

# BOARD CHARTER

CHEMICAL COMPANY OF MALAYSIA BERHAD

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## 1. Introduction

### 1.1. Purpose

- 1.1.1. This Board Charter (the “Charter”) serves as a guiding document for the Board of Directors (the “Board”) of Chemical Company of Malaysia Berhad (the “Company”) and is in line with the Company’s Constitution, which empowers the Board to carry out the functions and powers and general administration of the affairs and business of the Company and its subsidiaries (collectively referred to as the “Group”).

### 1.2. Authority

- 1.2.1. The Board derives its authority to act from the Company’s Constitution and the relevant laws.

### 1.3. Scope and application of the Charter

- 1.3.1. This Charter should be read together with the relevant enumerations encapsulated in the following legislations:
- (a) Companies Act 2016;
  - (b) Capital Market and Services Act 2007 (Amendment 2012); and
  - (c) Main Market Listing Requirements of Bursa Securities Malaysia Berhad (“Listing Requirements”);
- 1.3.2. Where there is a conflict between the contents of this Charter and the aforementioned legislations or the Company’s Constitution, the relevant enumerations contained in the said legislations or Company’s Constitution shall prevail.
- 1.3.3. The Charter is also developed in alignment with the Malaysian Code on Corporate Governance (“MCCG”).

## 2. Board Composition

### 2.1. Board size

- 2.1.1. The number of Directors on the Board shall not be less than three (3) and more than twelve (12) (*Company’s Constitution*).
- 2.1.2. The Board shall periodically review and evaluate the size of the Board, with a view to promote effective deliberation, encourage active participation of all Directors and to allow the functions of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees.
- 2.1.3. The Board shall take into consideration the following when reviewing its size:
- (a) The evolving circumstances and needs of the Group in terms of its size, market or geographical footprint;
  - (b) The need to achieve an appropriate balance of Executive and Non-Executive Directors (including Independent Directors); and
  - (c) Other factors such as representation of the interests of certain members or groups of members, technical know-how or experience in the relevant

industry sector, and the Board's diversity of professional experience, gender cultural background and age. The Board shall comprise at least 30% women Directors to bring in a diversity of perspectives during the deliberation process (*Practice 4.5 of MCCG*).

- 2.1.4. For the avoidance of doubt, an Alternate Director shall not be counted in the determination of the number of Directors on the Board [*Section 196(4)(b) of Companies Act 2016*].

## 2.2. Board structure and independence

- 2.2.1. At least one third of Board shall be Independent Directors [*paragraph 15.02(1) of Listing Requirements*]
- 2.2.2. In the event of a vacancy in the Board resulting in non-compliance with clause 2.2.1, the Company must fill the vacancy within three (3) months [*paragraph 15.02(3) of Listing Requirements*].
- 2.2.3. Nominee Directors of major shareholders, who represents the interests of the major shareholders in providing strategic direction of the Group, are classified as **Non-Independent Non-Executive Directors**.
- 2.2.4. Nominee Directors shall act in the best interest of the Company and in the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, his duty shall be to act in the interest of the Company [*Section 217(1), Companies Act 2016*].
- 2.2.5. **Independent Directors** shall be 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 interests of the Company (*paragraph 1.01 of Listing Requirements*).
- 2.2.6. Independent Directors are subjected to a "test of independence", as facilitated by the Nomination and Remuneration Committee, on an annual basis or as and when a disclosure is made of any new interest or relationship that may impede their ability to act independently.
- 2.2.7. Notwithstanding the different roles, the responsibilities within the Board of the Non-Executive Directors are no different than those of the Executive Directors. From legal perspective, all Directors are jointly and severally liable for actions taken or omitted and all Directors owe a fiduciary duty to the Company of which he is a Director.
- 2.2.8. Chairman of the Board
- (a) The Board shall appoint a Chairman and if necessary, a Vice Chairman amongst its non-executive members (*Article 94, Company's Constitution*). The Deputy Chairman shall perform the duty of the Chairman during the Chairman's absence.
- (b) The roles of the Chairman of the Board and the Group Managing Director shall be separated (*Practice 1.3 of MCCG*).
- 2.2.9. Senior Independent Director
- (a) The Board may appoint a Senior Independent Director to perform the functions listed in Clause 3.3.

## 2.3. Board diversity and mix of skills, experience and competencies

- 2.3.1. The Board shall comprise Directors who, as a group, provide a balance and diversity of skills, core competencies, experience and knowledge of the Group.
- 2.3.2. Core competencies amongst other refer to knowledge in the following areas:
- (a) Regulatory;
  - (b) Risk and audit;
  - (c) Merger and acquisitions;
  - (d) Finance;
  - (e) Marketing;
  - (f) Operational turnaround;
  - (g) Key industry aspects in relation to chemical, polymers; and
  - (h) Cultural, social and political developments.

