



# ***PUNCAK NIAGA HOLDINGS BERHAD***

(199701000591[416087-U])

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# **BOARD CHARTER**

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**(Version 5.0: Revised As At 8 September 2020)**



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**PUNCAK NIAGA HOLDINGS BERHAD (199701000591 [416087-U])**

**BOARD CHARTER**

*The Vision of the Company is “ To Be A Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement in Concession Facilities Management Services, Plantation and Property Development Sectors”*

**AND**

*The Mission of the Company is :-*

- *To meet the increasing challenges in the demand for water, wastewater and environmental engineering, facilities management services, property development, plantation and construction sectors through the continuous implementation of strategic planning, high quality standards, efficient services, human capital development, innovative technology and operational systems.*
- *To actively participate in local, regional and global business opportunities with linkages to the Company’s core activities.*
- *To share experience and offer our expertise through Smart Business Partnerships, Public Private Partnerships or other innovative business models in order to expand business growth.*

**1. PREAMBLE**

The Directors of Puncak Niaga Holdings Berhad ('PNHB' or the Company) regard corporate governance as vitally important to the success of PNHB's business and are unreservedly committed to applying the principles necessary to ensure that good governance is practised in all of its business dealings in respect of its shareholders and the relevant stakeholders:

- 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 towards the best interest of the Company and the shareholders and stakeholders.
- All Board members are responsible for the Company achieving the highest level of business conduct.
- This Board Charter shall constitute, and form, an integral part of each Director's terms of appointment.

- The Board is the focal point of the Company's corporate governance system and is responsible for the maintenance of an effective governance structure for appropriate management of risks and internal controls.
- The Board has a duty to be effective stewards and guardians of the Company. It is ultimately accountable and responsible for the performance and affairs of the Company setting strategic direction and overseeing the conduct of business.

## **2. PURPOSE**

The purpose of this Board Charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected from them.

## **3. OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members, acting for and 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 to ensure that the principles of good corporate governance are applied in all their dealings in respect of and for and on behalf of the Company.

In pursuit of the ideals set out in this Board Charter, the intention, namely is not only to meet but to exceed "minimum requirements" with due consideration being given to recognise standards of best practices, both locally and internationally.

## **4. BOARD LEADERSHIP**

- 4.1. There are two key tasks at the top of a Company, namely the running of the Board and the executive responsibility for the running of the Company's business. There should be a clear division of responsibilities at the head of the Company to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 4.2. The Board should provide leadership and vision to the Company in a way that will not only enhance shareholder value but also ensure long-term sustainable development and growth of the Company.
- 4.3. The roles of the Executive Chairman and the Managing Director are separate, each with responsibilities clearly divided between them.

#### 4.4. The Executive Chairman

- 4.4.1. The Executive Chairman shall preside at all Board Meetings, unless he so delegates to another Senior Director with the consent of the other Board members.
- 4.4.2. The Executive Chairman is responsible for representing the Board to the shareholders and ultimately, to the general public for the Company's performance.
- 4.4.3. The Executive Chairman is responsible for leading the Board in ensuring and monitoring the integrity and effectiveness of the corporate governance process of the Board and building a high performance Board.
- 4.4.4. The Executive Chairman together with the Company Secretaries must ensure that the content and order of the agenda for Board Meetings are appropriate and that the members of the Board have the relevant Board papers in advance before the Board Meetings. The Executive Chairman must also ensure that the Board members are properly briefed on issues arising at Board Meetings and that all available information on an issue is tabled before the Board, for deliberation.
- 4.4.5. The Executive Chairman shall maintain regular dialogue with the Managing Director over all operational matters including creating an effective corporate governance system and shall consult with the other Board members on any matter that gives him cause for concern.
- 4.4.6. The Executive Chairman shall act as facilitator at Board Meetings to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Executive Chairman shall ensure that the discussions result in logical and understandable outcomes.
- 4.4.7. Between Board Meetings, the Executive Chairman shall maintain an informal link and acting as the main conduit between the Board and the Managing Director. The Executive Chairman shall be kept informed by the Managing Director on all important matters affecting the Company.
- 4.4.8. All Board authority conferred on Management is delegated through the Executive Chairman, so that the authority and accountability of Management is considered to be the authority and accountability of the Executive Chairman in so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the Executive Chairman.

