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BOARD CHARTER



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1. KEY OBJECTIVE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. The Board of Directors (“Board”) has overall responsibility for the proper conduct of the Company’s business and assumes responsibility of effective stewardship and control of the Company.

2. PURPOSE

This Charter has been developed to:-

- provide a clear statement of the composition, roles, responsibilities, processes and operations of the Board for the Board, Board Committees, individual directors and Management; and
- ensure the practices of the Board are consistent with the best practice of corporate governance to safeguard the interest of all stakeholders and enhance shareholders’ value as well as for long-term sustainable business growth.


2.1 Responsibilities of the Board

2.1.1 General

The Directors owe fiduciary duties to the Company and must exercise reasonable care, skill and diligence in the best interest of the Company.

The principal responsibilities of the Board are to:-

- i. Reviewing and adopting a strategic plan for the Group
- ii. Overseeing and evaluating the conduct of the Group’s business
- iii. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- iv. Establishing a Succession planning for Board and senior management including appointing, training, fixing the compensation of, and where appropriate, replacing Key Senior Management
- v. Overseeing the development and implementation of stakeholders’ communications policy for the Group to ensure an effective, transparent and regular communication with its stakeholders
- vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group including systems for compliance with applicable laws, regulations, rules, directives, and guidelines
- vii. Formulating of corporate policies and strategies
- viii. Approving key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limits of authority
- ix. Annual Assessment of the Board, Board Committees and individual Directors

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In carrying out its duties, a formal schedule of 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.

2.1.2 Specific


The Board has agreed its role includes, but not limited to the following matters. The Board may choose to delegate some of these responsibilities to one or more of its Committees. This will be specifically reflected in the terms of reference of the relevant Committees.

(a) Strategic

- **Strategic planning** : Approving the Company's strategy, objectives, associated performance indicators and targets and approving any subsequent material variations.
- **Business planning** : Approving and adopting the business plan including operating budgets, capital budgets, performance indicators and approving any subsequent variations.
- **Future Funding** : Contributing to and approving a strategy for funding of the Company, including funding targets, timelines and avenues and appropriately involving itself in liaison and communication with potential sources of funding.
- **Change management** : Overseeing the Company's capacity to identify and respond to changes in its economic and operating environments.
- **Major projects** : Approving and monitoring major projects including corporate restructures/re-organisations, major capital expenditure, capital management, acquisitions and divestitures and any significant initiatives or opportunities that arise outside the annual planning and budgeting process.
- **Stakeholder liaison** : Appropriately involving itself in liaison and communication with key stakeholders.
- **Performance monitoring** : Overseeing the conduct and performance of the company and subsidiaries to ensure they are being properly and appropriately managed. To discharge this duty the Board will give specific and regular attention to:-
 - monitoring performance against the strategic and business plans;
 - monitoring performance against peer and competitor companies; and
 - enquiring into and following up areas of poor performance and their cause.

(b) Governance and Board Matters

- **Delegations of authority** : Reviewing, approving and, where appropriate, revising the delegations of authority from the Board to the CEO and significant delegations from the CEO to executives. These delegations must be clearly defined and be sufficient to empower the CEO and the executive team to run Company.
- **Committees** : Overseeing the work of the Board Committees including determining the need for specific Committees, reviewing the need for those Committees on an ongoing basis, receiving reports from, reviewing the work of, and considering the recommendations made by each Committee.
- **Self assessment** : Developing and implementing a formal process for the Board to assess its performance. This policy will include an external assessment when appropriate.

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- **Referred matters** : Attending to matters appropriately referred to it by the Chair, management, the CEO or Committees of the Board.
- **Governance matters** : Attending to corporate governance matters including the identification and nomination to the members of new Directors to fill Board vacancies and to any other matters identified as reserved to the Board.
- **Information needs** : Dictating its information needs to management including the form, timing, content and style of Board papers and ensuring these are fully addressed on an ongoing basis.
- **Succession planning** : Ensuring that appropriate plans are in place for the succession of the CEO, senior management and Board members.