## 3. Role of the Chairman, Group Managing Director, Senior Independent Director and Company Secretary

### 3.1. Chairman

- 3.1.1. The Chairman plays a pivotal role in the Company in creating the conditions for a high-performing Board.

The Chairman is responsible for the following:

- (a) Providing leadership to the Board, including setting the values and standards of the Company;
- (b) Studying emerging business conditions and providing visionary direction for growth and diversification for the Company;
- (c) Maintaining a relationship of trust between the Board and Management;
- (d) Setting the meeting agenda and ensuring the provision of clear, accurate and timely information to Directors;
- (e) Ensuring effective communication with shareholders and other stakeholders;
- (f) Enhancing shareholders' value by encouraging and initiating business development;
- (g) Reviewing the performance of the Board, its Committee and individual Director based on findings from Board evaluation exercise;
- (h) Leading Board meetings and discussions, including encouraging active participation from Board Members and allowing dissenting views to be freely expressed;
- (i) Leading the oversight of matters involving corporate justice and integrity;
- (j) Leading the effective oversight of Management;
- (k) Ensuring optimum utilisation of assets and security of assets; and

- (l) Ensuring the Company and Board's compliance with all relevant regulations and legislation.

*(Guidance to Practice 1.2 of MCCG)*

3.1.2. The Chairman is responsible for managing the functioning of the Board to ensure that:

- (a) All Directors are adequately briefed on issues discussed during Board meetings;
- (b) No individual Board member dominates discussion;
- (c) Sufficient time is allowed for the discussion of complex, contentious and financially risky issues, and where appropriate a special meeting is held to enable a thorough Board discussion;
- (d) Board discussions are forward looking with a focus on strategy; and
- (e) Board proceedings are in adherence with better practices.

3.1.3. The Chairman shall ensure that the Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

### 3.2. Group Managing Director

3.2.1. The Group Managing Director serves as conduit between the Board and Management in ensuring the effectiveness of the Company/Group's governance and Management functions.

3.2.2. The Group Managing Director is responsible for the day-to-day operation of the Company/Group's business and implements the policies, strategies and decisions adopted by the Board.

3.2.3. The roles and responsibilities of the Group Managing Director are as follows:

- (a) Ensure enhancement of stakeholder value and returns by motivating business development and operating efficiency;
- (b) Create conditions for the systematic scanning of emerging business conditions and reviewing business philosophy, goals and values;
- (c) Provide conceptual leadership to interpret stakeholder needs and strategically integrating the different business units;
- (d) Ensure proper determination of operating goals, objectives and standards by setting and reviewing operations goals, and targets;
- (e) Study and approve broad operating policies and guidelines for resource allocation, utilisation and standards for performance evaluation to ensure the continued maintenance of a result corporate culture;
- (f) Enhance Group performance and productivity by seeking to highlight areas for synergy;
- (g) Ensure security of assets of the group by developing, implementing and updating comprehensive asset utilisation policies and methods;
- (h) Manage Board of Directors' communications and create conditions for timely decision-making and execution;
- (i) Ensure compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- (j) Ensure high performance and productivity of the Key Responsible Person(s) by creating conditions for the Key Responsible Person's

motivation, performance management and professional development;  
and

- (k) Develop and maintain effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions.

### 3.3. Senior Independent Director

3.3.1. The roles and responsibilities of the Senior Independent Director are as follows:

- (a) Chair the Nomination and Remuneration Committee;
- (b) Act as a point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved or would not be appropriate through the normal channels of the Chairman and the Group Managing Director;
- (c) Lead the succession planning and appointment of Board Members, including for the Chairman and Group Managing Director;
- (d) Lead the annual review of Board effectiveness, ensuring that the performance of individual Directors including the Chairman is assessed objectively and holistically;
- (e) Ensure the Board takes into consideration stakeholders' concerns during Board decision-making process;
- (f) Provide leadership to Independent Directors, including ensuring they receive accurate and timely information and have the opportunity to provide meaningful input on the agenda;
- (g) Serve as the principal conduit between the Independent Directors and the Chairman of the Board on sensitive issues, for example, overseeing the investigation of Whistleblowing reports; and
- (h) If the need arises, take the lead in Board and/or general meetings during discussions regarding related party transactions.

