

## **1.0 INTRODUCTION**

The primary objective of the Company's Board Charter is to set out the roles and responsibilities of the Board of Directors ("**Board**").

The Board has overall responsibility for overseeing the conduct of the Company' business, corporate governance, investor relations, risk management practices and internal control.

In carrying out its functions, the Board shall discharge its duties and responsibilities vested in it, which include:-

- approve and proactively participate in strategic decisions;
- ensure the Board adheres to its fiduciary obligation;
- challenge management with questions based on informed knowledge;
- oversee management's plans, decisions, and actions;
- monitor management's ethical conduct, financial reporting and regulatory compliance;
- play a critical role in ensuring sound and prudent policies and practices of the Company;
- be capable of effectively achieving good governance and protecting the interests of shareholders;
- ensure there is a sound framework for internal control and risk management;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- establish a succession planning for Board and Senior Management, including the implementation of appropriate systems for recruiting, training and determining the appropriate compensation benefits; and  
promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior.

In carrying out its duties, certain matters are specifically reserved for the Board's decision, including overall strategic direction, annual operating plan, capital expenditure plan, material acquisitions and disposals, material capital projects, monitoring the Group's operating and financial performance and reviewing key risks affecting the Company and its subsidiaries.

The Board will regularly review this charter and the terms of reference of Board Committees to ensure they remain consistent with the Board's objectives and responsibilities, and relevant laws, regulations, guidelines and standards of corporate governance.

## **2.0 BOARD SIZE AND COMPOSITION**

- a. The Board should comprise of individuals with character, experience, integrity, competence and time to effectively discharge their role as company director. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- b. The number of directors shall not be less than two (2) and not more than nine (9).

The appointment of directors shall be recommended by the Nomination Committee and approved by the Board.

- c. At any one time, at least half of the Board members are independent directors.
- d. In reviewing the Board composition, the Board with the assistance from the Nomination Committee, will take into consideration all aspects of diversity including age, gender, ethnicity, skills, experience, independence and background of the Board members.
- e. The Board may appoint a senior independent director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the chairman or the Managing Director ("MD") have failed to resolve them.

The Board shall appoint the senior independent director as the chairman of the Nomination Committee, unless a better candidate is available.

- f. The positions of chairman of the Board and MD should be held by different individuals, and the chairman must be a non-executive member of the Board. The Board must comprise a majority of independent directors.

In the event that the positions of chairman of the Board and MD are held by the same person or in the absence of such position, the Company shall provide explanation and justification in the Annual Report of the Company.

- g. The Board shall endeavour to achieve % female directors by 2020. The Board through its Nomination Committee should take steps to ensure that women candidates are sought as part of the recruitment exercise.

### **3.0 POSITION DESCRIPTION**

#### **3.1 CHAIRMAN**

- a. The chairman should:
  - i. Ensure the smooth functioning of the Board;
  - ii. Act as facilitator at meetings of the Board to ensure that no directors, whether executive or non-executive, dominate discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming;
  - iii. Inculcate positive culture in the Board;
  - iv. Ensure that all relevant issues are on agenda for Board meeting and all directors are able to participate fully in the Board's activities;
  - v. Ensure that the Board debates strategic and critical issues;
  - vi. Ensure that the Board receives the necessary information on a timely basis from Management;

- vii. Lead the Board in establishing and monitoring good corporate governance practices in the Company; and
  - viii. Ensure appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole.
- b. The Chairman of the meeting shall have a second or casting vote in case of equality of votes, except where the quorum is made up of only two (2) Directors or where only two (2) Directors are competent to vote on the question in issue.

### **3.2 MANAGING DIRECTOR**

- a. The MD should:
- i. Be persons of high calibre, and unquestionable integrity;
  - ii. Directly responsible for the day-to-day operations of the Company;
  - iii. Familiar with the Company's performance, the adequacy of internal controls, risk management and compliance with legal requirements as well as current matters and policies affecting the industry in general;
  - iv. Devote full attention and time to their duties and responsibilities and be able to direct and supervise the Company effectively and responsibly; and
  - v. At all times exercise professional skill, due care and diligence when performing his functions, exercising their powers or discharging his duties.
- b. The key role of a MD, amongst others, include:
- i. Developing the strategic direction of the Company;
  - ii. Ensuring that Board decisions are implemented and Board directions are responded to;
  - iii. Providing directions in the implementation of short and long-term business plans;
  - iv. Providing strong leadership; i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
  - v. Keeping Board fully informed of all important aspects of the Company's operations and ensuring sufficient information is distributed to Board members; and
  - vi. Ensuring day-to-day business affairs of the Company are effectively managed.

The sound operation of the Company depends critically on its MD. Thus, he must be able to devote his full attention and time to be able to discharge his duties and responsibilities effectively and diligently.

As the MD is directly responsible for the day-to-day operations of the Company, he must be familiar with the operations of the Company, the state of internal controls, requirements of regulations, as well as current issues and policies affecting the industry in general. He must also have the necessary knowledge and professional competence in the conduct of the Company's business.

In the absence of its MD, the executive director who is fully acquainted with the Company's affairs, is the person who will be directly responsible for the overall running of the Company.

