and any applicable regulatory requirements; Guidelines on Adequate Procedures
 - 2.1.2. overseeing that FGV Group practices the highest level of integrity and ethics, complies with applicable laws and regulatory requirements on anti-corruption and effectively manages the key corruption risks in FGV Group; and Guidelines on Adequate Procedures
 - 2.1.3. setting and overseeing the risk management and mitigation plans and internal control framework of FGV Group by regularly assessing it to ascertain its adequacy and effectiveness. Practice 10.1 & 10.2, MCCG
- 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 composition of the Committee shall be as follows:
 - 3.1.1. the Committee members shall be appointed by the Board selected amongst the members of the Board;
 - 3.1.2. the Committee members shall comprise of not less than three (3) members;
 - 3.1.3. no Alternate Director shall be appointed as a member of the Committee;
 - 3.1.4. majority of the Committee members must be Independent Non-Executive Directors, one (1) of whom shall be an Audit Committee member; and Practice 10.3, MCCG 2017
- 3.2. Each of the Committee member must:
 - 3.2.1. have a reasonable knowledge of the Group's operations and performance;

- 3.2.2. have experience or knowledge pertaining to the subjects of governance and risk management including knowledge on related regulations and relevant best practice references/standards; and
- 3.2.3. dedicate the necessary time and attention to the execution of responsibilities and duties of the Committee.
- 3.3. Quorum
 - 3.3.1. To form a quorum for the Committee meeting, 50% of the members or no 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.
 - 3.3.2. 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 shall be determined by the Board and must be an Independent Non-Executive Director.
- 4.2. The Chairman of the Board should not be a member or Chairman of the Committee.

5. SECRETARY OF THE COMMITTEE

- 5.1. The FGV Company Secretary shall be the Secretary of the Committee except for the Committee meetings on whistleblowing matters, which shall be managed by the Whistleblowing and Detection Secretariat, who shall also be the Secretary for BGRMC (Whistleblowing).
- 5.2. The respective Secretary of the Committee/BGRMC (Whistleblowing) or with the approval of the Committee a representative of the Company Secretary for BGRMC or a representative of the Whistleblowing and Detection Secretariat shall be present to record proceedings of the Committee meetings.
- 5.3. The respective Secretary of the Committee/BGRMC (Whistleblowing) 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 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. acquire the necessary resources to perform its duties, including to instruct for an investigation on any activity or matter within its Terms of Reference;
 - 6.1.3. have full and unrestricted access to information pertaining to the Group, their 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.; and
 - 6.1.5. meet exclusively among itself, whenever deemed necessary.
- 6.2. The Committee shall be assisted by the CGRO, the designated person within management, to provide dedicated focus to inculcate good governance practices and culture of integrity in FGV Group and to ensure the integration of risk management and internal controls with considerations of strategy and business model, and with business planning processes.
- 6.3. The Committee shall also be assisted by the Top Management to drive good governance practices and sound risk management 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 and culture within the Group.
- 7.2. The Committee's responsibilities shall include but not are limited to the following:
- 7.2.1. Governance, Ethics and Integrity
 - In relation to governance, ethics and integrity, to perform the following:

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| <p>(a) establish, periodically review and recommend for the Board's approval the governance and integrity framework, FGV Anti-Corruption Plan, mechanisms and policies, governance programme, anti-corruption framework, anti-corruption compliance programme, ethics programme, with a view to inculcate good governance practices and culture of integrity across all levels of FGV Group, monitor their implementation, ensure compliance and periodically assess their effectiveness;</p> | <p>Guidelines on Adequate Procedures</p> |
| <p>(b) evaluate the adequacy and effectiveness of the Group's governance management and the Group Governance Management Division structure;</p> | |
| <p>(c) review and recommend for the Board's approval the Group's policies as per the Group LOA and the Policies & Procedures Governance Framework;</p> | |
| <p>(d) establish, review and together with management implement policies and procedures on whistleblowing and anti-corruption for the Group that are, at a minimum, guided by the Guidelines on Adequate Procedures;</p> | <p>Paragraph 15.29(1), Listing Requirements Practice 3.2, MCGG</p> |
| <p>(e) ensure that the whistleblowing and anti-corruption policies and procedures are reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years as well as ensure that corruption risk is included in the annual risk assessment of the Group;</p> | <p>Paragraph 15.29(1), Listing Requirements Practice 3.2, MCGG</p> |
| <p>(f) oversee and maintain the Directors' Code of Ethics and Conduct ("COEC") and the Directors' Code of Business Practice ("COBP") which shall be applicable to the Board members, Board Committees members and Subsidiary Board members;</p> | <p>Section 17A, MACC Act Practice 3.1, MCGG</p> |
| <p>(g) oversee and maintain the Group's Code of Business Conducts and Ethics ("COBCE") for employees which shall be applicable to all employees, consultants or business partners of the Group;</p> | <p>Section 17A, MACC Act</p> |
| <p>(h) authorise any investigation where there is possible fraud, illegal acts or suspected violation of the Directors' COEC and COBP as well as employees' COBCE involving management or Board members, Board Committee members and Subsidiary Board members;</p> | <p>Section 17A, MACC Act</p> |
| <p>(i) review reports on whistleblowing issues, as well as breaches involving key management positions, including on cases presented by the Whistleblowing Evaluation Committee according to the Terms of Reference of BGRMC (Whistleblowing), which is attached hereto as Appendix A;</p> | <p>Section 17A, MACC Act</p> |
| <p>(j) review reports and recommend the appropriate actions on violations of the employees' COBCE and breaches involving key management positions in accordance with FGV Code of Business Conduct & Ethics for Employees.</p> | <p>Section 17A, MACC Act</p> |
| <p>(k) ensure that employees are encouraged to use any of the whistleblowing channels to report on any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance programme;</p> | <p>Section 17A, MACC Act</p> |

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| <ul style="list-style-type: none"> (l) assign adequate resources and competent personnel (which may be external to the Group) to be responsible for all anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the anti-corruption compliance programme; | <p>Guidelines on Adequate Procedures</p> |
| <ul style="list-style-type: none"> (m) ensure that the lines of authority for personnel tasked with responsibility for overseeing the anti-corruption compliance programme are appropriate; | <p>Guidelines on Adequate Procedures</p> |
| <ul style="list-style-type: none"> (n) recommend for approval to the Board for any appointment or removal of the CGRO; and | |
| <ul style="list-style-type: none"> (o) appraise the performance, approve and recommend the remuneration (including annual increment, bonus and promotion) of the CGRO. | |

7.2.2. Risk Management

In relation to risk management, to perform the following:

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| <ul style="list-style-type: none"> (a) recommend to the Board, the approval of, and/or amendments to, the Group's risk management and internal control framework, strategies, policies, procedures, systems, capabilities and parameters; | <p>Practice 10.1 & 10.2, MCGG</p> |
| <ul style="list-style-type: none"> (b) review periodically the Group's risk management and internal control framework, strategies, policies, procedures, systems, capabilities and parameters to ensure implementation and compliance; | <p>Practice 10.1 & 10.2, MCGG</p> |
| <ul style="list-style-type: none"> (c) evaluate the adequacy and effectiveness of the Group's risk management, mitigation plans and internal control framework, the Group Risk Management Division structure, risk management processes and support system to identify, assess, monitor, manage and mitigate the Group's key risks; | <p>Practice 10.1 & 10.2, MCGG</p> |
| <ul style="list-style-type: none"> (d) report to the Board key business risks and its updates, strategies on managing key business risks, effectiveness of the mitigation plans and progress management of key business risks; | <p>Practice 10.1 & 10.2, MCGG</p> |
| <ul style="list-style-type: none"> (e) recommend for approval to the Board for any appointment or removal of the CGRO; and | |
| <ul style="list-style-type: none"> (f) appraise the performance, approve and recommend the remuneration (including annual increment, bonus and promotion) of the CGRO. | |