*(Guidance to Practices 2.1 and 4.7 of MCCG)*

### 3.4. Company Secretary

3.4.1. The Board shall appoint a Company Secretary or Company Secretaries, as the case may be. The appointment or removal of Company Secretary(ies) of the Board shall be the prerogative of the Board (*Sections 236 and 239 of Companies Act 2016*).

3.4.2. The Company Secretary(ies) shall be a qualified individual in accordance with Section 235 of Companies Act 2016.

3.4.3. The roles and responsibilities of the Company Secretary(ies) include the following:

- (a) Ensure Board procedures are followed in accordance to relevant rules and regulations;
- (b) Provide advice to the Board on its roles and responsibilities;
- (c) Facilitate the orientation of newly-appointed Directors and assist in training and professional development of Directors;
- (d) Provide secretarial functions for all Board-related administrative functions, including managing all Board and Board Committee meeting logistics, attending and recording minutes of meetings and facilitating flow of information to the Board;



- (e) Provide advice to the Board on corporate disclosures and regulatory compliance matters;
- (f) Monitor corporate governance developments and assisting the Board in interpreting and applying corporate governance practices; and
- (g) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

*(Guidance to Practice 1.4 of MCCG)*

- 3.4.4. All Directors shall have full and unrestricted access to the advice and services of the Company Secretary(ies) for the purposes of the Board's affairs and the business *[paragraph 15.04(b) of Listing Requirements]*.

## 4. Board Roles and Responsibilities

### 4.1. Roles of the Board

- 4.1.1. The Board is charged with leading the Group and managing the long-term strategic objectives and direction of the Group.
- 4.1.2. Directors, as stewards of the Company, have a fiduciary duty to act in the best interest of the Company's shareholders and other stakeholders.
- 4.1.3. The Board is responsible for establishing and maintaining corporate governance standards, including but not limited to the standards prescribed by the applicable laws and regulations.

### 4.2. Key responsibilities of the Board

- 4.2.1. The Board shall undertake the key responsibilities as outlined in Sections 4.2.2 to 4.2.8.
- 4.2.2. **Strategy**
  - (a) Set the corporate objectives and strategic plan for the Group, identifying quantitative and qualitative performance objectives *(Guidance to Practice 1.1 of MCCG)*;
  - (b) Establish a set of Key Performance Indicators ("KPIs") to monitor and assess Management's performance in implementing the strategic plan; and
  - (c) Establish policies to strengthen the performance of the Group including ensuring that Management is proactively seeking to grow the business through innovation, initiative, technology, new products and the development of its business capital.
- 4.2.3. **Risk management and internal control**
  - (a) Determine the risk appetite and risk tolerance level of the Group and actively identify, assess and monitor principal risks facing the Group to safeguard shareholders' investments and the Group's assets *(Practice 9.1 of MCCG)*;
  - (b) Oversee the Group's risk management framework and internal compliance and control systems, ensuring they comply with the legal and regulatory requirements and in accordance to best practices; and
  - (c) Oversee the Group's internal control systems and information systems, ensuring its adequacy, integrity and compliance to applicable laws, regulations, rules, directives and guidelines.

*(Practice 9.1 and Guidance to Practices 1.1 and 9.1 of MCCG)*

#### 4.2.4. **Sustainability governance**

- (a) Recognise that the goal of sustainable development is to “meet the needs of the present without compromising the ability of future generations to meet their own needs” and commit to incorporate sustainability into its strategic plan and balanced against the interest of various stakeholders as part of its responsibility to the environment, social and governance aspects of business; and
- (b) Ensure the development of specific policies, procedures, directives and reporting to support, promote or ensure compliance of its Sustainability Policy.

#### 4.2.5. **Succession planning, evaluation and remuneration**

- (a) Develop a succession plan for Board Members and the Key Responsible Person(s) (*Guidance to Practice 1.1 of MCCG*);
- (b) Review the effectiveness and performance of the Board, Board Committees and Individual Directors (*Practice 5.1 of MCCG*) and Key Responsible Person(s) including the Group Managing Director;
- (c) Evaluate and determine the necessary training, mentoring and coaching needs of Directors [*paragraph 15.08(2) of Listing Requirements*] and the Key Responsible Person(s);
- (d) Establish and periodically review the remuneration policies and procedures Board, the Group Managing Director and the Key Responsible Person(s) (*Practice 6.1 of MCCG*); and
- (e) Replace Directors and the Key Responsible Person(s) of the Group, where appropriate.

#### 4.2.6. **Stakeholders communication**

- (a) Ensure effective, transparent and regular communication with the Group’s stakeholders, including shareholders and investors (*Practice 11.1 of MCCG*);
- (b) Ensure the latest information on the Group and its activities are easily accessible for stakeholders without compromising the rules on price-sensitive information; and
- (c) Encourage shareholders’ participation in General Meetings.