### **3.3 INDEPENDENT DIRECTOR**

An independent director should declare to the Company annually that he complies with the criteria as stated below.

- 1) He is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and:
  - a. Is not an executive director of the Company or any related corporation of the Company;
  - b. Has not been within the last 2 years and is not an officer (except as a non-executive director) of the Company;
  - c. Is not a major shareholder of the Company;
  - d. Is not a family member of any executive director, officer or major shareholder of the Company;
  - e. Is not acting as a nominee or representative of any executive director or major shareholder of the Company;
  - f. Has not been engaged as an adviser by the Company under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; or
  - g. Has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or the listed corporation) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.

- 2) An independent director should:
- i. Provide and enhance the necessary independence and objectivity to the board;
  - ii. Ensure effective checks and balances on the board;
  - iii. To mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Company;
  - iv. Constructively challenge and contribute to the development of business strategy and direction of the Company; and
  - v. To ensure that adequate systems and controls to safeguard the interests of the Company are in place.

### **3.4 Role of the Senior Independent Non-Executive Director**

The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman and/or MD.

## **4.0 BOARD APPOINTMENT**

### **4.1 Nomination**

The Company should ensure that the directors and the MD are of high calibre, sound judgment, high integrity and credibility as they are entrusted by the shareholders to manage and perform effectively.

All nominations of candidates for the positions of directors and MD must be submitted to the Nomination Committee for consideration. The Nomination Committee shall base on the "Fit and Proper" standards as detailed hereunder before recommending the candidates to the Board for approval:-

#### Age limit

- In accordance with the Malaysian Companies Act 2016.

#### Work Experience

- 5 years or more preferably in relevant industry.
- Have been in senior management position.
- Good track record of managing a successful and profitable organisation.

#### Qualifications

- Degree, Professional qualification or equivalent or with the requisite years of relevant work experience

#### Personal Background

- A person of good character and high integrity and credibility.
- Not a bankrupt and has never been engaged in deceitful/oppressive/improper

business practices.

- Has not been engaged/associated or had conducted himself in a manner which may cause doubt on his fitness, competence and soundness of judgment.
- Has not contravened any provision made by or under any written law to be designed for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice.
- Have not been convicted whether within or outside Malaysia of any offence (other than traffic offence).

Competencies

- Business acumen
- Product knowledge
- Visionary
- Strategic agility
- Proven leadership ability
- Financial knowledge
- Market and global awareness
- Compliance and legal awareness
- IT awareness
- Human Resource Management skills

Directorship

- Prior to 1 June 2013  
Shall not hold not more than 10 directorships in listed companies and not more than 15 directorships in non-listed companies.
- On and after 1 June 2013  
Shall not hold not more than 5 directorships in listed companies.

Directors should notify the Chairman of the Board before accepting any new directorship, including an indication of time that will be spent on the new appointment.

All nominations of candidates for the positions of directors and MD must be submitted to the Nomination Committee for consideration.

#### **4.2 Re-election**

All directors are subject to retirement by rotation pursuant to the Constitution of the Company.

New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.

#### **4.3 Retention/ Re-designation of an independent director with cumulative term of more than nine (9) years**

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that it

desires to retain a person who has served in that capacity for more than nine (9) years as an independent director.

Further, the long serving director is required to declare to the Company annually that he complies the criteria as stated in item 3.3 above.

If the Board continues to retain the independent director after twelfth (12) year, the Board shall provide justification and seek annual shareholders' approval through a two-tier voting process.

## **5.0 BOARD RESPONSIBILITIES**

The Board should assume, amongst others, the following responsibilities:

- a. Reviewing the code of conduct of the Company and implementing appropriate internal systems to support, promote and ensure its compliance;
- b. Reviewing and adopting a strategic plan for the Company;
- c. Regularly evaluating economic, environmental, social and governance issues and any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability;
- d. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- e. Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes establishing sound risk management framework, reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- f. Selecting, appointing and evaluating from time to time the performance of, and planning succession of the MD under the guidance of the Nominating Committee;
- g. Reviewing the procedures for appointment of senior management and ensuring that succession planning of the senior management is in place;
- h. Establishing an internal audit function which reports directly to the Audit Committee;
- i. Promoting effective communication and proactive engagements within shareholders and other stakeholders;
- j. Ensuring there is a sound framework of reporting on internal controls and regulatory compliance;
- k. Ensuring its members have access to information, advice and appropriate continuing education programmes;
- l. Reviewing and approving formal and transparent remuneration policies and procedures to attract and retain directors;

- m. Ensuring there is appropriate corporate disclosure policies procedures;
- n. Encouraging the usage of information technology in communicating with stakeholders;
- o. Taking reasonable steps in encouraging the shareholders' participation and voting by poll at general meetings of the Company;
- p. Promoting effective communication and proactive engagements with shareholders;
- q. Undertaking an assessment of the independent directors annually; and
- r. Undertaking an assessment of the training needs of the Directors to enable them to discharge their duties effectively.