#### 4.5. **The Managing Director**

- 4.5.1. The Board shall link the Company's governance and management functions through the Executive Chairman and Managing Director.
- 4.5.2. The Board shall appoint the Managing Director and set the terms of his employment.
- 4.5.3. The task of the Managing Director is to run the business, drive strategic vision and innovation, to implement the policies and strategies adopted by the Board and to report accordingly to the Executive Chairman and the Board as a whole on the same.
- 4.5.4. The Managing Director must supervise and control the general management and operation of the PNHB Group.
- 4.5.5. The Managing Director, in association with the Executive Chairman, is accountable to the Board for the achievement of the Company's goals and performance targets without neglecting longer-term growth opportunities and the Managing Director is accountable for the observance of the Management's limitations.
- 4.5.6. The Managing Director is expected to act within all specific authorities delegated to him by the Executive Chairman or the Board.
- 4.5.7. The 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 and not to cause or permit any action that does not take into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- 4.5.8. The Managing Director, with the Management team, is expected to ensure that the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk. The Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet the standards consistent with the Company's risk management policies and internal control processes and that are acceptable to the Company's external auditors including compliances with legal requirements and matters affecting the industry(s) and the Company in general. In managing the risks of

the Company, the Managing Director is expected to not cause or permit anyone to substitute their own risk preferences for those of the shareholders as a whole.

- 4.5.9. The Managing Director is expected to not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

## 5. COMPOSITION OF THE BOARD

- 5.1. The Company has a unitary Board, consisting of the Executive Directors and Independent Non-Executive Directors, thus achieving the desired level of objectivity and independence in the Board's deliberations and decision-making.

- 5.2. An Executive Director is considered an individual who:

5.2.1. is involved in the day-to-day management of the Company and/or its subsidiaries; and/or

5.2.2. is a full-time salaried employee of the Company and/or its subsidiaries.

- 5.3. An Independent Non-Executive Director is considered an individual who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company and who:

5.3.1. is not an Executive Director of the Company, and/or its subsidiaries or any related corporation of the Company;

5.3.2. is not and has not been within the last 3 years an officer (except as an Independent Non-Executive Director) of the Company. For this purpose, "officer" shall have the meaning given in Section 2 of the Companies Act;

5.3.3. is not a major shareholder of the Company or any related corporation of the Company;

5.3.4. is not a family member of any Executive Director, officer or major shareholder of the Company or any related corporation of the Company.

For this purpose, "family member" means the spouse, parent, brother, sister, child (including adopted and step child) and the spouse of the brother, sister or child (including adopted and step child);

- 5.3.5. is not acting as a nominee or representative of any Executive Director or major shareholder of the Company or any related corporation of the Company;
  - 5.3.6. has not within the last 3 years been engaged as an adviser by the Company or any related corporation of the Company under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be; of a firm or corporation which provides professional advisory services to the Company or any related corporation of the Company under such circumstances as prescribed by the Exchange; or
  - 5.3.7. has not within the last 3 years been engaged in any transaction with the Company or any related corporation of the Company under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company or any related corporation of the Company under such circumstances as prescribed by the Exchange.
- 5.4. Procedures for appointments to the Board shall be formal and transparent. The Nomination Committee is responsible for the assessment and nomination of potential new Directors.
- 5.5. The Board shall define an appropriate division of duties and responsibilities on the Board, identifying key roles and performance standards for Board members and ensure that Board members clearly understand these functions.
- 5.6. The Board is willing and allows members of Senior Management to be appointed to the Board. However, the Board believes that Senior Management should understand that Board membership is not necessary or be a prerequisite to any higher management position in the Company.
- 5.7. Qualifications for membership of the Board are:
- 5.7.1. an appropriate knowledge, understanding and experience of the conduct of the business, as well as the laws, customs and values that govern the activities of the organisation;
  - 5.7.2. the ability to make informed business decisions and recommendations;
  - 5.7.3. an entrepreneurial talent for contributing to the creation of shareholder value;
  - 5.7.4. the ability to ask sensible questions;



