



BOARD CHARTER

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The Board Charter serves as a strategic guidance and effective oversight of management & provides an overview of :

- (i) The roles and responsibilities of the Board, the Chairman, individual directors, the Chief Executive Officer and management.
- (ii) Delegation of authority by the Board to various Board committees established to assist the Board to execute its duties and responsibilities.
- (iii) Board operating procedures and practices pertaining to meetings, training and development, code of conduct and declarations of conflicts of interest.

1. BOARD STRUCTURE

a. Composition

- The number of directors shall be - not less than 2; not more than 15 (Companies Constitution - Article 79).
- At least 2 directors or one third (1/3) of the Board, whichever is the higher must be independent directors. If the number of directors of the Company is not a multiple of 3, then number nearest 1/3 (Bursa Malaysia Main Market Listing Requirements – Rule 15.02).

b. Appointment and Re-election

- The Board determines the appropriate size of the Board. New appointments recommended by the NRC should have the required mix of skills, experience & diversity (including gender).
- One-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting (Companies Constitution Article 80). A retiring Director is eligible for re-appointment. Any new or additional Director appointed by the Board during the year shall hold office until the next AGM and shall then be eligible for re-election.

2. ROLES AND RESPONSIBILITIES

a. Board of Directors

- i. Understanding shareholders' expectations; enhance shareholders' value.
- ii. Conscious balance of other stakeholders' interest & in line with Government policies.
- iii. Ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including established accounting policies.
- iv. Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business.
- v. To ensure high standards of ethics and corporate behaviour in the conduct of business.
- vi. Commitment in governing management and providing oversight of the Company; implementation of appropriate policies and procedures that govern management conduct; monitoring of performance and succession planning.
- vii. Implementation of appropriate measures to manage key risk factors.

b. Individual Directors

Directors are accountable to their shareholders and must use their best efforts to ensure that the Company and Group are properly managed and regularly improved so as to protect and enhance shareholder value. Their responsibilities include the following :

- i. Fiduciary duty to act in the interests of the Company, the shareholders & stakeholders.
- ii. Duty to exercise reasonable skill and care in the discharge of their functions.
- iii. To exercise the utmost good faith in all their actions and to act honestly in the discharge of their duties.
- iv. Acquire knowledge about the business of the Group & the statutory and regulatory requirements.
- v. Assist the Chairman in providing the Group with effective leadership.

c. Chairman

The Chairman is elected by the Board members to provide leadership at Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring integrity and effectiveness of the Board and its committees.

The Chairman is required to :

- i Facilitate all Board meetings and ensure the appropriate level of interaction among Board members & senior management.
- ii Ensure a balance of skills, knowledge and experience within the Board and effective reporting and communication.
- iii Ensure that material matters in respect of the business or governance of the Group are tabled for Board decision making.
- iv Monitor the performance of the members of the Board.
- v. Maintain a regular dialogue with the CEO and senior management & consult with the other Board members as appropriate.
- vi Chair all meetings with the shareholders (AGM & EGM).

d. Chief Executive Officer (CEO)

The CEO provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board. He is appointed by the Board on the recommendations of the Nomination and Remuneration Committees (NRC).

The CEO is accountable for the following :

- i. Act as a link between the Board and management of the Company with a direct reporting line to the Board.
- ii. Develop and recommend to the Board the long-term strategy and vision of the Company and critical performance targets.
- iii. Develop and recommend to the Board the annual business plan, budget, action plans and risk management policies that support the Company's long term strategy.
- iv Ensure management of day-to-day business affairs, continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies.

- v. Ensure that the Company has an effective management team and structure, management development program and succession plan.
- vi. Ensure effective internal controls and governance measures.

e. Management

The responsibilities of the Management are :

- i. Develop and propose for Board approval, the strategic plan and annual budget for the Company.
- ii. Communicate to the staff and implement the strategic plan approved by the Board.
- iii. Running and managing the operations of the Company in a proper manner and in accordance with the Board approved strategic plan within set authority limits.
- iv. Setting up effective internal control measures and a risk management framework.
- v. Assisting the Board in the establishment & adoption of the Group's policies.
- vi. Developing effective management information and internal control systems.
- vii. Reporting to the Board periodically the performance of the Group against the approved plan and budget as well as other matters under the Board's purview.
- viii. Reporting to the Board on matters that require their decision/approval or are of significance to the Group.

f. Responsibilities of Board Committees

The Board has set up Board committees with different functions to assist the Board in discharging its fiduciary duties. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision.

i. Audit and Risk Management Committee

The duties and responsibilities of the Committee include the following :-

(A) External Audit

1. To consider the nomination and appointment of the External Auditors, the audit fee and any questions of resignation or dismissal.
2. To discuss with the External Auditors the nature and scope of the audit & the audit plans.
3. To review with the External Auditors their observations and evaluation of the system of internal control.
4. To review with the External Auditors, their audit report.
5. To review the quarterly results and year-end financial statements of the Group, prior to the approval by the Board of Directors with focus on :-
 - any changes in or implementation of major accounting policies and practices;
 - significant adjustments arising from the audit;
 - compliance with accounting standards and other legal requirements.
6. To discuss problems and reservations arising from the audit, and any matters the Auditors may wish to discuss.
7. To review the External Auditor's management letter and management's response.