#### 4.2.7. **Reporting**

- (a) Ensure the integrity of the Company’s financial and non-financial reporting (*Guidance to Practice 1.1 of MCCG*);
- (b) Establish a corporate disclosure policy and procedures in accordance to legal and regulatory reporting requirements; and
- (c) Ensure the statutory accounts of the Company and the Group are fairly stated and in accordance to relevant regulations.

#### 4.2.8. **Corporate governance**

- (a) Promote and encourage high standards of ethical and responsible corporate behaviour across every level of the Group through the establishment of Code of Conduct and observance of Directors’ Code of Best Practice (*Practice 3.1 of MCCG*);
- (b) Ensure the Company’s compliance with corporate governance standards and practices; and

- (c) Establish and implement procedures to ensure that any dealing with the Company's securities are in compliance with all securities laws.

#### 4.3. Matters reserved for the Board

- 4.3.1. In carrying out its responsibilities, the Board may delegate any of its powers to Board Committee(s), individual Directors, Management or any other person *[Section 216(1) of Companies Act 2016]*.

The Board, nevertheless, shall be responsible for the exercise of power by the delegate as if the power had been exercised by the Board itself *[Section 216(2) of Companies Act 2016]*.

- 4.3.2. The Board shall establish written procedures determining the issues to be decided by the Board and issues to be delegated to Board Committees and Management.

- 4.3.3. Directors should consult the Company Secretary(ies) and/or the Chairman, as required, for any clarification on their responsibilities and duties and any dealings from which potential conflict of interest situation may arise.

- 4.3.4. Directors must at all times be aware of their role as ambassadors of the Group and as such shall act accordingly.

- 4.3.5. A schedule of **Matters Reserved** for Board's deliberation and approval is listed below.

- 4.3.6. **Conduct of the Board**

- (a) Appointment of Chairman of the Board;
- (b) Appointment and removal of Directors based on the recommendations of the Nomination and Remuneration Committee;
- (c) Appointment and removal of Company Secretary or Secretaries;
- (d) Establishment of Board Committees and approval of their Terms of Reference; and
- (e) Appointment of Key Responsible Person(s), including the positions of the Group Managing Director and functional Directors and approval of their terms of employment.

- 4.3.7. **Remuneration**

- (a) Approval of the remuneration framework, policies and procedures for Non-Executive Directors, Group Managing Director and Key Responsible Person(s); and
- (b) Approval of any proposed employees' share option scheme and/ or amendments to existing scheme, subject to legal and regulatory requirements.

- 4.3.8. **Operational**

- (a) Approval of the Group's business strategy, Annual Business Plan and annual budget;
- (b) Ongoing review of Management performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions;
- (c) Approval of major capital expenditure, acquisition, divestitures in excess of authority levels delegated to Board Committees or Management;

- (d) Approval of bad debts write-offs;
- (e) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
- (f) Approval of changes in the major activities of the Company or Group;
- (g) Approval of treasury policies and bank mandate; and
- (h) Setting the limits of authority of the Group Managing Director.

**4.3.9. Financial**

- (a) Approval of quarterly and annual financial statements based on the recommendations of the Audit and Compliance Committee;
- (b) Approval for the release of financial announcements to Bursa Malaysia Securities Berhad;
- (c) Approval of the Annual Directors' Report and Statutory Accounts;
- (d) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
- (e) Adoption of accounting policies based on the recommendations of the Audit and Compliance Committee;
- (f) Approval of corporate policies and procedures based on the recommendations of the Management Committee where appropriate; and
- (g) Review of the Group's system of internal control based on the report and findings of the Audit and Compliance Committee.

**4.3.10. Other matters**

- (a) Review of corporate governance principles and policies;
- (b) The granting of powers of attorney by the Company;
- (c) The entering into of any indemnities or guarantees;
- (d) Recommendations for the alteration of the Company's Constitution;
- (e) Alteration of the accounting reference date, registered office and name of the Company;
- (f) Purchase of own shares by the Company;
- (g) Issue of any debt instruments;
- (h) Substantial political or charitable contributions;
- (i) Scheme of reconstruction or restructuring;
- (j) Any other significant business decision;
- (k) Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders; and
- (l) Any other specific matters nominated by the Board from time to time.

