



KUMPULAN PERANGSANG SELANGOR BERHAD (197501002218/ 23723-K)

TERMS OF REFERENCE OF THE BOARD GOVERNANCE AND RISK COMMITTEE

The Terms of Reference of the Board Governance and Risk Committee (“BGRC” or “Committee”) shall be as follows:

1.0 CONSTITUTION

The Committee has been established by a resolution of the Board of Directors (“Board”) and shall be known as the BGRC.

2.0 OBJECTIVE

2.1 The BGRC’s objective is to oversee KPS and its subsidiary companies’ (collectively referred to as KPS Group) in relation to:

a) RISK MANAGEMENT

Risk management systems, practices, and procedures to ensure effectiveness of risk identification, management, and compliance with internal guidelines.

b) COMPLIANCE

To ensure effective management of regulatory compliance throughout KPS Group and to provide oversight and advice to the Board in respect of the compliance with the applicable laws and regulations.

c) INTEGRITY & GOVERNANCE

Monitoring the implementation of Integrity and Governance Unit (“IGU”) and assist the Board in overseeing the overall issue of corruption, fraud, malpractice, and unethical conduct within the company, by the formulation of a strong governance, ethical and integrity culture within the KPS Group.

2.2 The BGRC is assisted by the Risk and Compliance Working Committee (“RCWC”) established at Management level. The RCWC is responsible for formulating the risk management and compliance policy, monitoring its implementation, ensure principle risks management and compliance risks are identified with appropriate controls put in place and periodical risk management and compliance reports are submitted to the BGRC.

3.0 MEMBERSHIP

- 3.1** The members of the BGRC shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three (3) members of whom majority are independent directors.
- 3.2** The Chairman of the BGRC shall be an Independent Director who shall be appointed by the Board.
- 3.3** No alternate Directors of the Board shall be appointed as a member of the Committee.
- 3.4** The appointment of a BGRC member terminates when the member ceases to be a Director, or as determined by the Board.

4.0 MEETINGS AND QUORUM

- 4.1** The Meetings shall be held not less than once every quarter in a financial year of the Company. A member at any time and the Secretary shall on the requisition of a member summon a meeting of the BGRC.
- 4.2** Any three (3) members present, the majority of whom must be Independent Directors, shall constitute a quorum.
- 4.3** At all meetings of the Committee, the Chairman of the Committee if present, shall preside. In the absence of the Committee’s Chairman, the members present at the meeting shall elect a Chairman of the meeting, who shall be an Independent Director.
- 4.4** The Committee meeting will be attended by the RCWC which consists of senior management of KPS, Managing Director/Group Chief Executive Officer (“MD/GCEO”), Deputy Chief Executive Officer Finance & Corporate Services (“DCEOFC”), Deputy Chief Executive Officer (Strategy & Investments), Head of Risk Management Department (“HRMD”), Head of Legal and Compliance Department (“HLCD”), Head of IGU/Chief of Integrity and Governance Officer (“CIGO”) and it may invite any other senior management or other persons to attend any meeting(s) of the Committee as it may from time to time consider necessary to assist the Committee in the attainment of its objective.
- 4.5** In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
- 4.6** The Company Secretary shall be appointed as the Secretary of the Committee or any other person as the Committee may decide.
- 4.7** Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the Committee.

- 4.8** The BGRC through its Chairman, shall report matters that are deliberated at BGRC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board’s deliberation and decision.

5.0 RESPONSIBILITIES

- 5.1** The Board has ultimate responsibility for risk oversight, risk management, integrity and governance and compliance oversight. As a sub-committee of the Board, the BGRC is responsible to the Board for:

5.2 RISK MANAGEMENT

- (a) Oversight of the establishment and implementation of an Enterprise Risk Management (“ERM”) framework.
- (b) Articulating and providing direction on risk appetite, tolerance, organisational control environment and risk culture at KPS Group.
- (c) Oversee and advise the Board on the current risk exposures of KPS Group.
- (d) Reviewing and recommending risk management strategies and policies for the Board’s approval.
- (e) Leading KPS Group’s strategic direction in the management of material business risks.
- (f) Ensuring infrastructure, resources and systems are in place for HRMD, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independent of the business risk taking activities of the Company.

- 5.3** To do the following, in relation to the HRMD:

- (a) Review the adequacy of the scope and plan, functions, and resources of the risk management function, and that it has the necessary authority to carry out its work and are free from constraints and other restrictions.
- (b) Review any appraisal or assessment of the performance of the HRMD.
- (c) Approve any appointment or termination of Head of HRMD.

5.4 COMPLIANCE

- a) Review reports from the HLCD, highlighting any material regulatory issues or concerns and mitigation strategies for the attention of the Board.

- b) Review the adequacy of the scope and plan, functions, and resources of the compliance function, and that it has the necessary authority to carry out its work and are free from constraints and other restrictions.
- c) Review periodic evaluation or report on the effectiveness of KPS’s compliance function.
- d) Conducting assessment of material compliance risks, mitigation strategies to address them and ongoing monitoring.
- e) Review finding, material issues or non-compliances highlighted by the HLCD in relation to the regulated businesses of the KPS Group.
- f) Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the Committee.

5.5 INTEGRITY & GOVERNANCE

- a) to oversee issues of corruption, fraud, malpractice, and unethical conduct within the Company and KPS Group; and
- b) to assist the Board in carrying out its responsibilities towards an organization free from corruption, with integrity and good governance, in addition to overseeing the IGU in achieving its objectives.
- c) To consider other governance and compliance matters as defined by the Board.
- d) To review the Corporate Governance Overview Statement and Corporate Governance Report to be included in the annual report and recommend for approval by the Board.

5.6 OTHER RESPONSIBILITIES

- a) The HRMD and HLCD will have a reporting line to the BGRC, alongside an internal reporting line to the MD/GCEO and DCEOFCs respectively and has direct access to the Chairman of BGRC.
- b) The CIGO is ultimately responsible for reporting to the Board on the implementation of IGU functions and BGRC to report issues of corruption, fraud, malpractice, and unethical conduct within the Company and KPS Group. Besides that, the CIGO is administratively reporting to MD/GCEO. In addition, CIGO also report to Bahagian Pengurusan Integriti Agensi (“BPIA”) on IGU Four (4) Core Functions/activities every sixth (6) months as required by BPIA.

- c) The Committee shall not be delegated with decision making powers but shall report its recommendation to the Board for decision.

6.0 AUTHORITY

The Committee is authorized by the Board to have access to professional advice from appropriate external advisers if deemed necessary. The Committee may meet with these external advisers without Management being present.

7.0 DISSOLUTION

The BGRC shall be dissolved upon recommendation and decision of the Board.