



A member of **UEM Group**

UEM EDGENTA BERHAD

(5067-M)

(Incorporated in Malaysia)

BOARD CHARTER

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APPENDIX 1

GUIDELINES ON DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD, MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER AND NON-EXECUTIVE DIRECTOR/INDEPENDENT DIRECTOR

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1.0 Introduction

The Board of Directors ("the Board") of UEM Edgenta Berhad ("the Company") has approved and adopted this formal Board Charter, detailing the functions and responsibilities of the Board and delegated authority to the Management. The Board may approve updates and amendments to this Board Charter from time to time.

The Board of the Company regards Corporate Governance as vitally important to the success of the Company's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:-

- a) the Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company;
- b) all Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- c) all Board members are responsible to the Company for achieving a high level of good governance;
- d) the Board Charter of the Board of the Company shall constitute, and form, an integral part of each Director's duties and responsibilities; and
- e) having regard to the responsibilities and obligations, the Board will direct and supervise the Management of the business and affairs of the subsidiaries of the Company ("the Group") to strengthen the performance of the Group. Subject to the formal delegation of authority, the Board delegates responsibility for the operation and management of the Company's business to the Managing Director/Chief Executive Officer ("MD/CEO") and the Management team. Management are accountable to the Board and are to fulfil this responsibility through provisions of reports, briefings and presentations on a regular basis throughout the year. The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of Management. Non-Executive Directors ("NED") may communicate with members of the Senior Management at any time. However, communications between the NED and the Senior Management in relation to a specific issue or business matter should ordinarily be through the office of the MD/CEO and the Chairman.

2.0 Objectives

- 2.1 The objectives of the Board Charter of the Board of the Company are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.
- 2.2 In pursuit of the ideals in the Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.
- 2.3 The Board Charter provide a tool for the Board and its Committees for consistency of procedures and good self-governance to ensure that decision making process is not only independent but is seen to be independent.

3.0 Status

The Board is governed by the Company's Memorandum and Articles of Association, Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Capital Markets and Services Act 2007, Green Book: Enhancing Board Effectiveness and Malaysian Code on Corporate Governance 2012.

4.0 Principal Responsibilities of the Board

4.1 The Board explicitly assumes the following responsibilities that facilitate the Board's stewardship responsibilities:

- a) establish, review and adopt the strategic plan and direction for the Company;
- b) oversee the conduct of the business of the Company to evaluate whether the business is being properly managed;
- c) identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- d) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- e) develop and implement an investor relations programme or Corporate Disclosure policy for the Company, and
- f) review the adequacy and the integrity of the Company's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

4.2 Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

5.0 Composition and criteria of the Board

5.1 The Board shall consist of not less than two (2) members and not more than ten (10) members.

5.2 At least 2 Directors or one third (1/3) of the Board, whichever is the higher, shall be Independent Directors ("ID") in compliance with the Listing Requirements.

5.3 The ID provides independent judgement, experience and objectivity without being subordinated to operational considerations. The tenure of an ID shall not exceed a consecutive term or a cumulative term of nine (9) years, with intervals. Upon the completion of the nine (9) years, the ID may continue to serve on the Board subject to the Director's re-designation as a Non-ID. The Board may seek the shareholders' approval in the event it retains as an ID, a person who has served in that capacity for more than nine (9) years and provide strong justification to the shareholders at a general meeting.

5.4 In the event of any vacancy in the Board resulting in non-compliance with paragraph 5.2 above, the Company must fill the vacancy within 3 months.

5.5 The Chairman of the Board should possess the following criteria¹:

- a) strong leadership skills – to lead discussions among Directors; to build a cohesive leadership team consisting of the Board and Senior Management; and to delegate responsibilities to other Directors, Committees and Management,