#### 4.4. Board Committees

- 4.4.1. The Board may establish committees to assist the Board within clearly defined roles and responsibilities and limits of authorities as set out in the Terms of Reference of each of the Committee.
- 4.4.2. The following Committees have been presently established to assist the Board in discharging its responsibilities:
  - (a) Audit and Compliance Committee;

- (b) Risk Management Committee
  - (c) Nomination and Remuneration Committee; and
  - (d) Finance and Investment Committee.
- 4.4.3. The Board may from time to time establish additional or ad-hoc Board Committee(s) as it considers necessary or appropriate to consider matters of special importance or to assist in the discharge of the Board's duties.
- 4.4.4. The Board shall approve terms of reference of the standing and additional Committees, including the terms of reference of ad-hoc Board Committee(s), which shall set out the roles and responsibilities and limits of authorities of each Committee.
- 4.4.5. The Board is ultimately responsible over the functions and duties of the Board Committees. The Board Committees shall report to the Board on their deliberations, findings and recommendations. Decisions shall be made by the Board, unless delegated by the Board to the respective Committees.

## 5. Board processes and procedures

### 5.1. Appointments, re-appointment and removal of Directors

- 5.1.1. The Board shall be responsible for selecting its members and recommending candidates for election to the shareholders. The responsibility of screening and evaluating candidates and incumbent Directors eligible for re-election shall be delegated to the Nomination and Remuneration Committee.
- 5.1.2. In nominating a person for directorship, the Board will consider the candidate's character, experience, integrity, competence and ability to devote time to effectively discharge his role (*paragraph 2.20A of Listing Requirements*).
- 5.1.3. A **formal invitation** to join the Company as a Board Member would be extended by the Chairman after approval from the Board, subject to an election at the General Meeting of shareholders.
- 5.1.4. One third (1/3) of the Board shall retire at each annual general meeting and a retiring Director shall be eligible for re-election [*Section 205(3)(b) of Companies Act 2016*].
- 5.1.5. The office of a Director shall become vacant if the Director:
- (a) becomes of unsound mind;
  - (b) becomes bankrupt;
  - (c) is **absent for more than 50%** of the total Board meetings held during a financial year.
  - (d) is convicted by a Court of law, whether within Malaysia or elsewhere, in relation to the offences set out in paragraph 15.05(1)(a), (b) or (c) of Listing Requirements.

### 5.2. Tenure of Independent Directors

- 5.2.1. The tenure of an independent director shall not exceed a cumulative term of nine (9) years (consecutive or intermittent) (*Step Up 4.3 of MCCG*).

### 5.3. Board evaluation

- 5.3.1. The Group has in place a Board Evaluation Assessment, conducted on an annual basis (*Practice 5.1 of MCCG*).
- 5.3.2. The Nomination and Remuneration Committee shall, on an annual basis, review the activities and effectiveness of the Board, Board Committees and individual Directors (including Independent Directors) and report to the Board its findings.
- 5.3.3. The findings from the Board Evaluation Assessment shall be discussed with the respective Committees and/or the Chairman of the Board. Results of the evaluation of the Chairman of the Board should be discussed with the Nomination and Remuneration Committee.

The Board, together with the Nomination and Remuneration Committee, shall develop an actionable improvement programme based on the findings of the Board Evaluation Assessment.

### 5.4. Directors' remuneration

- 5.4.1. The Company aims to set remuneration at a level that sufficient to attract, retain and motivate Directors, in line with the Group's remuneration policy and procedures.
- 5.4.2. The remuneration for Non-Executive Directors are based on their responsibilities in the Board and/or Board Committee(s), their attendance and/or special skills and expertise they bring to the Board.

Executive Directors will not receive fees but will be paid as employees of the Group in accordance with their terms of employment.

### 5.5. Directors and officers liability insurance

- 5.5.1. Directors are accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty (*Section 288 of Companies Act 2016*).
- 5.5.2. The Directors and Officers Liability Insurance premium shall be borne by the Company separately and does not form part of the benefits awarded to Directors as part of their remuneration packages.

### 5.6. Induction

- 5.6.1. Newly-appointed Directors shall undergo a comprehensive and tailored Induction Program to familiarise themselves with the Group's businesses.

The Induction Program includes briefing sessions on the range of product and services, business structure and visits to the respective operating facilities. Site visits will include briefings from the Division's Management to provide in-depth insights on the Division for Directors to gain an appreciation of the key drivers behind the Group's core businesses.

- 5.6.2. Newly-appointed Directors shall be provided with a copy of the following upon being appointed:
  - (a) Board Charter;

- (b) Directors' Code of Best Practice;
- (c) Board Committees' composition and Terms of Reference;
- (d) Latest business plan;
- (e) Latest annual reports and accounts;
- (f) Organisational chart and detailed information on the Key Responsible Person(s);
- (g) Business operation structure;
- (h) Meeting schedules for the year;
- (i) Minutes of the past three Board meetings; and
- (j) Any other relevant documents as determined from time to time.

