

## **BOARD CHARTER**

### **1. INTRODUCTION**

The Board Charter sets out the roles and responsibilities of the Board, Board Committees and Management, Board procedures and matters reserved for the Board and it serves as a guidance for the Directors and Management. The clauses in the Board Charter do not overrule or pre-empt the statutory requirements and other relevant statutes, but it shall form an integral part of each Director's duties and responsibilities.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

### **2. KEY VALUES OF THE COMPANY**

The key values of the Company are:-

- a) Act with Integrity - Ethical, reliable, honest and transparent
- b) Customer Commitment - Provide high quality, reliable and innovative products
- c) Green Environment - Contribute towards a greener earth for current and future generations
- d) Leadership by Example - Top management to demonstrate by example

### **3. THE BOARD**

#### **3.1 Composition of the Board**

- a) The Board should comprise a minimum of two (2) or one-third (1/3) of Independent Directors, whichever is higher.
- b) The size and composition of the Board should be diversified with broad range of perspectives, expertise, experience and skills that will be able to contribute positively towards effective decision making and discharge of its roles and responsibilities for the benefit of the Group and its businesses.

#### **3.2 Appointment**

- a) The appointment of any new members to the Board shall be recommended by the Nomination Committee.
- b) On the appointment of new Director, the new Director is required to devote sufficient time to attend to the Company's matters.
- c) Directors are required to notify the Chairman and the Company Secretaries before accepting any new Directorship and to indicate the time expected to be spent on the new appointment. The directorships

held by any Board member at any one time shall not exceed five (5) in listed companies.

### **3.3 Tenure of Director**

- a) The tenure of the Independent Director, shall be in line with the Malaysian Code on Corporate Governance ("**MCCG**"), whereby it should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the Independent Director may continue to serve on the Board as Non-Independent Director.
- b) If the Board intends to retain an Independent Director beyond nine (9) years, it should be recommended by the Nomination Committee and the Board should justify and seek annual shareholders' approval.
- c) If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process as recommended by MCCG.

### **3.4 Authority of the Board**

The Board derives its authority to act from the Memorandum and Articles of Association / Constitution of the Company and the laws and regulations governing a listed issuer in Malaysia.

### **3.5 Roles of the Board and Directors**

The roles of the Board and Directors are to:-

- a) Oversee management, represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- b) Oversee business affairs and integrity, monitor the Group's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Memorandum and Articles of Association / Constitution and within a framework of prudent and effective controls that enable risks to be assessed and managed;
- c) Set, review and ensure compliance with the Company's values; and
- d) Ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

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

The responsibilities of the Board shall include but not limited to the following:-

- a) Together with senior management, promote good corporate governance culture within the Company and its subsidiaries ("**the Group**") which reinforces ethical, prudent and professional behaviour.
- b) Review, challenge and decide on Management's proposals for the Group, and monitor its implementation by Management. Provide input into and

final approval of Management's development of corporate strategy, including setting performance objectives and approving operating budgets.

- c) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
- d) Supervise, monitor and assess Management's and corporate performance, monitor implementation of strategies and policies, and to determine whether the business is being properly managed.
- e) Ensure there is a sound framework for internal controls and risk management.
- f) Understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks. Review, ratify and monitor framework of risk management and internal control and ethical and legal compliance under the guidance of the Audit Committee and Risk Management Committee.
- g) 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.
- h) Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management.
- i) Evaluate from time to time, the performance and succession planning of the Managing/Executive Director(s) under the guidance of the Nomination Committee.
- j) Ensure that the Company has in place procedures to enable effective communication with stakeholders.
- k) Monitor and review the management processes and ensure the integrity of the Group's financial and non-financial reporting and other reporting under the guidance of the Audit Committee.
- l) Review and approve remuneration package, directors' fee or other benefits payable to the Managing/Executive Director(s) and Non-Executive Directors under the guidance of the Remuneration Committee.
- m) Evaluate the composition, processes and performance of the Board and Board Committees under the guidance of the Nomination Committee.
- n) Perform such other functions as prescribe by laws, rules and regulations.