- b) capable to secure the respect and trust of the whole Board,
 - c) recognised stature,
 - d) high sense of accountability to shareholders and desire to create value to all stakeholders, and
 - e) possess sufficient time and capacity to focus on his task as Chairman.
- 5.6 The roles and responsibilities of the Chairman and the MD/CEO should be clearly defined and reviewed if there are significant changes to the Company's strategy, operations, performance or management.
- 5.7 The Board shall appoint a Senior ID to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the MD/CEO have failed to resolve them.
- 5.8 NED shall be persons of calibre, credibility and have the necessary skills, competencies and experience to bring an independent judgement on the issues discussed by the Board.
- 5.9 Every Director should have the relevant knowledge and skills – which could come from a combination of their industry, functional or management experience and the right mindset to effectively contribute to the Board.
- 5.10 The compensation of Directors must reflect the higher level of skill, knowledge and experience required by the Group. The Board should review the compensation of their Chairman and Directors, and align them to at least around the 50th percentile of an appropriate peer group.
- 5.11 Subject to any limitations imposed by the shareholders, Directors shall hold office subject to any obligation to retire by rotation in accordance with the Company's Articles of Association and the Directors then may choose to offer himself/herself for re-election at the annual general meeting ("AGM") of the Company.
- 5.12 The Board, through the Nomination and Remuneration Committee, will take steps to ensure that women candidates are sought as part of its recruitment exercise to ensure balanced gender and skills diversity.
- 5.13 The Board acknowledges the importance of ID who are tasked with ensuring that there is proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board taking into consideration the interests of the Company and the minority Shareholders.
- 5.14 It is the policy of the Board to ensure the separation of the roles of the Chairman and the MD/CEO.
- 5.15 The Board will ensure appropriate plans are in place for the succession of the MD/CEO and Board Members.
- 5.16 The Board will regularly review the Board Charter and Board Committees' Terms of Reference and make any changes it determines necessary or desirable.

6.0 Induction of New Directors

- 6.1 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

- 6.2 At the earliest opportunity upon their appointment, Directors shall have the benefit of an induction programme aimed at deepening their understanding of the Company and the Business and the environment and markets in which the Company operates. Whenever possible, new Directors shall receive a folder of essential Board and Company information and shall meet with Senior Management and other existing Directors.
- 6.3 Directors are expected to keep themselves abreast of changes and trends in the Business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.
- 6.4 In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

7.0 Disclosures of interests in contracts, property, offices, etc.

- 7.1 Every Director of the Company (including spouse, adopted child or step child of the Director) who is directly or indirectly, interested in a contract or proposed contract with the Company shall as soon as practicable after the relevant facts have come to his knowledge declare the nature of his interest at a meeting of the Directors of the Company.
- 7.2 Every Director of the Company (including spouse, adopted child or step child of the Director) shall give a general notice (specifying the nature and extent of his interest) to the Board to the effect that he is an Officer or Director of a specified corporation or a Director of a specified firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm.
- 7.3 Every Director of the Company (including spouse, adopted child or step child of the Director) who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as director shall declare at a meeting of the Board the fact and the nature character and extent of the conflict.
- 7.4 Any Director, while holding office, and subject always to the limitation on number of directorships as imposed by the Listing Requirements and/or prescribed manualsⁱⁱ, is at liberty to accept other board appointment(s) so long as the appointments are not in conflict with the interest of the Business and does not detrimentally affect the Director's performance as a Director.

8.0 Duties and Responsibilities of the Board

- 8.1 Review and approve the annual corporate plan for the Group, which includes the overall corporate strategy, business development and marketing plan, human resources plan, IT plan, security and control, financial plan, budget, regulatory plan, risk management plan, risk management strategy, internal controls and reporting systems (including their establishment and maintenance);
- 8.2 Establish a sound risk management framework and internal control system. In achieving this:-
- the Board should determine the company's risk level of risk tolerance and actively identify, access and monitor key business risks to safeguard the Company's assets;