#### 5.7. Directors' training

- 5.7.1. The Board shall evaluate and determine the training needs of its members in addition to ensuring Directors undergo the necessary training programmes as prescribed by Bursa Malaysia Securities Berhad *[paragraph 15.08(1) and (2) of Listing Requirements]*.
- 5.7.2. The Board shall disclose in the Company's annual report of the training programmes attended by Directors during the financial year *[paragraph 15.08(3) of Listing Requirements]*.
- 5.7.3. The cost of participating in training programmes shall be incurred by the Company.
- 5.7.4. In meeting the expectations of the regulators and the public, Directors are required to attend two types of training programmes:
  - (a) **Mandatory Accredited Programme**  
This program is conducted and required by Bursa Malaysia Berhad for newly appointed directors who sit on boards of listed companies for the first time.
  - (b) **Continuous Education Programme/ Training**  
This program focuses on business specific issues relating to the Group and the latest development within the related industries and is conducted in-house at least two times per year. The programme is extended to all Directors and Key Responsible Person(s) of the Group. The Directors can also on their own initiatives, request to attend ad-hoc trainings / seminars / conferences conducted by third party to enhance their knowledge or skills in specific areas.

#### 5.8. Directorships in other companies

- 5.8.1. Directors are at liberty to accept other directorships outside the Group so long as the appointment is not in conflict with the business of the Group, and does not detrimentally affect the Director's performance.  
  
All such appointments must be discussed with the Chairman or the Board prior to acceptance.
- 5.8.2. The number of directorships held by individual Directors shall not exceed five (5) in listed issuers *(paragraph 15.06 of Listing Requirement)*.

## 5.9. Board meetings and supply of Information

- 5.9.1. The Board shall meet at least five (5) times during a financial year or more as the Board sees fit.
- 5.9.2. The Chairman is responsible, in consultation with the Group Managing Director and the Company Secretary, for the conduct of all matters at Board meetings. This includes being satisfied that agenda items are comprehensive, appropriate and that the matters for considerations and recommendations made by the Board fit within the broad strategic direction set by the Board.
- 5.9.3. At each scheduled meeting, the Board should consider where applicable:
- (a) an operational report from the Group Managing Director/ Group Chief Operating Officer/Chief Financial Controller / Chief Executive Officers covering also the trading results and cash flow projections;
  - (b) proposals for significant capital expenditure and acquisitions;
  - (c) proposals for significant disposal of company assets;
  - (d) major issues or opportunities for the Group;
  - (e) Committee minutes/ Board Circular Resolutions for notation;
  - (f) changes in directorships and disclosure of interest;
  - (g) disclosure of dealings by directors/ principal officers;
  - (h) issue of shares under the Company's Executives' Share Option Scheme;
  - (i) summary of share ownership movement; and
  - (j) any other matters requiring its authority.
- 5.9.4. The Board shall, at periodic intervals of not more than one year:
- (a) review the Company and Group goals;
  - (b) review the strategies for achieving the stated goals;
  - (c) approve the operational plan and budget;
  - (d) consider and, if appropriate, declare or recommend the payment of dividends;
  - (e) review non-executive Board Members' remuneration;
  - (f) review the reports and recommendations from the Audit and Compliance Committee and:
    - (i) approve the quarterly announcements and annual financial statements to shareholders and the public;
    - (ii) approve the appointment of the Group's external auditors.
  - (g) review the reports and recommendations from the Risk Management Committee and approve risk assessment and control policies; and
  - (h) review the reports and recommendations from the Nomination and Remuneration Committee and:
    - (i) adopt the Board composition, structure and succession;
    - (ii) confirm the performance of, necessity for and composition of Board Committees; and
    - (iii) review the Board and individual member's evaluations



- (iv) approve the Group Managing Director's performance and remuneration; and
- (v) approve the remuneration policies and practices in general.