(c) Risk Management, Compliance and Internal Controls

- **Risk management** : Defining the Company's risk appetite, approving and overseeing the operation of the Company's corporate risk management framework, assessing its effectiveness, understanding and reviewing the major/significant risks facing the Company and monitoring their management.
- **Internal controls** : Overseeing, reviewing and monitoring the operation, adequacy and effectiveness of the Company's reporting systems and the overall framework of internal controls established by the CEO including operational, accounting and financial reporting controls.
- **Operational compliance** : Approving, reviewing and monitoring compliance with key corporate policies.
- **Legal compliance** : Overseeing, reviewing and monitoring the operation of the Company's procedures to ensure compliance with relevant legislation is actively promoted within the Company. Attention shall also be given to privacy and occupational health and safety programs.
- **Reputation** : Being aware of and, where appropriate, reviewing any litigation, actions, transactions and issues, papers and reports to external/third parties which impact on the Company and may attract adverse public, government, regulatory or other interest.
- **Encourage the reporting of unlawful or unethical behavior** : Maintaining a firm stance in relation to whistle blowing policy and encouraging the reporting of unlawful or unethical behavior and ensuring that employees and management are assured of protection where violations are reported in good faith.

d) Financial

- **Financial oversight** : Overseeing all aspects of the Company's financial position including giving specific attention to the quantum, nature and terms of Company's debt facilitates and its ability to meet its debts and other obligations as they fall due.
- **Financial reporting** : Approving the annual audited financial statements, the quarterly financial statements, and the theme and text of the Company's annual report.
- **Audit** : Selecting Company's external auditors for approval by the members, ratifying the appointment of the internal auditor and approving their respective scopes of work.
- **Related party transactions** : Reviewing and monitoring all related party transactions to identify whether consideration should be given to seeking stakeholder approval and ensuring compliance with the market regulations.

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(e) Human Resource

- **CEO** : The appointment, regular performance assessment, remuneration, succession planning and, should it be necessary, the dismissal of the CEO.
- **Executive appointment** : Ratifying the appointment of any member of Top Executive Management
- **Executive performance and development** : Ensuring an appropriate process is in place to recruit, review the performance of, remunerate, train and develop executives and to provide for management succession.
- **Executive compensation** : Reviewing and approving the compensation, equity and incentive schemes in place for the CEO and executives to ensure they are appropriate and competitive in both structure and quantum.
- **Standards of behavior** : Reviewing, approving and monitoring compliance with the Company Code of Ethics, which provides guidance regarding ethical behaviour, including approving all proposed revisions or waivers.

2.2 Relationship between the Board and Management

Subject to the formal delegations of authority, the Board delegates responsibility for the operation and management of the Company business to the CEO and the management team. Management is accountable to the Board and is to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

The other executive and top management shall attend Board meetings by standing invitation.

The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of management. This will include the Non-Executive Directors meeting in the absence of management on a periodic, scheduled basis.

Non-Executive Directors may communicate with members of the senior management team at any time. However, unless the matter relates to operation of Board Committees or duties of the Company Secretary, in the ordinary course of business communications between the Non-Executive Directors and the senior management should be through the office of the CEO and the Chair.


2.3 Division of roles of the Board, Board Committees, individual Directors and Management

The Board recognises the importance of ensuring a balance of responsibility and authority between the Chairperson, the Executive Director and Non-Executive Director with clear division of responsibilities between the running of the Board and the Company's business respectively.

2.3.1 Appointment of Chairperson

The Board is empowered by the Company to appoint a Chairperson and to determine the period for which he or she holds office.

The Chairperson will be one of the Board's non-executive Directors. In the absence of the Chairperson, the Directors present must elect a Director present to chair the meeting.

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2.3.2 Role of the Chairperson

The roles of Chairperson of the Board and the Group Chief Executive Director (GCEO) shall be distinct and separate, and these positions must be held by different individuals. The role of the Chairperson is to ensure that the Board is functioning effectively.

The Chairperson will:-


- chair Board meetings;
- chair meetings of members, including the Annual General Meeting;
- establish the agenda for, and frequency of, Board meetings (together with the GCEO where appropriate);
- ensure that all relevant issues for the effective running of the Company's business are on the agenda;
- ensure that quality information to facilitated decision-making is delivered to Board members on a timely basis;
- ensure the Board's decisions have been implemented;
- encouraging all directors to play an active role in Board activities and allowing dissenting views to be freely expressed;
- ensure appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole;
- leading the Board in establishing and monitoring good corporate governance practices in the Company;
- managing the interface between the Board and the Management;
- protecting the interest and provide for the information needs of various stakeholders; and
- ensure the process of Board evaluation is conducted.

2.3.3 Role of Group Chief Executive Officer

The GCEO assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Divisions of the Group and drives the Group's business and performance towards achieving the Group's vision and goals.