- the Board should be committed to articulating, implementing and reviewing the Company's internal control system;
 - periodic testing of the effectiveness and efficiency of the internal control procedures and processes must be conducted to ensure that the system is viable and robust; and
 - the Board should disclose in the annual report the main feature of the Company's risk management and internal control system.
- 8.3 Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances as well as approving, reviewing and monitoring compliance with key corporate policies;
 - 8.4 Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
 - 8.5 Review and approve the Audit Committee Report and Statement on Risk Management and Internal Control for the Annual Report;
 - 8.6 Prepare a Corporate Governance Statement on the Company's compliance with the Malaysian Code of Corporate Governance 2012 for the Annual Report;
 - 8.7 Review and approve investment policies and guidelines for the Company's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions;
 - 8.8 Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Discretionary Authority Limits;
 - 8.9 Approval on appointment of External Auditors and their related audit fees.
 - 8.10 The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance.
 - 8.11 Establishes an internal audit function. Where an internal audit function does not exist, the Board shall assess whether there are other means of obtaining sufficient assurance of regular review and/or appraisal of the effectiveness of the system of internal controls within the Company. The Board shall explain in summary the means that exist for obtaining such assurance of regular review and/or appraisal in the annual reports.
 - 8.12 The Board, together with the MD/CEO, develops position descriptions for the Board and for the MD/CEO, involving definition of the limits to Management's responsibilities. In addition, the Board approves or develops, with the MD/CEO, the corporate objectives for which the MD/CEO is responsible to meet.
 - 8.13 Ensures succession planning, including appointing, training, fixing the compensation of and where appropriate, should it be necessary, replacing/dismissing the MD/CEO as well as the Top Key Personnel. The Board will assess the MD/CEO's performance against the objectives established by the Board.
 - 8.14 Establishes a Nomination Committee composed exclusively of NED, a majority of whom are independent. The Committee shall be responsible for proposing new nominees to the Board and assessing Directors on an on-going basis. The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of such a Committee. The Nomination Committee should:-

- a) assesses and recommends to the Board of the Company/subsidiary companies, the candidacy of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board. In assessing and making the recommendations, the nominating Committee should consider a particular candidate's:
 - i) competencies, commitment, contribution and performance;
 - ii) skills, knowledge, expertise and experience;
 - iii) professionalism;
 - iv) background;
 - v) integrity;
 - vi) leadership qualities; and
 - vii) in the case of candidates for position of Independent Non-Executive Directors ("INED") and the existing INED, the nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from INEDs.
 - b) consider, in making its recommendations, candidates for directorships proposed by the MD/CEO and within bounds of practicality, by any other Senior Executive or any Director or Shareholderⁱⁱⁱ; and
 - c) recommend to the Board, Directors to fill the seats on Board Committees.
- 8.15 The Board, through the Nomination Committee annually reviews the Board's composition in regards to mix of skills, character, experience, integrity, competence and time commitment to ensure efficiency of the Board to meet the Company's objectives, vision and mission. This should be disclosed in the annual report.
- 8.16 Implements a process, to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director, including INED, as well as the MD/CEO. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.
- 8.17 The Board will regularly complete an annual assessment of the Board and individual Members of the Board and assess the activities and performance as prescribed in the Green Book on Enhancing Board Effectiveness.
- 8.18 Establishes a Remuneration Committee composed wholly or mainly of NED, to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decisions on their own remuneration. Membership of the Remuneration Committee should appear in the Directors' report.
- 8.19 The determination of remuneration packages of NED, including Non-Executive Chairman, is a matter for the Board as a whole.
- 8.20 Establishes an Audit Committee that composed at least three (3) members, a majority of whom are independent. All members of the Audit Committee shall be NED. The Board provides the Audit Committee with written Terms of Reference which deal clearly with its authority and duties. All members of the Audit Committee shall be financially literate and at least one (1) member is of an accounting association or body.
- 8.21 Discloses on an annual basis whether 1/3 of the Board is independent. Where the company has a significant Shareholder, the Board shall disclose whether it satisfies the requirement to fairly reflect the investment of the minority Shareholders in the Company.