- 5.7.5. high ethical standards and sound practical sense;
  - 5.7.6. the ability to see the wider picture and perspective, with some benefit of international experience;
  - 5.7.7. integrity in personal and business dealings; and
  - 5.7.8. total commitment to furthering the interest of the shareholders and to achieve the Company's vision and mission.
  - 5.7.9. do not fall under any of the conditions as listed in Paragraph 15.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 5.8. Key competencies required for the Independent Non-Executive Directors include:
- 5.8.1. to contribute an independent and objective judgement and view to matters under consideration;
  - 5.8.2. an ability to add value to the Board's deliberations;
  - 5.8.3. to contribute to the breadth and depth of experience of the Board;
  - 5.8.4. an ability to clearly communicate;
  - 5.8.5. an ability to demonstrate a wide and unfettered perspective to ensure a balanced and unbiased decision making process on matters deliberated and bring to the Board, integrity and a strong sense of ethics;
  - 5.8.6. organisational and strategic awareness and an appropriate level of financial literacy;
  - 5.8.7. a knowledge of the responsibilities of a Director; and
  - 5.8.8. an ability to constructively collaborate as part of a team contributing towards the successful performance of the Company and the interest of the Shareholders.
- 5.9. An Independent Non-Executive Director shall serve the Board for a cumulative term of nine (9) years only. An Independent Non-Executive Director may continue to serve the Board beyond the nine (9) years' term subject however to the Independent Non-Executive Director being re-designated as a Non-Independent Director of the Company. If the Board intends to

retain an Independent Non-Executive Director beyond the nine (9) years' term, the Board shall, subject to the assessment and recommendation of the Nomination Committee, justify and seek the annual shareholders' approval on the same. In any event, the tenure of an Independent Non-Executive Director and Non-Independent Director of the Company shall not extend beyond twelve (12) years from the date of appointment as a Director of the Company.

**5.10. Size of the Board**

5.10.1. The size of the Board is dictated by the Company's Constitution, which currently permits a maximum of twenty (20) Directors to be appointed to the Board.

5.10.2. The Board composition must be sufficient to:

5.10.2.1. ensure a wide range of skills and knowledge, views and experience, such that the common purpose, involvement, participation, harmony and sense of responsibility of the Board members is not jeopardised;

5.10.2.2. achieve the balance of skills, experience, professional and industry knowledge necessary to meet the Company's strategic objectives; and

5.10.2.3 enable the Company to achieve the best composition for diversity in terms of skills, experience, gender, professional background, cultural background and age to meet the needs of the Company.

**5.11. Time period of office**

5.11.1. Generally, the Board members have no fixed term of appointment. Subject to Rule 100 of the Company's Constitution, at each Annual General Meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to one-third with a minimum of one, shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting, whether adjourned or not.

5.11.2. New Board members shall only hold office until the next Annual General Meeting at which they shall retire and become available for re-election.

5.11.3. All Board members are subject to retirement by rotation and re-election by the shareholders at least once in every three years in accordance with the Company's Constitution.

5.11.4. While the Board allows its Directors to accept outside non-executive appointments to other boards, this must first be discussed with the Executive Chairman and shall be considered to the extent that it is not in conflict with the Company's business and interest and the Directors are able to continue to allocate their time to effectively discharge their duties and responsibilities as Directors of the Company.

5.11.5. The directorships held by a Director of the Company shall not at any time exceed five (5) public listed companies which is inclusive of the directorship in the Company.

## 5.12. **Directors' Remuneration**

5.12.1. The Board, as a whole, shall determine the level of remuneration paid to its Directors.

5.12.2. The level and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose.

5.12.3. The component parts of remuneration should be structured so as to link reward to corporate and individual performance, in the case of Executive Directors. In the case of Independent Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Independent Non-Executive Director concerned.