### **3.7 Matters Reserved for the Board**

The matters which are specifically reserved for the Board include the following:-

- a) Appointment of the Chairperson;

- b) Appointment and removal of the Managing/Executive Director(s);
- c) Appointment of Directors to fill a vacancy or as additional Directors;
- d) Establishment of Board Committees, their membership and delegated authorities;
- e) Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- f) Review of corporate governance principles and policies;
- g) Approval of annual business plan or budget;
- h) Approval of major capital expenditure, acquisitions and divestitures and monitor capital management, in excess of authority levels delegated to Management;
- i) Calling of meetings of shareholders; and
- j) Any other specific matters nominated by the Board from time to time.

#### **4. BOARD COMMITTEES**

- a) The Board may from time to time establish Committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved Terms of References and are in accordance with this Charter.
- b) The Board may also delegate specific functions to ad-hoc committees as and when required.
- c) The Board shall as a minimum, establish the following Committees and shall adopt Terms of Reference setting out matters relevant to the authority, responsibilities, membership and process of those Committees:-

##### **(a) Audit Committee**

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, also to assists in fulfilling the Board's stewardship accountability to its shareholders and financial stakeholders in respect of quality and reliability of financial information of the Group.

##### **(b) Nomination Committee**

The Nomination Committee is to assist the Board of Directors in their responsibilities in nominating new candidates to the Board of Directors, lead the succession planning of the Board members and Chief Executive Officer (or any other person assuming the similar roles and responsibilities), to assess the performance of the Board, the Board Committees and individual Directors of the Company on an on-going basis.

**(c) Remuneration Committee**

The Remuneration Committee is to assist the Board in recommending to the Board the remuneration package of Executive Directors, Directors' fee and other benefits for Non-Executive Directors in all its forms and assess the remuneration package of senior management.

**(d) Risk Management Committee**

The Risk Management Committee is to assist the Board in their responsibilities in reviewing and recommending the risk management policies and strategies for the Company, as well as to fulfil the Company's corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure.

**5. CHAIRPERSON**

- a) The Chairperson is appointed from amongst the Directors as approved by the Board. The majority shareholder may nominate the Chairperson.
- b) The Chairperson carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders. The key responsibilities as a Chairperson, include but not limited to the following:-
  - a. Leads the Board in discharging its duties and responsibilities.
  - b. Reviews and endorses the agenda of the Board Meeting prior to the issuance of the same to the other Directors, for each scheduled Board Meeting.
  - c. Leads the conduct of the Board Meetings and initiates discussion within the Board.
  - d. Stimulates participation and sharing of views and ideas from different perspectives by the Directors and ensures all views will be taken into consideration during the decision making process by the Board.
  - e. Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.
  - f. Chairs the general meetings of the Company and commits to answering the queries from the shareholders.
  - g. Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement.
  - h. Leads the Board to ensure compliance with all relevant laws and regulations, and to the best of their effort, promote and implement good governance practices within the organisation.
  - i. Performs other responsibilities assigned by the Board from time to time.

**6. SENIOR INDEPENDENT DIRECTOR ("SID")**

- a) The SID shall be nominated from amongst the Independent Non-Executive Directors.
- b) The roles of the SID, shall include but not limited to the following:-
  - a. Acting as a sounding board for the Chairperson.
  - b. Acting as an intermediary for other Directors when necessary.
  - c. Acting as the point of contact for shareholders and other stakeholders, whereby issues cannot be resolved through normal channels of contact with the Chairperson or Executive Directors.

**7. COMPANY SECRETARIES**

- a) The appointment and removal of the Company Secretaries are the matters for the Board. The Company Secretary should be suitably qualified, competent and capable of carrying out the duties required of the position.
- b) The key roles of the Company Secretaries are to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- c) The main responsibilities of the Company Secretaries, include but not limited to the following:-
  - a. Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.
  - b. Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.
  - c. Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof.
  - d. Provide advisory assistance to the new Director(s) appointed to the Board.
  - e. Identify relevant training and development programmes for the Directors, based on the training needs determined by the NC for the particular financial year.
  - f. Advise the Board on the requirements of corporate disclosures in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**ACE LR**") for various corporate proposal, as well as compliance with the ACE LR, Capital Market and Services Act 2007 and the Companies Act 2016.
  - g. Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened, record the Minutes of

the general meetings, as well as the discussion during the Questions and Answers session.

- h. Identify the corporate governance initiatives which are applicable to the Group and highlighted the same to the Board for consideration. Monitor the corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda.
- i. Advise the Board on corporate governance related matters.