The key roles of the GCEO include among others:

- primarily accountable for overseeing the day –to-day operations to ensure the smooth and effective running of the Group;
- responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls;
- ensure that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;
- serving as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions;

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- providing strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees;
- ensuring effective relationships and communication with management and between the Board, shareholders and relevant stakeholders; and
- implements the policies, strategies and decision adopted by the Board. All Board authorities conferred on the Management is delegated through the GCEO and this will be considered as the GCEO's authority and accountability as far as the Board is concerned.

2.3.4 Role of Individual Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. Broadly these include:-

- acting in good faith and in the best interest of the Group;
- demonstrating good stewardship and acting in a professional manner with sound mind;
- acting with reasonable care, skill and diligence subject to the business judgement rule;
- avoiding conflict of interest with the Group in a personal or professional capacity, including improper use of the property, information, opportunity of the Group or position as a Director or officer of the Group or engaging in business which is in competition with the Group;
- ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest;
- disclosure of and abstaining from voting on matters of material personal interest;
- exercising greater vigilance and professional scepticism in understand and shaping the strategic direction of the Company and/or Group; and
- compliance with the Companies Act, securities legislation and the Main Market Listing Requirements ("MMLR") of Bursa Listing Malaysia Securities Berhad.

2.3.5 Role of Senior Independent Non-Executive Director


The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairperson, 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 be appropriate to be communicated through normal channels of the Chairperson and/or GCEO.

2.4 Board Committees

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities. However, the Board will not delegate any of its decision making authority to those Committees.

The Board has established the following Committees:-

- Audit Committee
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

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Each formally constituted Committee will have a written terms of reference, approved by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each of the Directors within the time frame set out in the relevant Committee's terms of reference, together with a clear list of recommendations and/or other matters and issues for the consideration of the full Board at the next Directors' meeting. Where a Committee meeting is necessarily held a short time in advance of a Board meeting, for example where the Audit Committee completes its review of the financial statements only shortly in advance of the Board meeting to approve those accounts, the Board will accept a verbal report from the Chairperson of the Committee. However, this must be followed by formal written minutes within the prescribed timeframe.

Membership of Board Committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors.

The Board has sole responsibility for the appointment of Directors to Committees and expects that, over time, the Directors will rotate on and off various Committees taking into account the needs of the Committees and the experience of the individual Directors.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process.

2.5 Composition

2.5.1 Size and Composition

The Board consists of qualified individuals with diverse experiences, ethnicity, gender, age, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The minimum and maximum size of the Board shall be two (2) and twelve (12) members respectively. Nonetheless, at least two or one third of the members, whichever is the higher should be independent directors as stipulated under the MMLR.


2.5.2 Nomination

The Board has defined, and will keep under ongoing review, its skill requirements. The Board will seek to augment its skills as required.

Potential Directors will be nominated for appointment to the Board on the basis of their identified skills, knowledge and experience to meet the needs of the Board at the time their appointment is proposed. This information will be communicated to members to assist them in their decision whether to confirm the appointment of the nominee.

2.5.3 Induction

All new Directors appointed to the Board undertake a formal induction program coordinated by the Nominating Committee and GCEO. In addition to the Mandatory Accreditation programme (MAP) to all newly appointed Directors, the Board shall evaluate and determine the continuous training needs of its members from time to time in order to

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enhance his/her contribution to the Board and to effectively discharge his/her duties as a Board member

2.5.4 Independence

A Director will be considered independent if they fulfilled the provisions and definition of independent director of the MMLR.

2.5.5 Tenure of Independent Directors

The tenure of an independent director should not exceed a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholder's approval through a two-tier voting process as stipulated in the Malaysian Code of Corporate Governance. Otherwise, an independent director may continue to serve on the board as a non-independent director.

2.6 Performance

2.6.1 Remuneration

The Board will consider for adoption a remuneration policy established by the Remuneration Committee designed to enhance corporate and individual performance. The level of remuneration will be designed to attract and maintain talented and motivated Directors and employees.

The maximum amount of annual fees to be paid to non-executive Directors will be established by the Company and subject to ordinary resolution of the shareholders.

2.6.2 Continuing Education Program

Directors are expected to undertake continuing professional education to enable them to discharge their duties. Management will brief the Board on changes in the legislative, regulatory or industry framework which impact the Company but this is not a substitute for the Directors' efforts to seek continuous knowledge of the changes in the market regulations.


2.6.3 Performance Appraisal

The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board reviews and evaluates individual directors' performance, its own performance and the performance of its Committees on an annual basis against both measurable and qualitative indicators based on the report of the Nominating Committee.

2.6.4 Stakeholder Liaison

The Company encourages effective communication with stakeholders and has strategies in place to effect this. The Company stakeholders include members, employees, Government funding bodies and the community.