5.12.4. To ensure the remuneration and incentives for the Independent Non-Executive Directors do not conflict with their obligations to bring objectivity and independent judgement on matters discussed at the Board Meetings, the Independent Non-Executive Directors receive no share options nor significant benefits from the Company, other than their allowances fees, which shall be paid as follows:

5.12.4.1. monthly allowance;

5.12.4.2. additional remuneration (an extra fee) - as Chairman of the Audit Committee or Board Committees, if any;

5.12.4.3. meeting allowance – for attendance at Board Meetings, Board Committees Meetings for which he is a member, General Meetings and adjourned meetings of the Company; and

5.12.4.4. corporate golf club membership.

- 5.12.5. Remuneration shall be reviewed, at least annually by the Board and the Remuneration Committee shall recommend the remuneration for the Executive Directors.
- 5.12.6. Executive Directors of the Company receive no fees but are paid as full-time employees of the Company and/or subsidiary companies of PNHB.
- 5.12.7. A formal and transparent procedure must be established for developing the policy on executive remuneration and for fixing the remuneration packages of individual Board members.
- 5.12.8. No Board member, whether executive or non-executive, shall be involved in deciding his own remuneration.
- 5.12.9. The Board should report to the shareholders on the Directors' remuneration and this should be included in the annual report.

**5.13. Induction of new Directors**

- 5.13.1. The Nomination Committee is responsible for the assessment and nomination of candidates for Board appointments.
- 5.13.2. On appointment, Independent Non-Executive Directors shall have the benefit of an induction programme aimed at deepening their understanding of the Company and the business environment and markets in which the Company operates that includes meetings with Senior Management and visits to the Company's facilities. The induction programme shall entail the following:
  - 5.13.2.1. knowledge of the Company (ownership power, rules, regulations and company law, Board structure, membership and processes);
  - 5.13.2.2. knowledge of the business (business processes, corporate strategies, organisation, management and people);
  - 5.13.2.3. knowledge of the financials (financial statements, directors' reports, trends of the key financial ratios and financial performance of the business); and
  - 5.13.2.4. expectations on appointment (discussions with the Executive Chairman with regards to the role, why nominated, potential contributions, particular knowledge, etc.).

5.13.3. As part of the induction programme, newly appointed Independent Non-Executive Directors shall receive induction material which contain essential Board and Company information.

5.13.4. Board members are expected to attend continuous training annually to enable them to effectively discharge their duties as Directors of the Company and to keep themselves abreast of changes and trends in the business and in the Company's environment and markets, which shall include changes and trends in the economic, political, social and legal climate generally.

#### 5.14. **Succession Planning**

5.14.1. The Board, as a whole, shall be responsible, for selecting its own members and in recommending them for election or re-election by the shareholders.

5.14.2. The Board has delegated the screening process involved to the Nomination Committee.

5.14.3. The Board has delegated the responsibility on the Senior Management succession planning, including drawing up the Company's programme for management development to the Human Resources & Administration Division and together with the Nomination Committee to ensure that a clear succession plan is established by Management.

5.14.4. Board continuity, subject to performance and eligibility for re-election, is imperative. A programme ensuring a staggered rotation of Board members is in place to obtain infusion of fresh thinking and relevant mix of skills and experience.

## 6. **ROLE OF THE BOARD**

6.1. The Board's primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction to the Company, identifying key risk areas and key performance indicators of the Company and PNHG Group's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets and industry standards.

6.2. The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations. In this respect, the Board assumes responsibility in the following areas:

- 6.2.1. Reviewing and adopting a strategic plan for the Company while exercising oversight on the Management of the Company;
- 6.2.2. Overseeing the conduct of the Company's business and ensure the Company has appropriate corporate disclosure policies and procedures;
- 6.2.3. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures and establish a sound framework to manage risks and to prevent fraud and corruption within the Company and PNHB Group;
- 6.2.4. Succession planning;
- 6.2.5. Overseeing the development and implementation of a shareholder communications policy for the Company and promote effective communication and proactive engagements with shareholders and ensure that the Company's strategies promote sustainability;
- 6.2.6. Reviewing the adequacy and the integrity of the management information and internal controls system of the company and establish an internal audit function which reports directly to the Audit Committee;
- 6.2.7. retain full and effective control over the Company, and monitor the Management of the Company in implementing the Board's plans and strategies including financial and non-financial performance measures;
- 6.2.8. ensure that a comprehensive system of policies and procedures is operative;
- 6.2.9. identify and monitor financial and non-financial aspects relevant to the business;
- 6.2.10. ensure ethical behaviour and compliance with the relevant laws and regulations, audit and accounting principles, and the Company's own governing documents and codes of conduct which include appropriate communication and feedback channels which facilitate whistleblowing and ensure the compliance of the codes of conduct;
- 6.2.11. strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only to comply in practice, but be seen to comply;
- 6.2.12. define the levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to the Management

