



KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

BOARD CHARTER

1. Purpose of Charter

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of Directors ("Board") KOMARKCORP BERHAD ("the Company"), adopting principles of good corporate governance and practice and is designed to maximize the Company's compliance with best practice requirements. It also outlines the manner in which the Board discharges its responsibilities in pursuit of the Company's goals and objectives.

2. Authority

The Board derives its authority to act from the Memorandum and Articles of Association of the Company and the law and regulations governing companies in Malaysia.

3. Role of Board

The Board's role is to:

- represent and serve the interests of shareholders by assuming ultimate accountability and responsibility for the performance and affairs of the Company, overseeing and evaluating the Company's strategies, policies and performance. The Board, at all times, shall retain full and effective control over the Company and shall direct and supervise the business and affairs of the Company;
- ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring the Company's performance and build sustainable value for shareholders and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values; and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

4. Board Responsibility

4.1 Responsibilities/functions of the Board include:

- input into and final approval of management development of corporate strategies and ensuring that the strategies promote sustainability;



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- overseeing the conduct of the Company's business and build sustainable value for shareholders;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit & Risk Management Committee (ARMC);
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance under the guidance of the Audit & Risk Management Committee. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- selecting, appointing and evaluating from time to time the performance of, and planning succession of the Chairman and Executive Director under the guidance of the Nominating Committee;
- ensuring that succession planning of the senior management is in place;
- reviewing and approving remuneration of the Chairman, , Executive Directors and the Non-Executive Directors under the guidance of the Remuneration Committee;
- monitoring Board composition, processes and performance with the guidance of the Nominating Committee;
- ensuring that the Company's financial statements are true and fair and conform with the relevant standard, rules and regulations;
- developing and implementing a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person subject to ultimate responsibility of the Directors under the Companies Act, 1965.

4.2 Matters which are specially reserved for the Board or its committees include the following:

- Appointment of the Chairman and , Directors and Company Secretaries.
- Establishment of Board committees, their membership and delegated authorities.
- Approval of interim dividend and recommendation of final dividend for shareholders' approval.
- Review of corporate governance principles and policies.



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- Approval of major capital expenditure, acquisition and divestitures in excess of authority levels delegated to management.
- Calling of meetings of shareholders.
- Appointment of the external auditor.
- Approving the Company' financial statements.
- Any other specific matters nominated by the Board from time to time.

5. Conduct of the Board

Each Director will ensure that no decision or action is taken that has the effect of placing his or her interests of the Company.

Directors commit to the collective, group decision making process of the Board. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their judgement differs from other Directors or Management.

In discharging his/her duties, each Director must:

- exercise care and diligence;
- act in good faith and in the best interest of the Company;
- not improperly use his/her position or misuse information of the Company; and
- commit the time necessary to discharge effectively his/her role as Director

The Company's Articles of Association ("Articles") stipulate that 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, 1965. The Director concerned shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising thereof unless otherwise as provided for in the Articles of the Company.

Shall there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate 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.

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.

6. Board Procedures

- 6.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the



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emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.

- 6.2 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. Directors are expected to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible and inform the Secretary.
- 6.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or law requires disclosure. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 6.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings Board responsibilities supersede all executive responsibilities.
- 6.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Executive Director and the Secretary will set the agenda.
- 6.6 The notice of a Directors' meeting shall be given in writing at least seven (7) days prior to the meeting.
- 6.7 The Board shall meet regularly, at least on a quarterly basis. Special Board meetings shall be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.
- 6.8 Directors are entitled to have access, at all reasonable times, to all relevant company information and to management.
- 6.9 Directors are expected to strictly observe confidentially of company information.
- 6.10 In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.
- 6.11 The Board shall have access to Management and employees of the Company in discharging in connection with any meeting of the Board or any of the Board Committees. The Board may invite Management, employees or any other person to attend meetings of the Board or of any Board



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Committees to assist in the discussion and examination of the matters under consideration by the Board or Board Committees.

7. Provision of Business or Professional Services by Directors

7.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

7.2 Notwithstanding the general rule, the Company is the liberty to:

- For the purpose of special assignment, engage the services of any Director having special expertise in the particular field; or
- Engage the services of a party related to a Director's of an organization.

