KUMPULAN PERANGSANG SELANGOR BERHAD

(Registration No:197501002218/23737-K)

BOARD GOVERNANCE AND RISK COMMITTEE TERMS OF REFERENCE VERSION 6/2025

APPROVED BY BOARD
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1. INTRODUCTION

The Board Governance and Risk Committee ("BGRC" or "Committee") Terms of Reference ("TOR") aims to set out the terms of the conduct of the Committee with respect to its delegated responsibilities to assist the Board of Directors ("Board") in fulfilling the Board's statutory and fiduciary responsibilities in overseeing risk management, legal and compliance, integrity, governance and cybersecurity while ensuring alignment with relevant regulations and best practices, such as the Bursa Malaysia Listing Requirements and the Malaysian Code on Corporate Governance ("MCCG").

2. CONSTITUTION

The Committee was established as a committee of the Kumpulan Perangsang Selangor Berhad ("KPS Berhad" or "the Company") Board by a resolution of the Board and shall be known as the BGRC.

3. OBJECTIVES

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

3.1 Risk Management

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

3.2 Legal & Compliance

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

3.3 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 Berhad Group.

3.4 Cybersecurity

Oversees the cybersecurity program of an information system or network, including managing information security implications within the organisation, specific program, or other area of responsibility and to include strategic, personnel, infrastructure, requirements, policy enforcement, emergency planning, security awareness, and other resources.

4. MEMBERSHIP

4.1 The members of the BGRC shall be appointed by the Board of Directors from amongst the Non-Executive Directors of the Company and shall consist of no fewer than three (3) members, the majority of whom are independent directors.

4.2 The Chairman of the BGRC shall be an Independent Director who shall be appointed by the Board.

4.3 No alternate Directors of the Board shall be appointed as a member of the Committee.

4.4 The appointment of a BGRC member terminates when the member ceases to be a director, or as determined by the Board.

5. AUTHORITY

The Committee is authorised 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.

6. ROLES & RESPONSIBILITIES

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:

6.1 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 Berhad Group.

c. Oversee and advise the Board on the current risk exposures of KPS Berhad Group.

d. Reviewing and recommending risk management strategies and policies for the Board's approval.

e. Leading KPS Berhad Group's strategic direction in the management of material business risks.

f. Ensuring infrastructure, resources and systems are in place for Head Risk Management Department ("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.

6.2 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 the Head of HRMD.

6.3 Legal & Compliance

a. Reviewing reports from the Head of Legal and Compliance Department ("HLCD"), highlighting any material regulatory issues or concerns and mitigation strategies for the attention of the Board.

b. Reviewing 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. Reviewing periodic evaluation or report on the effectiveness of KPS's Berhad compliance function.

d. Reviewing assessment of material compliance risks, mitigation strategies to address them and ongoing monitoring.

e. Reviewing finding, material issues or non-compliances highlighted by the HLCD in relation to the regulated businesses of the KPS Berhad Group.

f. Monitoring the progress of material litigation cases, material legal disputes, and other material litigious matters as and when is necessary.

g. Performing 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.

6.4 Integrity & Governance

a. Overseeing issues of corruption, fraud, malpractice, and unethical conduct within the Company and KPS Berhad Group; and

b. Assisting the Board in carrying out its responsibilities towards an organisation free from corruption, with integrity and good governance, in addition to overseeing the IGU in achieving its objectives.

c. Considering other governance and compliance matters as defined by the Board.

d. Reviewing the Corporate Governance Overview Statement and Corporate Governance Report to be included in the annual report and recommend for approval by the Board.