- 8.22 Develops and implements an investor relations programme or Corporate Disclosure policy for the Company. The policy shall ensure that it effectively interprets the operations of the Company to the shareholders and must accommodate feedback from shareholders, which shall be factored into the Company's business decisions.
- 8.23 Receives and seeks information that is not just historical or financial oriented but information that goes beyond assessing the quantitative performance of the Company and looks at other performance factors.
- 8.24 The Chairman of the Board undertake primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. If the Chairman is also the Managing Director, the Board should also have in place a procedure to ensure that its agenda items are placed on the agenda and for providing this information to Directors
- 8.25 Establishes the Discretionary Authority Limits that outlines the materiality of any transaction entered by the Company and determine its approval authorities.
- 8.26 Ensures that the Company's financial statements give a true and fair view of the state of affairs of the Company, and comply with all applicable laws and governmental regulations applicable to the Company's business and its conduct.
- 8.27 Ensures that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable the Directors to ensure the financial statements comply with the Companies Act, 1965.
- 8.28 Ensures that the Company adheres to high standards of ethics and corporate behaviour.
- 8.29 Ensures that corporate mission is clearly established and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from the Management).
- 8.30 Establishes policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.
- 8.31 Decides on whatever steps are necessary to protect the Company's financial position and ability to meet its debts and other obligations when the fall due, and ensuring that such steps are taken.
- 8.32 Reviews the terms of office and performance of the Audit and Risk Committee, Remuneration and Nomination Committee as well as the Investment Committee and each of its members at least once every three (3) years to determine whether these Committees and its members have carried out their duties in accordance with their Terms of Reference.
- 8.33 Sustainability
- 8.33.1 Formalising and reviewing performance of key sustainability initiatives (including external comparisons) and recommend improvements, which should include environmental, social and governance aspects of the business.
- 8.33.2 Cascading understanding that sustainability brings long term value to the Company.
- 8.33.3 Encouraging transparent reporting and assurance to increase credibility.
- 8.33.4 Discussing results of assurance with assurance providers and the Management and oversee the required key improvements.

8.33.5 Assessing relevance of report in attracting institutional investors and socially responsible investors.

8.33.6 The Board will ensure that its members have access to appropriate continuing education programmes to update their knowledge and enhance their skills to sustain their active participation in Board deliberations.

9.0 Powers of the Board

9.1 The business and affairs of the Company must be managed by, or under the direction of the Board.^{iv}

9.2 The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company subject to any modification, exception or limitation contained in the Companies Act, 1965 or in the Memorandum and Articles of Association of the Company^v.

9.3 The Board may delegate any power of the Board to any Committee, Director, Officer, Employee, expert or any other person and where the Directors have delegated any power, the Directors are responsible for the exercise of such power by the delegate as if such power had been exercised by the Directors themselves except in circumstances provided by the Companies Act, 1965.^{vi}

9.4 In carrying out its duties and responsibilities, the Directors whether as a full Board or in their individual capacities shall have the following rights:

- a) have resources required to perform its duties;
- b) have full and unrestricted access to any information, records, properties, and personnel of the Company and its subsidiaries. The Board should receive information that is not just historical and financial oriented, but information that goes beyond assessing quantitative performance and looks at other factors, such as customer satisfaction, products and quality, market share, market reaction, environmental performance and so on; and
- c) be able to obtain independent professional or other advice at the Company's expense.

9.5 All Directors shall have access to the advice and services of the Company Secretary.

10.0 Meetings of the Board

10.1 The Board shall meet regularly, with due notice of issues to be discussed and shall record its deliberations, in terms of issues discussed and the conclusions in discharging its duties and responsibilities.

10.2 The Board shall disclose in the Company's Annual Report the number of Board meetings held in a financial year and the details of attendance of each individual Director in respect of meetings held.

10.3 The meeting shall be chaired by the Chairman of the Board and he or she has the discretion to call for additional meetings at any time. The quorum for each meeting shall be two (2) Directors. In the absence of a meeting, any issues shall be resolved through circular resolution.

10.4 The Company Secretary shall ensure that the Board receives due notice of issues to be discussed at Board meetings. The Notice and the relevant board papers for the Board meeting shall be circulated within a reasonable time before each meeting but not less than three (3) working days.