## **8. MANAGEMENT**

### **8.1 Relationship with Management**

- a) Directors may delegate their powers as they consider it appropriate through appropriate manual of delegations or manual of authorities. However ultimate responsibility for strategy and control rests with the Directors as guided by the Managing/Executive Director(s).
- b) The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- c) The Management may be invited from time to time to Board meetings, as the Directors deem necessary.
- d) The management function is conducted by, or under the supervision of the Managing/Executive Director(s) as directed by the Board and by other officers to whom management function is properly delegated by the Managing/Executive Director(s).
- e) The Board as a whole shall in its collective oversight the conduct of the Management.
- f) The most senior Executive Director shall report to the Board.

### **8.2 Roles and Responsibilities of Executive Directors**

The responsibilities of the Executive Directors included but not limited to the following:-

- a) responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board;
- b) responsible for the overall direction and management of the Group's entire operations to achieve profit and investment objectives;
- c) in association with the Board, shall be accountable to the Board for the achievement of the Group's mission, goals and objectives;
- d) ensure the effective implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation;

- e) determine and implement medium and long term business plans to optimise returns to all stakeholders;
- f) ensure compliance with governmental procedures and regulations with relevant authorities for the time being in force;
- g) manage all business units in meeting the expectations of principals and customers;
- h) enhance the business processes to increase operational efficiencies;
- i) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- j) develop long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- k) direct and control all aspects of the business operations in a cost effective manner;
- l) effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
- m) develop succession planning and training employees for higher productivity;
- n) ensure that the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- o) assure the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- p) coordinate business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Financial Officer; and
- q) assist the Chairperson in organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis.

## **9. BOARD PROCEDURES**

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairperson, assisted by the Company

Secretary(s), shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

### **9.1 Process and Procedures for Board Meeting**

- a) The Board should meet regularly, at least on a quarterly basis. Special meetings of the Board should be held in addition to the quarterly meetings as and when required. Prior notice of meeting will be given to the Directors and all who are required to attend the meeting.
- b) Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- c) Additional formal business is dealt with as required, whether by physical, video-conferencing or telephonic meetings, as well other electronic meetings allowed under the laws or the Company's Articles of Association or Constitution. All resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.
- d) All meetings of the Board will be conducted in accordance with the Articles of Association or Constitution of the Company and applicable laws.

### **9.2 Agenda and Meeting Papers**

- a) The notice of a Directors' meeting should be given in writing at least seven (7) days prior to the meeting, shorter notice is allowed with the consent of all Directors.
- b) A well prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairperson, in conjunction with the Executive Directors and the Company Secretary(s), shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision.
- c) As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are encouraged to be circulated at least five (5) business days prior to the meeting. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is to be prepared.

### **9.3 Minutes**

The Board shall record its deliberations and decisions, in terms of the issues discussed, including whether any director abstained from voting or deliberating on a particular matter, and the conclusions thereof in discharging its duties and responsibilities.

#### **9.4 Access to Information and Independent Professional Advice**

- d) All Directors whether Executive and Non-Executive, shall have the same right of access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairperson furnishing satisfactory and explicit justification for such request.
- e) All Directors should have access to the advice and services of the Company Secretary(s). The Board should recognise that the Chairperson is entitled to the strong and positive support of the Company Secretary(s) in ensuring the effective functioning of the Board.
- f) The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses through an agreed procedure laid down formally.
- g) Subject to prior approval of the Chairperson, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

#### **9.5 Directors' External Commitments and Conflict of Interest**

- a) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.
- b) Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate (as defined in ACE LR) of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- c) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

#### **9.6 Directors' Remuneration**

- a) The Board has adopted Directors' and Senior Management's Remuneration Policy in recommending the remuneration package of Executive Directors and senior management of the Company.
- b) The Directors' fee of the Non-Executive Directors will be based on the experience and the level of responsibilities undertaken by them. The determination of the Directors' fee of the Non-Executive Directors shall be matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration.
- c) The Directors should not be taking part in deciding their own remuneration or Directors' fee.

- d) Directors who are shareholders of the Company may abstain from voting at general meetings to approve their fees.

## **10. REVIEW**

This Charter is to be reviewed by the Board as and when required.