



MSM MALAYSIA HOLDINGS BERHAD
Investment and Tender Committee
Terms of Reference

CONFIDENTIAL

Chairman, MSM Board of Directors

Approved By : MSM Board of Directors
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**INVESTMENT AND TENDER COMMITTEE
TERMS OF REFERENCE**

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REVISION LOG

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1.0 INTRODUCTION

- 1.1. This Investment and Tender Committee Terms of Reference (“TOR” or the “Terms of Reference”) sets out the requirements of the Board of Directors of MSM Malaysia Holdings Berhad towards the establishment of an Investment and Tender Committee, and the delegation of responsibilities to such Committee, as at the date hereof.
- 1.2. Unless otherwise stated, in this Terms of Reference, the following applies:
 - 1.2.1. “Company” or “MSM” refers to MSM Malaysia Holdings Berhad;
 - 1.2.2. “MSM Group” or “the Group” refers to MSM Malaysia Holdings Berhad and its Group of Companies¹;
 - 1.2.3. “Board” refers to the Board of Directors of MSM;
 - 1.2.4. “ITC” or the “Committee” refers to the Investment and Tender Committee of MSM;
 - 1.2.5. “FGV” refers to “FGV Holdings Berhad”; and
 - 1.2.6. “Chief Internal Auditor” refers to FGV Chief Internal Auditor.
- 1.3. The TOR aims to set out the terms of conduct of the MSM ITC 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 procurements.

2.0 PURPOSE

- 2.1. The ITC TOR is approved by the Board.
- 2.2. The purpose of the Committee is to review, monitor and recommend to the Board significant matters related to all existing and potential investments and procurements of the Group, in line with MSM’s prevailing Limits of Authority (“LoA”), Group Investment Policy (“GIP”) and Group Procurement Policies & Procedure (“GPPP”).
- 2.3. The Committee shall facilitate the Main Board’s statutory and fiduciary responsibility relating to the functions and duties of the Committee.
- 2.4. 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.

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

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3.0 MEMBERSHIP

- 3.1. The members of the Committee shall be appointed by the Board of MSM and shall comprise of not less than three (3) members, whom shall be appointed from amongst the Directors of MSM Board.
- 3.2. Majority of the members shall be Independent Non-Executive Directors.
- 3.3. No Alternate Director shall be appointed as a member of the Committee.
- 3.4. Members of the ITC may relinquish their membership in the ITC with prior written notice to Company Secretary and may continue to serve as Directors of the Company.
- 3.5. All members of the ITC will hold office only so long as they serve as Directors of the Company.
- 3.6. All members shall possess the following skills and knowledge:
 - 3.6.1. Financial literacy to read, analyse and interpret related financial matters to understand the impact of any investment and procurement proposed towards the Group's financial performance and position;
 - 3.6.2. Corporate finance to understand the various financial modelling techniques, applications for investment analysis, company valuation, forecasting and financing;
 - 3.6.3. Knowledge on the markets and industries in which MSM's businesses operate; and
 - 3.6.4. Appreciation of the concepts of governance, risk and control.
- 3.7. Quorum
 - 3.7.1. In order to form a quorum for the Committee meeting, at least two (2) of the members shall be present at the meeting, with at least one (1) present being an Independent Non-Executive Director.
 - 3.7.2. The Chairman of the Committee must be present at all of the Committee meetings.

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4.0 CHAIRMAN OF THE COMMITTEE

- 4.1. The Chairman of the Committee shall be appointed by the Board of MSM from amongst the members of the Committee.
- 4.2. The Chairman of the Committee shall be an Independent Non-Executive Director.
- 4.3. The Chairman of the Committee shall provide leadership and steer the Committee towards an effective deliberation and decision-making process.
- 4.4. The Chairman shall ensure that sufficient time is allocated for discussion of pertinent matters at each meeting and a consensus is reached for decisions made at the meeting. Dissenting views are to be recorded in the meeting minutes.
- 4.5. The Chairman shall invite Management–and/or external parties (e.g. consultants/professionals) as required, to provide present, explain and clarify matters and issues that fall within the agenda of the Committee meetings.