of the Company and instituting effective mechanisms that ensure the Board's responsibility for the Management's performance of its functions;

- 6.2.13. act responsibly towards the Company's shareholders;
- 6.2.14. be aware of, and commit to, the underlying principles of good corporate governance which reinforces a culture of ethical, prudent and professional behaviour with the Company and ensure that compliance with corporate governance principles is reviewed regularly;
- 6.2.15. set out expectations on time commitment for its members and protocols for accepting new directorships;
- 6.2.16. ensure its members have access to appropriate induction and continuing education programmes;
- 6.2.17. ensure financial statements comply with applicable financial reporting standards;
- 6.2.18. have policies and procedures to assess the suitability and independence of external auditors;
- 6.2.19. encourage the Company to leverage on information technology for effective dissemination of information;
- 6.2.20. communicating and reporting to shareholders and other stakeholders in a full and transparent manner and to take reasonable steps to encourage shareholder participation at general meetings and encourage poll voting;
- 6.2.21. formalise, periodically review and make public its Board Charter;
- 6.2.22. undertake an assessment of its Directors annually;
- 6.2.23. justify and seek shareholders' approval in the event it retains as an Independent Non-Executive Director, a person who has served in the capacity of an Independent Non-Executive Director for a term of more than nine (9) years up to a term of twelve (12) years only; and
- 6.2.24. establish a policy formalising its approach to boardroom diversity.

6.3. Having regard to its role, the Board is concerned with the key elements of the governance processes underpinning the operations of the Company, with particular attention to the following:

- 6.3.1. review and adopt the strategic direction of the Company and adopt business plans proposed by the Management of the Company for its achievement thereof;
  - 6.3.2. approve specific financial and non-financial objectives and policies proposed by the Management;
  - 6.3.3. review the processes for the identification and management of business risks and processes for compliance and internal control framework with key regulatory and legal areas;
  - 6.3.4. delegate authority for capital expenditure and review investment, capital and funding proposals which are reserved for the Board's approval;
  - 6.3.5. together with the Nomination Committee, review succession planning for the Management team and endorse senior executive appointments, organisational changes and high level remuneration issues;
  - 6.3.6. provide oversight of performance against targets and objectives; and
  - 6.3.7. provide oversight of reporting to the shareholders on the direction, governance and performance of the Company as well as other processes that require reporting and other disclosure requirements.
- 6.4. The day-to-day management of the Company will be in the hands of the Executive Chairman, the Managing Director and the Management of the Company.

## **7. BOARD GOVERNANCE**

### **7.1. Board procedures**

- 7.1.1. The conduct of Board members shall be consistent with their duties and responsibilities to the Company and the shareholders.
- 7.1.2. The Directors shall always act within the limitations imposed by the Board on its activities.
- 7.1.3. The Directors' responsibilities and limitations are primarily set out in the Company's Constitution, the Companies Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Board's and/or shareholders' resolutions.