(B) Internal Audit

1. To approve any appointment or termination of senior staff members of the internal audit function.
2. To review the resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
3. To review any appraisal or assessment on the performance of members of the internal audit functions.

4. To review the structure, competency and resources of the internal audit function, and ensure that it is independent of the activities it audits and it has the necessary authority to carry out its work.
5. To review the scope of the internal audit programme, processes and reports of the internal audit programme, and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.
6. To consider the major findings of internal investigations and management's response.
7. To consider any related party transactions and conflicts of interest that may arise.

(C) Risk Management

1. Set the guideline and influence the culture of risk management within the Group.

This includes :

- embedding risk management and control framework in all aspects of the Group's activities;
 - communicating the approach to risk;
 - determining what types of risk are acceptable and what types are not.
2. Approve major decisions affecting the Group's risk profile or exposure.
 3. Identify and assess risks and monitor the management of fundamental risks.
 4. Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively.
 5. Review the risk management framework, processes, responsibilities and assess whether they provide reasonable assurance that risks are managed within tolerable ranges.
 6. Solicit formal feedback on the adequacy of risk management and internal control from the Chief Risk Officer/Internal Auditor, Chief Financial Officer and Group Chief Executive Officer.

(D) Nomination And Remuneration Committee (NRC)

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise at least 3 members, all of whom are non-executive Directors, majority of whom are independent.

The duties and responsibilities of the NRC are as follows :

1. To regularly review the Board structure, size and composition.
2. To review and recommend new nominees for appointment to the Board of Directors.
3. To assess the performance of Directors on an on-going basis & the effectiveness of the Board as a whole.
4. To recommend to the Board to fill the seats on Board Committees.
5. To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
6. To recommend to the Board for continuation Directors who are due for retirement by rotation and the Executive Directors.
7. To recommend to the Board the framework of Executive Directors' remuneration package.
8. To recommend to the Board any performance related pay schemes for Executive Directors.
9. To consider the appointment of any advisers or consultants deemed necessary to fulfil its functions.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole, subject to the shareholders' approval.

3. BOARD PROCESSES

a. Scheduling of Board meetings

The Board meets at least 4 times every year based upon a set schedule.

Apart from the pre-scheduled Board meetings, the Board may, for the purpose of urgent matters, convene ad-hoc Board meetings at any time during the year.

b. **Agenda for Board meetings**

The agenda of the meeting will reflect matters requiring Board decision & approval.

The Secretary shall discuss with the CEO/Executive Directors on the agenda items.

A Director may request for inclusion of a matter in the agenda 7 days before a particular Board meeting.

All Board meeting materials will be distributed at least 3 days before the Board meeting except for confidential or price sensitive items which may be presented directly at the meeting.

c. **Quorum**

The quorum shall comprise 50% of the Board members, subject to a minimum of 2.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote. In case of an equality of votes, the Chairman shall have a second or casting vote.

d. **Board and Directors Professional Development**

The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Group's business operations.

1. Newly appointed Board members are mandated to attend the Mandatory Accreditation Programmes required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment.
2. Newly appointed Board members, when taking up office, are to be fully briefed on the terms of their appointment, duties and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates.
3. Formal training and continuous education programs and workshops for the directors shall encompass topics on directorship, business, industry, regulatory and legislative.
4. Informal sessions and discussion forums for the directors shall be held to share experiences and have constructive deliberations.

e. Code of Ethics and Conduct

The Board commits itself and its Directors to the Code of Ethics and Conduct adopted by the Group.

f. Disclosure and Conflict of Interest

Every Director shall comply with the provisions of section 131 and 135 of the Companies Act 1965 in connection with the disclosure of the following:

- i. interest in shares, debentures, participatory interests, rights, options; and
- ii. interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on conflict of interest are, among others, the following :

1. Directors must act in good faith at all times in the best interests of the Company. The definition of “interest” shall bear the meaning provided in Section 6A of the Malaysian Companies Act, 1965;
2. Directors have a general duty to make disclosure by giving written notice as soon as possible of such events and matters relating to himself as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements; and
3. No director may vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.

REVIEW OF BOARD CHARTER

The Board Charter will be reviewed annually and updated in accordance with the needs of the Group.