Unless with reasonable reason, all Board members shall attend the Company's Annual General Meeting and Extraordinary General Meeting.

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2.6.5 Other

Each Director is required to comply with terms and conditions of any arrangements specifically involving them, for example Director's indemnity insurance.

2.7 Meetings

The Board shall meet regularly to discuss business strategy, financial performance, potential strategic acquisition or alliances, matters pertaining to compliance and governance as well as reports on matters deliberated by the respective Board Committees. On quarterly basis, amongst others, the Board reviews financial performance of the Group, reports from internal auditors and approves the quarterly results of the Group at its meeting. The agenda for each meeting is dictated by the needs of the Company and the matters set out in the annual agenda for attention at a particular meeting. An additional Board meeting at the request of any Director at any time can be convened.

2.7.1 Conflict of Interests

Directors are required to take all reasonable steps to avoid an actual, potential or perceived conflict of interests with the Company's interest.

2.7.2 Quorum

The quorum for board meeting shall be two third of the board members

2.7.3 Notice of Meeting


Every Board Meetings can be convened by the Company Secretary by giving all Directors seven (7) days' notice in writing. A meeting may, with the consent of all Directors, be convened with less notice.

2.7.4 Meeting papers

To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least five (5) business days, or a shorter period where it is unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/ or recommendations is prepared.

2.7.5 Meeting Mode

Personal attendance of Board members at meetings is preferred. But the Board of Directors' Meeting may hold meetings at two (2) or more venues within or outside Malaysia using any technology by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication that enable the members of the Board as a whole to participate for the entire duration of the meeting pursuant to this provision shall constitute presence in person/quorum at such meeting. All resolutions agreed upon by the Directors at such a meeting shall deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at or during the meeting. A minute of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

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2.7.6 Meeting Minutes

The minutes of the Board meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

2.7.7 Decision-Making/Circular Resolution

All corporate strategic decisions are made at Board Meetings after due processes, discussion and deliberations.

Where appropriate, the Board may from time to time consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communication, in like form, each signed by one or more Directors.

2.8 Traveling Procedures

2.8.1 Introduction

To address the limitation for the Executive Directors and the Key Senior Management of the Group to be travelling together due to the remote potential of a serious accident occurring during travel and the related impact to the Company's succession planning.

2.8.2 Procedures


- Not more than 2 Executive Directors **OR** 2 key senior management **OR** 1 Executive Director and 1 key senior management may travel together on the same airplane or by other modes of transportation.
- The Group CEO, Group Deputy CEO or Group CFO are discouraged from traveling together on the same airplane or by other modes of transportation.

2.9 Advice to Directors

Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.

Directors will be entitled to:-

- a) access members of the senior management via the GCEO & Deputy GCEO at any time to request relevant and additional information or seek explanations;
- b) have access to internal and external auditors, without management present to seek explanations or additional information; and
- c) Subject to Board's approval or with the Chairman's prior consent, which will not be unreasonably withheld or delayed, external advice or independent professional advice in furtherance of their duties may be sought by a Director at the expense of the Company.

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2.10 Publication of the Board Charter and Committee Charters

The Charter will be available to each Director, internal and external auditors. A copy of this Charter shall be published on the Company's website.

2.11 Review of the Board Charter

The Board will regularly or periodically review the Board Charter and the Charter of its Committees to ensure it remains consistent with the Board's objectives and responsibilities, current law, best practices and the relevant standards of corporate governance and will make any changes it determines necessary or desirable.

3. BOARD'S RESPONSIBILITY

The contents of this charter shall be discussed and approved at a full meeting of the Board. Subsequent changes of the provisions in the Charter shall be adopted by the Board with a formal resolution.

Annually, Board shall conduct an appraisal and evaluate its performance vis-à-vis the provisions in the board charter. This review shall be administered by the Nomination Committee and reported back to the Board. If require, the Nomination Committee could engage third party consultant to perform this evaluation to ensure its objectivity.

4. MANAGEMENT'S RESPONSIBILITY

Management is accountable to the Board to fulfil the responsibilities delegated by the Board on the operation and management of the Group's business.

5. DOCUMENTATION

The Charter shall be made available to all Directors, Company Secretary, Internal and External Auditors. A copy of this Charter shall be kept in the registered office and head office of the Company and Company Secretary's office for public inspection.

6. CORPORATE DISCLOSURE REQUIREMENTS

Copy of the approved Board Charter shall be published in the corporate website.