## **6.0 BOARD/MANAGEMENT AUTHORITIES**

The Board shall have the authority to approve transactions or activities which are beyond the individual discretionary powers of senior officers or management committees delegated by the Board as per the Approving Authority limits stipulated in the relevant policy manuals of respective operating units subject to the provision of the Constitution of the Company.

## **7.0 BOARD COMMITTEES**

- a. The Board should establish and delegate certain duties to specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration before tabling its recommendation to the Board.
- b. The Board has established the following Board Committees which operate within their specific terms of reference:-

- i. Nomination Committee

To provide a formal and transparent procedures for the appointment of directors as well as annual assessment of effectiveness of individual directors, Board Committees and Board as a whole and key senior management officers.

Refer to Appendix E for Procedures for Appointment of Directors and Senior Management.

- ii. Remuneration Committee

To provide a formal and transparent procedure for developing remuneration policy for directors and key senior management officers, and ensuring that compensation is competitive and consistent with the Company's culture, objectives and strategy.



iii. Audit Committee

To provide independent oversight of the Group's financial reporting, risk management and internal control system and ensure checks and balances within the Group, and to ensure financial statements comply with applicable financial reporting standards.

To review and assess the suitability and independence of external auditors.

Duties and functions of the above-mentioned committees are provided in their respective terms of reference.

## **8.0 BOARD PROCEDURES**

- a. The conduct of directors will be consistent with their duties and responsibilities to the Company and, indirectly, to the shareholders. The Board will always act within any limitations imposed by the provisions of relevant laws and guidelines on its activities;
- b. Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board;
- c. Directors who are not able to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary/Management;
- d. Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus of the Board but may, where considered necessary, call for a vote;
- e. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal and regulatory requirements the Board will decide the manner and timing of the publication of its decisions;
- f. Directors are expected to strictly observe confidentiality of the Company's information; and
- g. Directors are required to inform the Board of conflicts or potential conflict of interest that may have in relation to particular items of business or transaction. Subject to provisions of relevant laws and guidelines, these Directors shall abstain from deliberation and determination of those matters.

## **9.0 AUTHORITY**

The Board shall within its terms of reference:

- a. Have complete, adequate and timely information prior to Board meetings and on an ongoing basis;

- b. Have the resources required to perform its duties;
- c. Have full and unrestricted access to any information pertaining to the Company;
- d. Have the authority to form management / sub-committee(s) if deemed necessary and fit;
- e. Have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit;
- f. Have direct communication channels with employees, senior management personnel and relevant external parties; and
- g. Be able to obtain independent professional or other advice.

#### **10.0 MEETINGS & MINUTES**

Subject to relevant laws and guidelines, the following should be observed by the Board:-

- a. The Board shall meet on a quarterly basis, but in any event, no less than once in every three (3) months, or whenever deemed necessary;
- b. Individual directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Listing Requirements;
- c. The quorum of the meetings shall be met pursuant to the Constitution of the Company;
- d. The Board and Board Committees are also allowed to carry out the resolution by way of circulation;
- e. The participation of the director can be facilitated by means of video or telephone conferencing;
- f. Head of the respective division units and relevant management personnel may be invited to attend the Board meetings;
- g. The Company Secretary shall be appointed as Secretary of the Board Meeting and minutes of meetings shall be taken and documented;
- h. Information should be supplied to the directors at least seven (7) days prior to the meeting in order for them to discharge their duties;
- i. The Board meeting may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly; and
- j. Senior management and external independent advisors may be invited to attend

the Board meetings or Committees as and when the need arises.

#### **11.0 REMUNERATION OF DIRECTORS**

- a. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- b. The level of remuneration for the executive directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar industry.
- c. Non-executive directors are entitled to participate in the Company's Share Issuance Scheme (SIS) subject to approval at a general meeting. Non-executive directors who participated in the SIS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- d. No director other than executive directors shall have a service contract with the Company.
- e. A formal independent review of the directors' remuneration is undertaken no less frequently than once every three (3) years.

#### **12.0 BENEFICIAL INFLUENCE ON COMMUNITY**

The Board has a continuing responsibility to the community to ensure that the Company's activities are conducive towards promoting the economic well-being of its community and are in line with government's economic objectives.

#### **13.0 BOARD DIVERSITY POLICY**

The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance pertaining to the establishment of a gender diversity policy.

The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. Thus, the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

Refer to Appendix A for Board Diversity Policy.

#### **14.0 STRATEGIES AND POLICIES**

The Board oversees the Company's Strategies and Policies as a whole. This includes the Code of Ethics and Conduct (Appendix B), Whistleblowing Policy (Appendix C), Succession Planning Policy (Appendix D) and other significant policies recommended under MCGG.

The Code of Ethics and Conduct promotes ethical values and standards in the workplace while ensuring appropriate internal systems are in place to support, promote and ensure its compliance.

The Whistleblowing Policy sets the appropriate communication channels to facilitate whistleblowing by employees, customers, suppliers and other stakeholders.

The Succession Planning Policy ensures the continuity of Management and leadership in the Company.

#### **15. REVIEW OF THE BOARD CHARTER**

This Charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

This Board Charter was adopted by the Board on 31 May 2018.