- 5.9.5. 3 Directors are required to be present at Board meetings in order to constitute a quorum (*Article 87, Company's Constitution*).
- 5.9.6. In the event the Board Chairman is unable to be present for the Board meeting, the members who are present at the meeting can appoint a Chairman among themselves to chair the meeting;
- 5.9.7. A matter put to vote at the Board meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman of the meeting has the casting vote. A Board member who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in the voting process.
- 5.9.8. The meetings shall convene in a face-to-face manner. If a member is unable to be present at the meeting venue, his/her participation through tele/video-conferencing or other appropriate means may be permitted.
- 5.9.9. Decisions of the Board may be made by circular resolution in between scheduled meetings. A resolution in writing, signed by all the Directors for the time being present in Malaysia and entitled to receive notice of a meeting of the Directors, is valid and effectual as if it has been passed at a meeting of the Directors duly convened and held. All circular resolutions are to be presented at the subsequent Board meeting for notation.
- 5.9.10. The Board is to refrain from using circular resolutions to approve complex matters requiring rigorous discussion and consideration
- 5.9.11. Notice of meeting and accompanying meeting agenda and materials shall be circulated at least 7 days before Board meetings (*Guidance to Practice 1.5 of MCCG*).  
  
Where it is not possible to circulate meeting materials within the period stipulated, approval from the Group Managing Director and subsequently the Chairman's must be obtained before including such materials in the meeting agenda.
- 5.9.12. The meeting agenda should include any proposals and written materials including information requested by the Board from Management and/or external consultants.
- 5.9.13. Information furnished to the Board should not be limited to historical or bottom line and finance-oriented information but instead, should also include information on other performance measures such as performance against the market, operational performance, product and service quality performance and human capital consolidation. This is to facilitate a more informed Board deliberation and decision-making process.
- 5.9.14. The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all Board meetings. Minutes of each meeting shall be distributed to all Directors within twenty-one (21) days of the meeting.
- 5.9.15. Minutes of meetings shall be signed by the Chair of the meeting or by the Chair of the next succeeding meeting and if so signed, shall be conclusive and contemporaneous evidence without any further proof of the facts thereon stated.

- 5.9.16. The reproduction of any parts of the meeting minutes shall only be performed through or by the Company Secretary(ies) with the approval of the Chairman.
- 5.9.17. Directors shall ensure the minutes of meetings accurately reflect the deliberations and decisions of the Board, including the views of individual Directors or whether any Director abstained from voting or deliberation on a particular matter (*Guideline to Practice 1.5 of MCCG*).
- 5.9.18. Board Members are expected to make every effort to attend Board meetings and prepare thoroughly and participate actively and constructively in Board discussions and other Board activities.
- 5.9.19. Board meetings shall be conducted in an open and constructive manner whilst recognising the value of diversity of opinion in bringing greater clarity to the decision-making process.
- 5.9.20. All discussions and records of discussions shall remain confidential unless otherwise specified by the Board or where disclosure is required by the law. Subject to legal or regulatory requirements, the Board will decide on the manner and timing of the publication of its decisions.

#### 5.10. Access to independent professional advice

- 5.10.1. Directors shall have the authority to seek independent professional advice at the expense of the Company/Group, whenever necessary and reasonable for the performance of his/her duties [*paragraph 15.04(c) of Listing Requirements; Section 215(1) of Companies Act 2016*].
- 5.10.2. Directors shall discuss with the Chairman prior to engaging an independent third party and provide a notice to the Group Managing Director or the Company Secretary of the intention to seek independent advice.  
  
The notice shall include name(s) of the professional advisors that he/she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The Group Managing Director or the Company Secretary(ies) shall provide written acknowledgement of acceptance of notification. In the event that one or more directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.
- 5.10.3. Fees for the independent professional advice will be incurred by the Company/Group, upon approval of the Chairman.
- 5.10.4. For avoidance of doubt, the above restriction shall not apply to Executive Directors acting in the furtherance of their executive responsibilities and within their delegated powers.
- 5.10.5. For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisor and consultants. Independent professional advice shall exclude any advice concerning the personal interests of the directors (such as with respect to their contracts or disputes with the Group), unless these are matters affecting the Board as a whole.

#### 5.11. Provision of business or professional services by Board Members

- 5.11.1. To avoid a conflict of interest (actual or perceived), Board Members should generally avoid providing business or professional services of an ongoing nature to the Group.

5.11.2. Notwithstanding the aforementioned rule, the Group is at liberty to:

- (a) engage the services of any Board Member having special expertise in the particular field for the purpose of a special assignment; or
- (b) engage the services of a firm or company of which the Board Member is a partner, director or major shareholder so long as the terms of engagement are competitive, are clearly recorded and all regulatory and legal requirements of the engagement are properly observed;

provided that the Board Member who is involved, directly or indirectly in the contract or proposed contract with the Company, shall declare the nature of his interest and obtain the requisite approval in accordance with the Company's procedures and provisions of the legislations (*Article 76, Company's Constitution*).