- 7.1.4. The Board shall be disciplined in carrying out its role, with emphasis on strategic issues and policy matters.
- 7.1.5. The Board's discussions shall be open and constructive. The Executive Chairman shall seek a consensus in the Board but may, where considered necessary, call for a vote. Discussions and records shall remain confidential unless there is a specific direction from the Board to the contrary.
- 7.1.6. The Board has sole authority over its agenda for Board Meetings. However, any Board member may request an addition of an item on the agenda.
- 7.1.7. The Board members are entitled to have access, at reasonable times, to all relevant Company information and to Senior Management to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions.
- 7.1.8. The Board members are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of Company information.
- 7.1.9. At each Board Meeting, the Board shall, *inter alia*, consider:
  - 7.1.9.1. Minutes of Meetings of the Board Committees;
  - 7.1.9.2. operational and financial performance reports;
  - 7.1.9.3. any changes to the Group's corporate strategies ;
  - 7.1.9.4. environmental issues directly affecting the Group's operations;  
and
  - 7.1.9.5. major issues and strategic opportunities for the Company.
- 7.1.10. There shall be a procedure agreed by the Board that in furtherance of their duties, they may take independent professional advice, if necessary, at the Company's expense.

7.2. At intervals of not more than one year, the Board shall:

- 7.2.1. review and evaluate the present and future strengths, weaknesses and opportunities in respect of the Company. Comparisons with competitors, locally and internationally, and best practices are important elements of this process;

- 7.2.2. review and approve the Company's financial objectives, plans and actions and significant allocation and expenditure while considering how a proper "balanced scorecard" and "triple bottom line" approach may be applied;
- 7.2.3. review the Company's goals and the strategies for achieving the Company's goals;
- 7.2.4. approve the annual budget;
- 7.2.5. approve the quarterly reports, financial statements, annual report, other reports to shareholders and public announcements;
- 7.2.6. consider and, if appropriate, declare or recommend the payment of dividends;
- 7.2.7. review the Board's composition, structure and succession;
- 7.2.8. review the Company's audit requirements;
- 7.2.9. review the performance of, necessity for and the composition of the Board Committees;
- 7.2.10. review the Directors' remuneration;
- 7.2.11. review the risk assessment policies and controls, including compliance with the legal and regulatory requirements;
- 7.2.12. review the Company's codes of conduct and ethical standards and policies;
- 7.2.13. review shareholder, customer and investor relations;
- 7.2.14. review donations and sponsorships; and
- 7.2.15. review such other matters as may be determined by the Board from time to time.

## **8. BOARD COMMITTEES**

- 8.1. The Board is authorised to form committees and Board Committees shall be formed only when it is efficient or necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, powers and authorities. Delegating authority to Board Committees or Management does not in any way mitigate or dissipate the discharge by the Board of their duties and responsibilities.

- 8.2. There shall be transparency and full disclosure from the Board Committees to the Board, except where the Committee has been mandated otherwise by the Board.
- 8.3. Board Committees shall observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise and each Board Committee is governed by the respective terms of reference.
- 8.4. Board Committees shall only speak or act for the Board when so authorised.
- 8.5. The following are the Company's existing Board Committees :-
- 8.5.1. Audit Committee;
  - 8.5.2. Remuneration Committee;
  - 8.5.3. Nomination Committee; and
  - 8.5.4. Compliance, Internal Control and Risk Policy Committee.
- 8.6. The Executive Committee which comprise the Executive Chairman, Managing Director and Executive Directors of the Company operates under the direction of the Executive Chairman/ Managing Director overseeing the development and execution of strategy of the Company. The Executive Committee is accountable for achieving the financial and operational performance of the Company.

## **9. MATTERS RESERVED FOR THE BOARD**

- 9.1. The following matters shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Committees of the Board (as appropriate):
- 9.1.1. **Financial**
    - 9.1.1.1. The adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;
    - 9.1.1.2. the raising of incremental borrowing facilities involving substantial amounts;

- 9.1.1.3. the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- 9.1.1.4. the approval of the annual financial statements and quarterly reports, the valuation of unlisted investments, the declaration of dividends and the forfeiture of unclaimed dividends; and
- 9.1.1.5. the recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any employee share option scheme).

## 9.2. **Statutory and Administrative**

- 9.2.1. Recommending amendments to the Constitution of the Company;
- 9.2.2. the appointment, removal or replacement of the external auditors of the Company;
- 9.2.3. the frequency of meetings of the Board;
- 9.2.4. the convening of general meetings of shareholders of the Company;
- 9.2.5. the approval of proxy forms for annual and general meetings of the shareholders of the Company;
- 9.2.6. the formulation of recommended policies in relation to industrial relations;
- 9.2.7. the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- 9.2.8. the appointment, removal or replacement of a Company Secretary;
- 9.2.9. the variation of the rights attaching to shares where such powers are vested in the Board; and
- 9.2.10. the formulation and amendments of the Company's Board Charter, Codes of Conduct and policies.