- 10.5 The conduct of Directors shall be consistent with their duties and responsibilities specified in Clause 8.0 of this Board Charter.
- 10.6 The Board shall hold at least five (5) meetings in a year and will hold additional meetings as the occasion requires. At the meeting, the Board will consider among other things (but not limited to):
- a) financial performance report of the Group;
 - b) reports on activities of the Group;
 - c) specific corporate proposals such as capital expenditure, acquisitions, and disposal of assets, collaborations and joint ventures; and
 - d) major issues and opportunities for the Company.
- 10.7 In addition, the Board will at interval of not more than one (1) year:-
- a) approve the annual budget and the following year's Business Plan;
 - b) approve the annual financial statements and quarterly results, Circular to shareholders and public announcements;
 - c) approve Board and/or Board Committee statements for publication in Annual Report;
 - d) consider and if appropriate, declare or recommend the payment of dividends;
 - e) review the Board's composition, structure and succession;
 - f) review the Company's audit requirements;
 - g) review the performance of, necessity for and composition of Board committees;
 - h) undertake Board's and individual member's evaluations;
 - i) review Directors' remuneration;
 - j) review the MD/CEO's performance and remuneration;
 - k) review remuneration policies and practices in general including for management and staff;
 - l) review the internal control and Risk Management policies of the Company including compliance with the legal and regulatory requirements;
 - m) review the Company's code of conduct and ethical standards; and
 - n) review shareholders/investor relations policy.
- 10.8 The Board will review the following issues from time to time:-
- a) corporate mission; and
 - b) strategies for achieving the corporate mission.
- 10.9 Where appropriate, the Chairman or the Managing Director may invite relevant officers of the Company or its subsidiaries to attend the Board meetings.
- 10.10 Board's discussion shall be open and constructive, recognising that genuinely held differences of opinion could in such circumstances, bring greater clarity and to lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, when considered necessary, call for a vote. All discussion and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

- 10.11 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board's responsibilities shall supersede all executive responsibilities.
- 10.12 The Company Secretary shall be the secretary of the Board.
- 10.13 The Board shall cause minutes of all proceedings of general meetings and Board meetings to be entered in the books kept for that purpose within fourteen (14) days of the date upon which the relevant meeting was held.

11.0 Investor Relations and Shareholder Communication

- 11.1 The Board shall use its best endeavours to familiarise itself with issues of concern to Shareholders.
- 11.2 The Board shall regularly evaluate economic, political, social and legal issues and any other relevant external factors that may influence or affect the development of the business or the interests of shareholders and if thought appropriate, may take outside expert advice on these matters.
- 11.3 The Board shall implement a Corporate Disclosure Policy:

11.3.1 Objective of Corporate Disclosure Policy

- a) To maintain an effective communication policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public in general; and
- b) To effectively interpret the operations of the Company to the Shareholders and accommodate feedback from Shareholders, which is to be factored into the Company's business decisions.

11.3.2 Company Approach

- a) The Board acknowledges the need for good communications and effective interpretation of operations of the company to shareholders and investors. In order to achieve this, the Board will formalise a Corporate Disclosure Policy.
- b) The policy will set out the mode of communication and extent of information to be furnished to Shareholders, Stakeholders and the public in general to enable them to make informed decisions by implementing the following measures:
 - i) regular updates in every quarter on the Company's performance (financial and operational) to the investment community/public via release of public announcements and via the Company's website;
 - ii) highlighting any transaction, news or other factors which are likely to affect/or have affected the business, as and when they occur to investment community/public via Bursa Malaysia Securities Berhad's announcements and via the Company's website;
 - iii) addressing any news or statement about the Company whether correct or speculative that appears in the media via maintaining open communication with investment community and the press;
 - iv) use of the general meetings to communicate with Shareholders and private investors and to encourage their participation; and
 - v) annual report disclosure on the Company's operational and financial performance.

12.0 Board Committees

- 12.1 The Board shall establish Board Committees to delegate main issues concerning nominating Directors, assessing effectiveness of the Board and individual Directors, compensation and remuneration of Executive Directors, internal controls and integrity of audits. Outside the above, the Board must decide if additional Board committees are required depending on the size and complexity of the Company and the size of the Board.
- 12.2 Where the Board appoints a Committee, it shall spell out the powers of the Committee and in particular whether the Committee has the power to act on behalf of the Board or simply has the power to examine a particular issue and report back to the Board with a recommendation.