7.2.3. Reporting to the Board, shareholders and relevant authorities:

- (a) review any reporting of matters to the shareholders and/or relevant authorities and other statements which are mandated by Bursa Malaysia relating to the Group's governance and risk management including the Corporate Governance Report and recommends to the Board for approval;
- (b) review the relevant statements for inclusion in the Company's Annual Integrated Report, including the Statement on Risk Management and Internal Control, the Corporate Governance Overview Statement, the Board Governance & Risk Management Committee Report and other statements which are mandated by Bursa Malaysia or related to governance and risk management and recommends to the Board for approval;

- (c) ensure that the results of audit on corruption-related matters, reviews of risk assessment, control measures and performance are reported to the Board and acted upon. For corruption related matters, it shall be reported to the Board immediately upon conclusion of the audit and to update the Board more frequent. For high risk or sensitive red flag issues, material changes in situations which result in increased corruption risks, outcomes of investigations, etc. it shall be reported to the Board immediately upon conclusion of the audit and to update the Board every quarter; and
- (d) highlight to the Board on a quarterly basis, the Group's key risk indicators and risk tolerance levels, and the mitigation plans.

Guidelines on Adequate Procedures

Practice 10.1 & 10.2, MCGG

7.2.4. Grievance Management

- (a) Receive periodic updates and confirmation on the status of grievance complaints relating to operational matters only.

7.2.5. Other responsibilities and duties

- (a) Review and recommend to the Board for approval on any changes to the Group's organization structure to ensure effective governance structure.

- 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. BGRMC delegates the functions under its Terms of Reference, in respect of its 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 and corporate governance.
- 8.3. 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.
- 9.1.3. the Chairman of the Committee updating the Board on the activities undertaken by the BGRMC.
- 9.2. At the discretion of the Chairman of the Committee 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:
 - 9.3.1. the Company discloses in its Annual Integrated Report the Statement-on Risk Management and Internal Control and the overview of the application of the Principles set out in the MCCG ("Corporate Governance Overview Statement") for the financial year, pursuant to the Listing Requirements; Practice 15.25(1) & 15.25(b), Listing Requirements
 - 9.3.2. the Company discloses the application of each Practice set out in the MCCG during the financial year, to Bursa Malaysia Securities Berhad in a prescribed format ("Corporate Governance Report") and announce the same together with the announcement of the Annual Integrated Report; Practice 15.25(2), Listing Requirements
 - 9.3.3. the Company discloses in its Annual Integrated Report, the designated website link where the Corporate Governance Report may be downloaded; and Practice 15.25(2), Listing Requirements
 - 9.3.4. the policy on anti-corruption, the policy and procedures on whistleblowing, Directors' COEC and Directors' COBP are published on the Company's corporate website. Practice 15.25(2), Listing Requirements
Practice 3.1, MCCG

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, except for BGRMC (Whistleblowing) which will be convened as and when required.
 - 10.1.2. The Chairman of the Committee, in consultation with the respective Secretary of the Committee/BGRMC (Whistleblowing), 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 meeting 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 Clause 110, FGV Constitution

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 BGRMC obtained by a BGRMC circular resolution must be signed or approved by all BGRMC members subject to pars 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.
 - 10.1.6. The Group CEO, CGRO and Chief Internal Auditor 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 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, potential 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 all BGRMC meetings, including BGRMC (Whistleblowing), confirming the venue, time and date to BGRMC 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 respective Secretary of the Committee/BGRMC (Whistleblowing) shall draw up the meeting agenda in consultation with the Chairman of the Committee. The BGRMC 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 BGRMC shall be circulated at least five (5) business days before each meeting to the BGRMC 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.

Practice 1.6,
MCCG

- 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.

- 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, except for BGRMC (Whistleblowing) where the Secretary of BGRMC (Whistleblowing) shall take over the responsibility to enter the minutes and keep the minutes Register 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, or the Secretary of BGRMC (Whistleblowing) for BGRMC (Whistleblowing) meetings.

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 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 and adhere to all applicable laws and regulations as well as the prescriptions rendered in the Directors' COEC and the Directors' COBP.

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 MCCG, or at least once every two (2) years.
- 13.2. All amendments to the Terms of References of the Committee must be approved by the FGV Board.