6.5 Cybersecurity

a. Cyber Risk Strategy & Exposure: Oversee and advise the Board on the Group's current cyber risk exposure and future cyber risk strategy.

b. Emerging Threats & Risk Identification: Assess the Group's operational capability to detect, assess, and respond to emerging cyber threats.

c. Cybersecurity Due Diligence in Acquisitions: Oversee cybersecurity due diligence undertaken as part of any acquisition and advise the Board on associated risk exposure.

d. Breach Response & Crisis Management: Review at least annually the Group's cybersecurity breach response and crisis management plan.

e. Incident Reporting & Remediation: Review reports on significant cybersecurity incidents, including root cause analysis and adequacy of remedial actions.

f. Escalated Risk Issues: Consider and recommend strategic or systemic actions on cyber risk issues escalated by the Head of Information Technology Department ("HITD") and the compliance function.

g. Cybersecurity Controls & Vulnerability Management: Review the effectiveness of cybersecurity controls and systems in identifying and mitigating vulnerabilities.

h. Patch Management & Technology Lifecycle: Oversee patch management and technology lifecycle practices to ensure timely updates and decommissioning of outdated systems.

i. Regulatory Compliance & Standards Alignment: Monitor compliance with relevant cybersecurity regulations (e.g., PDPA, GDPR, NIST, ISO/IEC 27001) and alignment with industry best practices.

j. Third-Party Cyber Risk Oversight: Oversee third-party cybersecurity risk management, including vendor assessments and contractual safeguards.

k. Ensure the Group conducts cybersecurity awareness and training programs for all employees, including simulated phishing exercises and secure behaviour reinforcement.

6.6 Other Responsibilities

a. The HRMD, HLCD and HITD will have a reporting line to the BGRC, alongside an internal reporting line to the Managing Director/Group Chief Executive Officer ("MDGCEO") and Deputy Chief Executive Officer, Finance and Corporate Services ("DCEOFCS") respectively and has direct access to the Chairman of BGRC.

b. The Chief Integrity and Governance Officer ("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 Berhad Group. Besides that, the CIGO is administratively reporting to MD/GCEO. In addition, CIGO also report to Bahagian Pengurusan Integriti Agensi ("BPIA") on IGU's Four (4) Core Functions/activities every sixth (6) months as required by BPIA

7. SECRETARY OF THE COMMITTEE

7.1 The company secretary of KPS Berhad ("Company Secretary") shall be the secretary of the BGRC ("Secretary").

7.2 The Secretary of the BGRC, or, with the approval of the BGRC, a representative of the Company Secretary, shall be present to record proceedings of the BGRC meetings.

7.3 The Company Secretary shall be responsible for the preparation of the agenda of the meeting in consultation with the Chairman of BGRC or the MD/GCEO and

distribution of the meeting papers progressively to all the members at least five (5) business days before BGRC meetings.

7.4 The Secretary shall ensure proceedings of meetings are minuted and circulated to the BGRC in a timely manner.

8. MEETINGS AND QUORUM

8.1 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.

8.2 Any three (3) members present, the majority of whom must be Independent Directors, shall constitute a quorum.

8.3 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.

8.4 The Committee meeting will be attended by the Risk and Governance Working Committee ("RGWC") which consists of senior management of KPS Berhad, MD/GCEO, DCEOFCS, Deputy Chief Executive Officer Strategy & Investments ("DCEOSI"), HRMD, HLCD, CIGO, HITD 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.

8.5 In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

8.6 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.

8.7 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.

9. REPORTING

9.1 The BGRC shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company through:

a) The Chairman of the BGRC drawing to the Board's attention any matter of major importance; and

b) The Chairman of the BGRC updating the Board on the activities undertaken by the BGRC.

9.2 At the discretion of the Chairman of the BGRC and members of the BGRC, any relevant matters deemed to be of major importance should be referred to the Board for its attention.

10. ETHICS & PROCEDURES

10.1 All members of the BGRC shall safeguard all internal communications and treat them as strictly private and confidential and for the use of the BGRC members only.

10.2 The BGRC shall work diligently among the board members and adhere to all applicable laws and regulations, as well as the prescriptions rendered in the Board Charter and Directors' Code of Conduct.

11. REVIEW OF THE TERMS OF REFERENCE

11.1 The BGRC's TOR shall be reviewed once every three (3) years or as and when changes occur to the MMLR of Bursa Securities, MCCG, or any other regulatory requirements. It shall also be reviewed and updated when the direction or strategies of the KPS Berhad Group change, which may affect the BGRC's role.

11.2 All amendments to the TOR of the BGRC must be approved by the Board. Upon Board's approval, the said revision shall form part of the TOR and the TOR shall be considered as duly revised or amended.