So long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosures of the engagements are properly observed.

8. Other Board Appointment

Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a Director. The Director must notify the Chairman before accepting any other Board appointment with indication of time that will be spent on the new appointment.

9. Independent Professional Advice

9.1 Any Director is entitled to obtain independent professional advice relating to the affairs of Company or to his or her other responsibilities as a Director.

9.2 If a Director considers such advice is necessary be shall first discuss it with the Chairman and, having done so, shall be free to proceed.

9.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

10. Indemnities and Insurance



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The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Companies Act, 1965 and Law.

11. Delegation to Committees

The Board may from time to time establish committees, as it considers necessary or appropriate to assist it in carrying out its responsibilities.

A number of standing committees with written terms of reference has been established namely the following:

a) Audit & Risk Management Committee

The Audit & Risk Management Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. The Audit & Risk Management Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions or where it involves conflict of interests.

b) Nomination Committee

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director, identify candidates to fill board vacancies, and nominating them for approval by the Board.

c) Remuneration Committee

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Group Chairman and Executive Directors.

The respective committees' terms of reference are set out in the Appendices A, B and C.

12. Relationship with Management

- a) Directors may delegate their powers when they consider it appropriate. However, ultimate responsibility for strategy and control rests with the Directors as guided by the Executive Director.



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- b) Management will supply the Board 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) Every possible effort will be made to ensure that Board papers tabled at a Board meeting will be made available to all Directors attending, regardless of location.
- d) Any abstention, due to any reason whatsoever including but not limited to conflict of interest, must be indicated to the Chairman at the time the matter is being considered and recorded in the Minutes.
- e) The management may be invited from time to time to Board meetings, as the Directors deem necessary.
- f) The management function is conducted by, or under the supervision of, the Executive Director as directed by the Board and by other officers to whom management function is properly delegated by the Managing Director.

13. Structure

The Company's Memorandum & Articles of Association governs the regulations and proceedings of the Board. The Board, together with the Nominating Committee, determines the size and composition of the Board subject to the terms of the Company's Memorandum & Articles of Association.

13.1 Board Composition

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Chief Executive Officers separate.

The Board should comprise a minimum of one third of independent non-executive directors and comprise directors with a broad range of skills, diversity, expertise and experience from range of backgrounds.

The Chairman must be a non-executive Director and is appointed from amongst the Directors as approved by the Board. If the Chairman of the Board is not an independent Director, the Board must comprise a majority of independent Directors. The majority shareholder may nominate the Chair.

The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive Director to the Board.



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A Director is considered to be independent for the purpose of service on the Board and Board committees if the Director satisfies the standards adopted by the Board from time to time assist it in regular 'independence' determinations.

The Board only considers directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. Otherwise, the Board may, in exceptional cases and subject to the assessment of the Nomination Committee on an annual basis, recommend for an independent Director who has served a consecutive or cumulative term of nine years to remain as an independent Director subject to shareholders' approval.

13.2 Election and Re-Election

The Company complies with the regulations and the laws governing the election and re-election of directors in addition to the provisions of its Memorandum & Articles of Association.

13.3 Company Secretary

The Board recognizes the fact the Company Secretary should be suitable qualified and capable of carrying out the duties required.

The key role of the Company Secretary shall include

- provide unhindered advice and services for the Directors, as and when the need arises;
- enhance the effective functioning of the Board;
- ensure regulatory compliance;
- preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
- ensure that Board procedures and applicable rules are observed;
- maintaining records of the Board and ensure effective management of organisation's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- assisting the communications between the Board and Management; and
- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.



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14. Relationship with the Shareholders and Stakeholders

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

It is the role of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM.

The Board will focus its efforts on the following best practices to enhance the effectiveness of the General Meeting:

- ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
- encourage poll voting on substantive resolution and make an announcement of the detailed results showing the number of votes cast for and against each resolution;
- for re-election of Directors, ensures that the notice of meeting state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent;
- ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately; and
- conduct a question and answer session, where appropriate and if required.

The Chairman and Executive Director will take responsibility for addressing queries from shareholders, stakeholders and analysts.

15. Board-Management Relationship

15.1 Role of the Executive Director

- The Board will link the Company's governance and management functions through the Executive Director.
- All Board authority conferred on Management is delegated through the Executive Director so that the authority and accountability of Management is considered to be the authority and accountability of the Executive Director so far as the Board is concerned.