#### 5.12. Shareholdings by Board Members in the Group

5.12.1. Board Members may hold shares in the Group, subject to relevant legal and regulatory provisions. When buying or selling shares of the Group, Board Members must strictly observe the provisions of the relevant legislative and regulatory procedures.

### 6. Relationship of the Board with Management

#### 6.1. Access to Management and information

- 6.1.1. Board Members have full and unrestricted access to Management and to the information pertaining to the Group.
- 6.1.2. In order to gain additional insights and exposure to the Group's business operations, the Board shall from time to time, involve the Key Responsible Person(s) of the Group in the Board meetings.

#### 6.2. Position of Group Managing Director

- 6.2.1. The Board delegates its authority to Management through the Group Managing Director. The authority and accountability of Management is considered to be the authority and accountability of the Group Managing Director so far as the Board is concerned.
- 6.2.2. The Group Managing Director is accountable to the Board for the performance and proper management of the Company.
- 6.2.3. In between Board meetings, the Chairman shall maintain an informal link between the Board and the Group Managing Director and shall expect to be kept informed on all important matters, and is available to the Group Managing Director to provide counsel and advice where appropriate.
- 6.2.4. Only decisions of the Board acting as a body are binding on the Group Managing Director. Decisions or instructions of individual Board Members or Committees are not binding unless authorisation is given by the Board.

#### 6.3. Management authorities

- 6.3.1. The Group Managing Director is expected to act within all specific authorities delegated to him/ her by the Board.

- 6.3.2. The Group Managing Director is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company and/ or Group, the Group Managing Director is expected to adhere to the Company and / or Group's goals and policies. He/ She is expected to not cause or permit any action without taking into account the risks affecting the performance, health, safety, environment, sustainability, governance and political consequences and their effect on long-term shareholder value.
- 6.3.3. The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In managing the risks of the Group, the Group Managing Director is expected to not cause or permit anyone to substitute their own risk preference for those of the shareholders as a whole.
- 6.3.4. The Group Managing Director is expected to not permit employees and other parties working for the Group to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

#### 6.4. Succession planning for Management

- 6.4.1. The Group Managing Director is expected to provide an annual report to the Nomination and Remuneration Committee on succession planning of the Key Responsible Person(s) of the Group. The Group Managing Director should, on a continuing basis, provide recommendations on potential successor(s) should the office of the Group Managing Director be unexpectedly vacant.
- 6.4.2. The Group Managing Director is also expected to provide an annual report to the Nomination and Remuneration Committee on the Group's talent development efforts.

### 7. Relationship of the Board with stakeholders

#### 7.1. Shareholders

- 7.1.1. The Board has adopted a **Communication Policy** and **Corporate Disclosure Policy** to meet or otherwise communicate with various constituencies that are involved with the Group.
- 7.1.2. The Board has established the following communication channels with its shareholders:
  - (a) Annual General Meeting (AGM)
  - (b) Extraordinary General Meeting (EGM) held as and when required;
  - (c) Annual report;
  - (d) Company's website; and
  - (e) Investor relations function.
- 7.1.3. All the Board members shall attend the AGMs and EGMs and the Chairmen of the Board Committees shall be available to facilitate the answering of questions from shareholders (*Practice 12.2 of MCCG*).
- 7.1.4. All corporate disclosures take into account the prevailing legislative restrictions and requirements as well as the investors need for timely release of price-sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

In all circumstances, the Board shall seek to ensure that the Group does not to provide undisclosed material information about the Group.

#### 7.2. Other stakeholders

- 7.2.1. In the course of pursuing the vision and mission of the Company, the Board shall be cognisant in recognising the needs and interests of other stakeholders are also taken into consideration.
- 7.2.2. The Board has approved a comprehensive talent development program to chart employees' future within the organisation.
- 7.2.3. The Board has approved a **Code of Conduct** which commits the employees of the Group to a set of ethical values and standards of conduct.
- 7.2.4. The Board has also approved a **Whistleblowing Policy** to encourage employees to report any legitimate concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment. In this respect, the policy makes it clear that any such concern can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed.

### 8. Administration

#### 8.1. Mandate of the Charter

- 8.1.1. The Board and individual Board Members shall also endeavor to comply at all times with the principles and practices set out in this Charter.

#### 8.2. Review of the Charter

- 8.2.1. This Charter has been approved by the Board. Any amendments to the Charter has to be approved by the Board.
- 8.2.2. The Board shall review this Charter periodically, to ensure it remains consistent with the Board's objectives and responsibilities in light of the operating environment of the Group.

#### 8.3. Publication of the Charter

- 8.3.1. Any updates to the provisions, principles and practices set out in this Charter will be made available on the Company's website.

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