13.0 Code of Ethics of Directors

- 13.1 In the performance of his duties, a Director should at all times observe the following codes:-

a) Corporate Governance

- i) Should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- ii) Should devote sufficient time and effort to carry out their responsibilities, attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. Directors should notify the Chairman before accepting any other new directorships and the notification should include an indication of time that will be spent on the new appointment;
- iii) Should ensure at all times that the Company is properly managed and effectively controlled;
- iv) Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- v) Should insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- vi) Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each Director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship;
- vii) Should have access to the advice and services of the Company secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- viii) Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- ix) Should disclose immediately all contractual interests whether directly or indirectly with the Company;
- x) Should neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- xi) Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;

- xii) Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake; and
 - xiii) Should not deal in the listed securities of the Company as long as he is in possession of price-sensitive information relating to such listed securities. A Director who is in possession of price-sensitive information relating to listed securities may engage in dealings with such listed securities during a closed period provided that he complies with the procedures set out in the Listing Requirements. A Director who does not hold any price-sensitive information can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are adhered to.
- b) Relationship with Shareholders, Employees, Creditors and Customers
- i) Should be conscious of the interest of Shareholders, Employees, Creditors and Customers of the Company;
 - ii) Should at all times promote professionalism and improve the competency of Management and Employees; and
 - iii) Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- c) Social Responsibilities and the Environment
- i) Should ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the Company register if the Company has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business as the case may be;
 - ii) Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
 - iii) Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
 - iv) Should be more proactive to the needs of the community and to assist in society-related programmes in line with the aspirations of the concept of 'Caring Society' in Vision 2020; and
 - v) Should ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large and assist in the fight against inflation.

14.0 Company Secretary

- 14.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 14.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 14.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 14.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:-

- a) disclosure of interest in securities;
 - b) disclosure of any conflict of interest in a transaction involving the Company;
 - c) prohibition on dealing in securities; and
 - d) restrictions on disclosure of price-sensitive information.
- 14.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 14.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

15.0 Review

The Board Charter shall be reviewed by the Board as and when deem necessary.

**GUIDELINES ON DUTIES AND RESPONSIBILITIES OF
CHAIRMAN OF THE BOARD,
MD/CEO AND NED/ID****1.0 Objective**

The Company aims to ensure a balance of power and authority between the Chairman and the MD/CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and the MD/CEO are separated and clearly defined.

2.0 Chairman of the Board

- 2.1 Leads the Board to ensure the Board effectively discharges its leadership, control roles and assists the Board fulfil the goals it sets by assigning specific tasks to members of the Board. Thus, the Chairman needs to be, at all times, active, proactive and reactive.
- 2.2 Ensures proper flow of information to the Board, reviewing adequacy and timing of documentation in support of Management's proposals. The primary responsibility of the Chairman also involves him organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.
- 2.3 Provides a reasonable time for discussion at the meeting. Furthermore, the Chairman shall encourage debate on any issue before the Board where each member can express his views independently.
- 2.4 Chairs all Board meetings. If the Chairman is not present within ten (10) minutes after the time appointed for the holding of the meeting, the Directors present may choose one of their numbers to be the Chairman of the meeting. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote.
- 2.5 Chairs all shareholders meetings. If the Chairman is not present within fifteen (15) minutes after the time appointed for the holding of the meeting, the members present may choose one of their number to be the Chairman of the meeting. In case of equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.
- 2.6 Ensures adequate lead time for effective study and discussion of business under consideration and that every Board resolution is put to a vote to ensure that it is the will of the majority and not that of the dominant owner that prevails.
- 2.7 Acts as liaison between the Board and Management, carries out other duties as requested by the Board as a whole, depending on need and circumstances.
- 2.8 At all times act in the interests of all Shareholders, both the Company's significant and minority Shareholders, as well the stakeholders at large.
- 2.9 Identifies guidelines for the conduct of the Directors, and ensures that each Director is making a significant contribution.
- 2.10 Manages the processes of the Board and ensures that the Board discharges their responsibilities. The appropriate procedures may involve the Board meeting on a regular basis without the presence of Management.
- 2.11 Evaluates the current composition of the Board to ensure the Directors presently on the Board are able to contribute effectively towards the realization of the Company's mission and vision. Ensures the balance of membership, subject to Board and Shareholders' approval.