5.0 SECRETARY OF THE COMMITTEE

- 5.1. The 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. Ensure the Committee meetings are arranged and held accordingly;
 - 5.3.2. Assist the Chairman of the Committee in planning and drafting the Committee’s activities for the financial year;
 - 5.3.3. Draw 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. Ensure structured communication (i.e. formal and prompt reporting) between the Board and the Committee;
 - 5.3.5. Ensure proceedings of meetings are minuted and endorsed by the Chairman of the Committee before disseminating them to all Board members; and

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- 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.

6.0 AUTHORITY

- 6.1. The Board authorises 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 TOR and make relevant recommendations to the Board;
 - 6.1.2. Recommend to the Board matters related to the MSM LoA, GIP and GPPP on investments, divestments and procurement including any new policy or framework development, changes or variation to the policies and framework;
 - 6.1.3. Recommend to the Board investments, divestments and procurements, within the limits set out in the MSM LoA, GIP and GPPP;
 - 6.1.4. Approve expenditures relating to due diligence exercises and M&A related consultants for acquisitions, divestments and cessations of investments for budgeted and unbudgeted projects as set out in the MSM LoA and GIP;
 - 6.1.5. Approve procurement awards (includes sole and single sourcing, contract renewal, contract extension, new appointment, procurement for raw materials and sale of used goods, scrap etc) and variation orders as set out in the MSM LoA and GPPP;
 - 6.1.6. 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 MSM LoA; and
 - 6.1.7. Meet exclusively among itself, whenever deemed necessary.
- 6.2. The Committee shall be assisted by the Group CEO, Chief Financial Officer, Head of Corporate Strategy and Head of Group Procurement to drive the investment and good procurement initiatives across MSM Group.

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7.0 RESPONSIBILITIES AND DUTIES

7.1. The main responsibility of the Investment and Tender Committee shall be:

7.1.1. To ensure that MSM has in place optimum frameworks, mechanisms, policies and procedures for effective investment and procurement undertakings and activities;

7.1.2. To review proposals related to new investments, divestments and procurements of the Group in line with MSM's prevailing related policies and procedures and

7.1.3. To make its recommendations on the abovementioned to the Board.

7.2. The scope and functions of the Investment and Tender Committee are set out below:

The Group's Investment and Divestment Matters

7.2.1. Review and recommend to the Board the GIP;

7.2.2. Review and recommend to the Board, the specific initiatives, projects and potential investments and divestments proposed by Management to achieve the approved Group Strategic Plan including any corporate exercises, change of business model, restructuring plans, major capital expenditure, funding requirements, covenants and the salient terms of agreements of the proposed acquisitions/disposals;

7.2.3. 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;

7.2.4. Review emerging risk 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 proposals for changes to the Group's investment portfolio and the Group's investment strategy shall be tabled to the Board for approval;

7.2.5. Review and recommend to the Board, any proposed investments and divestments, including their funding requirements. Proposals on new investment and divestments, include and are not limited to existing and new merger and

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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 MSM LoA;

The Group's Procurement Matters

- 7.2.6. Review the GPPP, including its Framework to adopt best and transparent practices in procurement and any changes to the Framework and policies, for subsequent Board approval;
- 7.2.7. Review and recommend procurement related items as listed in the MSM LoA and the GPPP for subsequent Board approval;
- 7.2.8. Review the efficiency and effectiveness of the Group's centralised procurement initiatives;
- 7.2.9. Review and endorse any procurement not covered in or vary from the GPPP or vary from any standard contract term for subsequent Board approval;
- 7.2.10. Review and recommend and/or approve tender awards under the GPPP for capital expenditures ("CAPEX") and operating expenses ("OPEX") within limits set out in the Group LoA inclusive of consumable goods, services and non-commodity inventory (e.g. spare parts, packing materials etc.) that are not governed by any specific procurement policies;
- 7.2.11. Review and approve any variation order for awarded contracts and the limit of such variation order as set out in the Group LoA and GPPP;
- 7.2.12. Review and recommend and/or approve the terminations of procurements within limits set out in the GPPP. For the avoidance of any doubt, in the event where any procurement was approved by ITC, then its termination shall be made by ITC and reported to the Board. Where any procurement was approved by the Board, then its termination shall only be made by the Board, and not by ITC;
- 7.2.13. Review status reports on procurement transactional efficiency and effectiveness, including amongst others, completion and delivery, spending against budget annually;
- 7.2.14. Undertake any other necessary duties, as mutually agreed by the Investment and Tender Committee and the Board or any other authority; and

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7.2.15. Review the Investment and Tender Committee Report in the Annual Report and recommend to the Board for approval.

