

# **BOARD CHARTER**

## **INTRODUCTION**

The Board of Directors ("the Board") is committed to ensuring that good corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the long-term financial performance of the Group.

The Board acknowledged and welcome the implementation towards achieving the objectives of the recommendations of good governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

The Board Charter sets out the principles of the operation of the Board of the Company and to describe the roles, functions and responsibilities of the Board and those functions and responsibilities delegated to management.

## **BOARD STRUCTURE**

### **Board Balance and Composition**

- The Board consists of qualified individuals with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board.
- In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least 2 Directors or 1/3 of the Board, whichever is the higher, are Independent Directors. If the number of Directors of the company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.
- There is a Board balance of Executive Directors and Independent Non-Executive Directors with at least half of the Board consisting of Independent Non- Executive Directors.
- The Board shall appoint a Senior Independent Director who will attend to any query or concern raised by shareholders.

### **Appointment and Re-election of Directors**

The Board is responsible to determine the appropriate size of the Board and proposing new nominees for the Board and for assessing Directors on an on-going basis. However, the actual decision as to who shall be appointed should be the responsibility of the entire Board after considering the recommendations of the Nominating Committee.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting immediately after appointment and at least one third (1/3) of the Directors are subjected to re-election by rotation at each Annual General Meeting. The Constitution also provide that all Directors shall retire at least once in each three (3) years.

### **Tenure of Directors**

- In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting immediately after appointment and at least one-third (1/3) of the Directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all Directors shall retire at least once in each three (3) years.

- The Independent Director whose tenure exceeded a cumulative term of nine (9) years may continue to serve on the Board beyond the 9-year tenure provided the Board to make a recommendation and strong justification for his re-appointment without seeking shareholders' approval.

## **Role of the Board**

### ***Power and Duties of Directors***

- The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and of the Companies Act, 1965.
- Directors shall at all times to act in the best interest of the Company and use reasonable diligence in discharging their duties as a Director.

### ***Responsibilities of the Board***

The Board takes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company and the Group. The principal responsibility includes the following:

- Reviewing and adopting a strategic plan of the Company.
- Monitoring the conduct and management of the Company's business.
- Identifying principle risks and ensuring the implementation of appropriate internal controls and mitigation measures.
- Monitoring of performance and succession planning for senior management.
- Reviewing the adequacy and the integrity of the management information and internal control system of the Company.
- Overseeing the development and implementation of an investor and shareholders communications policy for the Company.
- Ensuring the Company's financial statements are true and fair and otherwise conform with law.

## **Role of Chairman**

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

### ***Responsibilities of Chairman***

The Chairman carries out the leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman is primarily responsible for:

- Leading the Board in the oversight of management.
- Representing the Board to shareholders.
- Ensuring the integrity and effectiveness of the governance process.

- Maintaining regular dialogue with Chief Executive Officer and senior management in respect of all material matters affecting the Company and to consult with the other Board members promptly and appropriately.
- Functioning as a facilitator at meetings of the Board to ensure that no Member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming.

### ***Non- Executive Directors***

The roles of Non-Executive Directors largely encompass the monitoring of Company performance and contributing to the development of Company strategy.

### ***Board Committees***

The Board may from time to time delegate certain responsibilities to Board Committees. The Board has established five committees to assist the Board in discharging certain responsibilities and duties. The various Board Committees as follows:-

- Audit Committee;
- Nominating Committee
- Remuneration Committee
- Risk Management Committee
- Employees' Share Option Scheme Committee

### **Board Meetings**

The Board shall meet at least four times a year at quarterly intervals with additional meeting convened as necessary. The Board is supplied with full and timely information such as agenda of the meeting and board papers for the meeting.

During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various board committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

### **Financial Reporting**

The Board is responsible to ensure that the financial statements of the Group present a balance and understandable assessment of the state of affairs of the Company and the Group. In preparing the financial statements, the Boards have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

### **Directors' Remuneration**

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors. The individuals concerned should abstain from discussion on their own remuneration.

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Board determines the remuneration of each Director. It is the Board's Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

### **Directors' Training**

All the directors have attended the Mandatory Accreditation Programmes as required under the Listing Requirements of Bursa Securities and will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to directors' duties and responsibilities or the discharge of their duties as directors of the Company.

### **Board and Member Assessment**

The Nominating Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committee, including individual Directors, annually, with the assessment report, together with a report on the Board balance covering the required mix of skills, experience and other qualities of Board Members, for discussion at the full Board.

### **COMPANY SECRETARY**

The Company Secretary plays a vital advisory role to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. Directors have access to all information within the Company and to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

### **RELATIONS WITH SHAREHOLDERS, INVESTORS AND MEDIA**

The Board acknowledges the need for shareholders and investors to be informed of all material business matters affecting the Company. The Company maintains an effective communication policy that enables both the Board and Management to communicate effectively with shareholders and the general public.

The ways of communication to shareholders, investors and media are as follows:-

- (a) The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders whereby shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general;
- (b) Timely announcements and disclosures made to Bursa Securities namely quarterly financial results, material contract awarded, changes in the composition of the Group and other material information that may affect investors' decision making;
- (c) Conduct regular dialogues with Investor Relations firm to carry out the Group's Investor Relations programme and meet up with the financial analysts on quarterly basis; and
- (d) Press conference and/or press release to provide the media an opportunity to receive updates pertaining to the results achieved.

## **ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group and may obtain independent professional advice, if required, in the furtherance of their duties.

## **REVIEW OF BOARD CHARTER**

The Board Charter has been approved by the Board. The Board Charter shall be reviewed by the Board periodically and updated in accordance with the needs of the Company to ensure its relevance in assisting the Board to discharge its duties effectively and efficiently.

**FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD'S DECISION:**

1. Amendment to Memorandum and Articles of Association.
2. Approval of corporate plans and overall Group strategy and policies.
3. Any proposal relating to merger, acquisition, consolidation, reorganisation, dissolution, sale, lease or other transfer of substantial part of the Company's assets.
4. Acquisition and disposal of substantial assets and investments.
5. Issue of securities of the Company.
6. Creation of any charge, lien or encumbrance on the Company's material assets or revenue.
7. Guarantee by the Company of indebtedness or obligation of any other party.
8. Approval of derivatives activities.
9. Approval of financial statements and annual reports.
10. Any action acquiring Board approval as set down in the Company's Articles of Association.
11. Any action or transaction beyond the authority limits delegated to management as set down in the Authority Matrix.
12. Any action or transaction requiring Board approval as set down in applicable regulations.
13. Where the Articles of Association or the applicable regulations require shareholders' approval for the action or transaction, such approval by the Board shall be subject to shareholders' approval.