- 2.12 Develops position descriptions for the Board and for the MD/CEO, involving definition of the limits to Management’s responsibilities together with the MD/CEO. In addition, the Chairman shall approve, or develop with the MD/CEO, the corporate objectives, which the MD/CEO is responsible for meeting.
- 2.13 Provides a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the company is firmly in its hands.
- 2.14 Maintains an effective communications policy (together with the MD/CEO) that enables both the Board and the Management to communicate effectively with its Shareholders, Stakeholders and the public generally. This policy must effectively interpret the operations of the Company to the Shareholders and must accommodate feedback from Shareholders, which shall be factored into the Company’s business decisions.
- 2.15 Acknowledges the recommendations for improving the quality of AGM as set forth by the Malaysian Code on Corporate Governance 2012, the Chairman shall ensure that each item of special business included in the notice must be accompanied by a full explanation of the effects of a proposed resolution.
- 2.16 Ensures that Executive Directors look beyond their Executive function and accept their full share of responsibilities of governance.
- 2.17 Access to the Company Secretary for guidance to the Board on what their responsibilities are and how those responsibilities shall be discharged. The compliance advice shall extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act, 1965.
- 2.18 Delineates rules to determine the materiality of any transaction and shall establish clearly, which transactions require Board signatures. The Board shall also agree on the procedures to be followed especially when decisions are required in between Board meetings. In the absence of such rules, the Articles of Association shall prevail.
- 2.19 Discuss with each Director of his/her individual results and together develop a personalized action plan of each Director for each year based on assessment undertaken. Collectively, the Board, led by the Chairman, is to dedicate part of the Board meeting to review the results for whole Board and develop, or review the existing, improvement program¹.
- 2.20 Ensure that the individual Directors or the Board collectively have access to necessary training programs or materials. These programs should match with identified development areas as the Chairman sees fit and not merely to indicate that training has occurred².
- 2.21 Acts as the Company’s ambassador, both within domestic market and internationally.
- 2.22 In essence, the Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:-
- a) leading the Board in setting the values and standards of the Company;
 - b) maintaining a relationship of trust with and between the Executive and NED;
 - c) ensuring the provision of accurate, timely and clear information to Directors;
 - d) ensuring effective communication with Shareholders and relevant stakeholders;
 - e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and

¹ Section 1.4.3, the Green Book

² Section 1.4.4, the Green Book

- f) facilitating the effective contribution of NED and ensuring constructive relations be maintained between Executive and NED.

3.0 MD/CEO

- 3.1 Meets regularly with the Board, with due notices of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
- 3.2 Maintains an effective communications policy that enables both the Board and Management to communicate effectively with its Shareholders, stakeholders and the public generally. This policy must effectively interpret the operations of the Company to the Shareholders and must accommodate feedback from Shareholders, which shall be factored into the Company's business decisions.
- 3.3 Outlines rules to determine the materiality of any transaction and shall establish clearly which transactions require multiple Board signatures. The Board shall also agree on the procedures to be followed, when exceptional decisions are required between Board meetings. Furthermore, a formal schedule of matters specifically reserved to the Board for decision shall be maintained to ensure that the direction and control of the Company is firmly in its hands.
- 3.4 Develops and recommends to the Board annual business plans and budgets that support the Company's long-term strategy and vision for the Company that leads to the creation of shareholder value. In addition, the MD/CEO shall strive to achieve the Company's financial and operational goals and objectives; maintain a satisfactory competitive position within its industry and ensures continuous improvement in the quality and value of the products and services provided by the Company.
- 3.5 Formulates and closely monitor the implementation of major corporate policies; runs the day-to-day business and implements the policies and strategies adopted by the Board.
- 3.6 Assumes full accountability to the Board for all aspects of the Company's operations and performance.
- 3.7 Puts adequate operational plans and financial control systems in place.
- 3.8 Ensures that the Company has an effective Management team below the level of the MD/CEO and has an active plan for its development and succession.
- 3.9 Fosters a positive, corporate culture that promotes ethical practices, encourages individual integrity and fulfils social responsibility to attract, retain and motivate a diverse group of top-quality employees at all levels.
- 3.10 Ensures in co-operation with the Board, that there is an effective succession plan in place for the MD/CEO position.
- 3.11 Serves as the chief spokesperson for the Company and may attend the Remuneration meetings, except when his own remuneration is under discussion and other times at the discretion of the Chairman.
- 3.12 Assist in the development of position descriptions for the Board, involving definition of the limits to Management's responsibilities together with the Board.
- 3.13 Represents the Company to major Customers, Employees, Suppliers and professional associations.