NOTE :

(1) Where transactions are with related parties reference shall be made to MSM's Related Party Transactions and Recurrent Related Party Transactions Policy and Procedures.

(2) Where purchases and disposals of similar items are made within a 12-month period, reference shall be made to the Rule of Aggregation (Practice Note 14, Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

8.0 REPORTING

8.1. The Committee shall report to the Board on the Group's investment performance and any issues affecting the MSM investment portfolio and procurement matters that may affect the Group's financial health.

8.2. The Committee shall submit a report on the Committee's resolutions and recommendation 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.

8.3. Copies of signed minutes of each meeting of the Committee shall be circulated to all Board members together with the report prepared by the Committee.

8.4. The Chairman of the Committee shall draw the Board's attention to any matter of major importance.

9.0 MEETINGS ADMINISTRATIONS

9.1. Frequency and attendance

9.1.1. The Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate, or upon request by Management on a need basis depending on the expediency required for any related procurement process.

9.1.2. 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.



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- 9.1.3. 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.
- 9.1.4. Resolution 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. 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.
- 9.1.5. 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-conferencing or tele-conferencing, or other appropriate means as determined by the Committee. Participation via video-conferencing or tele-conferencing shall contribute to quorum of the Committee meeting.
- 9.1.6. The Group CEO, Group COO, Chief Financial Officer, Head of Corporate Strategy and Head of Group Procurement may attend the meetings upon invitation of the Committee. Participation from the Group CEO, Group COO, Chief Financial Officer, Head of Corporate Strategy or Head of Group Procurement may not be required for the full duration of the meeting.
- 9.1.7. In addition to the members of the Committee, other Directors of the Board, 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.
- 9.1.8. Any of the Committee member or invited participant with conflicting interest shall abstain from the said discussion and must not be physically present during the discussion. A Committee member shall abstain and excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of

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interest situation(s) for him/her, including matters regarding related party transactions. The conflicted members shall not be included in the voting process.

9.1.9. 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 may be impaired due to the presence of individuals concerned.

9.2. Notice and agenda

9.2.1. Proper notice shall be issued for any of the Committee meeting, and the Chairman of the Committee shall ensure that proper agenda is prepared for the Committee meeting.

9.2.2. The agenda and relevant papers for the Committee meeting must be issued at least five (5) business days prior to each of the Committee meeting.

9.3. Minutes of the meeting

9.3.1. The discussion and conclusions of the Committee meetings shall be minuted, in a clear, accurate (reflect the deliberations and decisions), consistent, complete and timely manner;

9.3.2. The minutes shall be entered into the minutes Register kept by the Company Secretary together with the attendance sheet;

9.3.3. Keeping of the minutes must comply with the requirements of the relevant laws and regulations, e.g. Companies Act, 2016 and Income Tax Act 1967; and

9.3.4. Reproduction of any part of the minutes can only be performed through/by the Company Secretary.


10.0 THE COMMITTEE'S PERFORMANCE

10.1. On an annual basis, the Board shall evaluate annually 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.

Paragraph
15.08A(3)(c), Listing
Requirements
Practice 5.1, MCGG
2017

11.0 COMMITTEE'S ETHICS AND PROCEDURES

11.1. 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.

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- 11.2. The Committee may be required to check and consult selected third party source on a confidential basis before making its final recommendation.
- 11.3. 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 & Conduct and the Code of Business Practice.

12.0 REVIEW OF TERMS OF REFERENCE

- 12.1. The Committee's Terms of Reference and work plans shall be reviewed periodically, as and when required or at least once (1) every three (3) years. This review shall be facilitated by Company Secretary, Head of Corporate Governance & Risk Management Department, Head of Corporate Strategy, Head of Group Procurement and Chief Internal Auditor.
- 12.2. All amendments to the Terms of Reference of the Committee must be approved by the Board.

*****End of MSM Investment and Tender Committee
Terms of Reference*****