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- The responsibility of the Executive Director shall be stated in an agreed job description and generally, the Executive Director is responsible to the Board for the following:-
 - (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;
 - (ii) sets, reviews and ensures compliance with the Company's value;
 - (iii) ensures 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;
 - (iv) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
 - (v) ensures compliance with governmental procedures and regulations; and
 - (vi) assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.
 - (vii) develops 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;
 - (viii) directs and controls all aspects of the business operations in a cost effective manner;
 - (ix) effectively oversees the human resources of the Group with respect to key positions in the Group's hierarchy;
 - (x) assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
 - (xi) coordinates 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 Controller; and
 - (xii) maintains and facilitates a positive working environment and good employee relations; and
 - (xiii) generally assists the Chairman in all respects, where required.
- Only decisions of the Board acting as a body are binding on the Executive Director. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where the Board gives specific authorization.

15.2 Accountability of Executive Director

The Executive Director is accountable to the Board for the achievement of the Company Goals and is also accountable for the observance of the Management Limitations.



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15.3 Management Limitations

- The Executive Director is expected to act within all specific authorities delegated to them by the Board.
- The Executive Director is expected not to 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, the Executive Director is expected to adhere to the Company Goals.
- The Executive Director is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- The Executive Director is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- The Executive Director is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- The Executive Director is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.

15.4 Role of Chairman

The Chairman represents the Board to the shareholders. The Chairman is principally responsible for the working of the Board which includes:-

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;



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- Participating in the selection of Board members and ensuring that the membership is properly balanced;
- Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting;
- Reviewing the minutes of meeting of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed;
- ensuring that all Directors are enabled and encouraged to participate in its activities;
- ensuring the integrity of the governance process and issues;
- maintaining regular dialogue with the Executive Director over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- monitoring Board performance as a whole;
- ensuring membership of the Board is appropriately skilled to meet the needs of the Company;
- assisting in Board discussions to address the key issues facing the Company;
- initiating the establishment of Board Committees and ensuring that they achieve their objectives;
- guiding and promoting the ongoing efficacy and development of the Board and its individual Directors; and
- fastening high corporate governance.

The Chairman acts as an informal link between the Board and Management and particularly between the Board and the Executive Director. No company is likely to run effectively and efficiently unless there is a good working relationship between the Chairman and the Executive Director.



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The Chairman, along with all other Directors, should recognize that the Executive Director is the leaders of the Company in all matter of Management and should not except to become involved in the Company's day-to-day operations. It is the Executive Director responsibility to report to the Board as a whole and not just to the Chairman.

The Chairman expects to be kept informed by the Executive Director of all important matters and make himself/herself available to the Executive Director –

- To be part of the control mechanism in ensuing that the Executive Director's decisions are properly considered and sound;
- To give assistance and advice when need especially on sensitive matters which the Executive Director feels unable to discuss with other executives;
- To ensure that the Executive Director understand properly and perform it's side of the relationship; and
- To oversee Management establishes adequate control mechanism to cover compliance responsibilities and risk management.

The Board communicates with shareholders at shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he/she will use this as an opportunity to inform shareholder of the Company's affair including its performance.

This role calls for special skills and personal qualities that allow and encourage shareholders to have their say while remaining relevant to the matter in issue, and the Chairman must also have capability to summarize and unify thoughts and ideas and in control of the meeting.

The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

16. Board and Member Evaluations

- 16.1 The Board will review the size and composition of the Board at least annually. The Board or via the Board committee, will also assess the Board's performance, at least annually, in order to confirm that its processes and procedures remain adequate to ensure that it is carrying out its functions as effectively as possible.



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- 16.2 Individual Director will be evaluated by a process whereby the Board through the Nomination Committee determines questions to be asked of each Director about him or herself and about each other including the Chairman, and take the responses are collected and collated by the Nomination Committee Chairman who then discusses the results with each Director. The Nomination Committee Chairman's own position is discussed with the rest of the Board.

17. Revision and Updates

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

This policy statement on the Board Charter is approved and adopted by the Board of Directors of **Komarkcorp Berhad** effective from 22 August 2016.