4.0 NED/ ID

- 4.1 Constructively challenge and contribute to the development of strategy. In doing so, they shall bring an objectivity and breadth of judgement to the strategic planning process, as they are not involved in the day-to-day management of the business. If they are to independently judge the merits of Management's proposal concerning strategic or business plans, they need to evaluate elements, which shall be taken into account in the process of creating the strategic plan for the company. They are also responsible for monitoring Management's success in implementing the strategy.
- 4.2 Oversee the conduct of the Company's business and to evaluate whether the business is properly managed. In this respect, they must ensure that there are objectives in place against which Management's performance can be measured.
- 4.3 Identify principal risks and ensure the implementation of appropriate systems to manage these risks. They must understand the principal risks of all aspects of the business that the Company is engaged in and recognise that business decisions require the incurrence of risk. The target is to achieve a proper balance between risks incurred and potential returns to Shareholders. This requires them to ensure that there is in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Company.
- 4.4 Must be able and willing to inquire and probe. They should have sufficient strength of character to seek and obtain full and satisfactory answers within the collegiate environment of the Board.
- 4.5 Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. They have to ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance.
- 4.6 Develop position descriptions for the Board and for the MD/CEO together with the MD/CEO and the full Board, involving definition of the limits to Management's responsibilities. In addition, the NED shall approve, or develop with the MD/CEO, the corporate objectives, which the MD/CEO is responsible for meeting.
- 4.7 Plan succession, including appointing, training, and fixing the remuneration of Executive Director and where appropriate, replacing Senior Management, particularly in relation to the MD/CEO. This reflects the fact that the Board functions through delegation to Management. They must ensure the Management of the highest calibre when appointing, training, assessing and providing for succession. The key to the effective discharge of this particular task is to provide for the best MD/CEO for the job.
- 4.8 Assess the MD/CEO's performance against the objectives established by the Board together with the MD/CEO. They must also be satisfied that there are programmes in place to train and develop management and provide for the orderly succession of Management.
- 4.9 Develop and implement an investor relation programmes or Corporate Disclosure policy for the Company. The specific task here is to enable the Company to effectively communicate with its shareholders, other stakeholders and the public generally. The policy shall also ensure that it effectively interprets the operations of the Company to the shareholders and must accommodate feedback from shareholders, which shall be factored into a Company's business decisions.
- 4.10 Provide a balanced and independent view to the Board. ID however shall bring independence of judgement to Board deliberations.

- 4.11 Acquire the necessary skills and experience to bring an independent judgement to bear on the issues of strategies, performance and resources including key appointments and standards of conduct.
- 4.12 Acknowledge the recommendations for improving the quality of Annual General Meetings as set forth by the Malaysian Code on Corporate Governance 2012, the NED and ID shall ensure that each item of special business included in the notice must be accompanied by a full explanation of the effects of a proposed resolution.
- 4.13 Maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally. This policy must effectively interpret the operations of the Company to the shareholders and must accommodate feedback from shareholders, which shall be factored into the company's business decisions. In companies whose AGM are well attended the NED, ID and/or Management shall conduct a business presentation with a question and answer session.
- 4.14 Outline rules to determine the materiality of any transaction and shall establish clearly which transactions require multiple Board signatures. Board shall also agree on the procedures to be followed especially when decisions are required between Board meetings. In addition, a formal schedule of matters specifically reserved to it shall be maintained for decision to ensure that the direction and control of the Company is firmly in its hands.

ⁱ Section 1.1.6, Enhancing Board Effectiveness ('The Green Book'), Government-Linked-Transformation Manual, Putrajaya Committee on GLC High Performance

ⁱⁱ Section 1.1.7 of The Green Book caps directorships in listed companies to 5 and in non-listed companies to 10.

ⁱⁱⁱ A Director who was appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a shareholder, employer or debenture holder, shall act in the best interest of the Company and in the event of any conflict between his duty to his nominator, he shall not subordinate his duty to act in the best interest of the company to his duty to his nominator, Section 132 (1f), Act A1299, Companies (Amendment) Act 2007

^{iv} Section 131 B (1), Act A1299, Companies (Amendment) Act 2007

^v Section 132 B (2), Act A1299, Companies (Amendment) Act 2007

^{vi} Section 132 (1f), Act A1299, Companies (Amendment) Act 2007