## 9.3. **Regulatory**

- 9.3.1. The approval of the terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- 9.3.2. the approval and authority to issue circulars to the shareholders of the Company;
- 9.3.3. the approval of and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
- 9.3.4. recommending to the shareholders that they approve any ordinary or special resolutions in respect of the Company;
- 9.3.5. recommending that the shareholders take a particular course of action proposed by the Board;
- 9.3.6. any decision to list the Company's shares on any stock exchange or to terminate any such listing; and
- 9.3.7. recommending to the shareholders on the continuity in office of an Independent Non-Executive Director who had served the Company on a cumulative term of nine (9) years and not exceeding twelve (12) years..

#### 9.4. **Manpower**

- 9.4.1. Appointments to and removals from the Board including the appointment of the Executive Chairman, Managing Director, Executive Directors and Independent Non-Executive Directors and the approval on the nomination of alternate directors (if any) as recommended by the Nomination Committee;
- 9.4.2. the appointment of, terms of reference and changes in the composition of the Committees of the Board as are established from time to time;
- 9.4.3. any increase of the Independent Non-Executive Directors' monthly allowances as recommended by the Remuneration Committee;
- 9.4.4. to recommend any employee share option scheme, the rules applicable to any such scheme and any amendments to such rules for submission to the shareholders of the Company for approval; and
- 9.4.5. the formulation of recommended policies in relation to equal opportunity employment, human capital development, environment, sustainability, health and safety.

- 9.5. Constituting part of this Board Charter is a "general enabling resolution" which deals with the authority of certain Directors and officials to negotiate and finalise the terms of contracts, for and on behalf of the Company, and to bind and entitle the Company.

## **10. MANAGEMENT OF RISKS AND INTERNAL CONTROL**

- 10.1. The Board is responsible for the total process of risk management and internal controls and uses the Corporate Risk Scorecard Software to identify, measure and manage all corporate risks affecting the Company and the Group.
- 10.2. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, both internally and externally.
- 10.3. The Board must appreciate the business risk issues and key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives.
- 10.4. The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's and the Group's assets and reputation are adequately protected.

The Group's Risk Profile is reassessed annually by the Risk Management Scorecard Working Group comprising the Managing Director and Executive Directors after taking into consideration the changing risk profiles as dictated by changes in the business environment, strategies and functional activities of the Company and the Group from time to time.

## **11. BOARD MEETINGS**

- 11.1. Board members shall use their best endeavours to attend the Board Meetings and to prepare thoroughly. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Board members who are unable to attend the Board Meetings shall accordingly advise the Executive Chairman and/or the Company Secretaries on the same.

### **11.2. Frequency and Quorum**

- 11.2.1. Meetings of the Board shall be held at such time and at such venue as the Board deems appropriate, but it shall normally meet at least quarterly or more frequently, where necessary.

- 11.2.2. Pursuant to Rule 109 of the Company's Constitution, the quorum necessary for the transaction of business is 2.
- 11.2.3. In addition to the matters set out in this Board Charter, Meetings and proceedings of the Board shall be governed by the Company's Constitution.
- 11.2.4. Except under exceptional circumstances, at least 7 days' notice shall be given of a Board Meeting.
- 11.2.5. The Executive Chairman must establish standards for the preparation of board papers and reports for the Board Meetings.
- 11.2.6. Board Meetings may be held at more than one (1) venue using all forms of electronic and technologically advanced methods of communication to be introduced to the market from time to time that enables the Board members to participate in the Board Meetings.

### 11.3. **Agenda and Meeting Papers**

- 11.3.1. The Executive Chairman must ensure that an agenda is prepared prior to the Board Meeting, raising issues that require attention, ensuring that proceedings are conducted efficiently and all appropriate matters addressed accordingly. The Company Secretaries must work with the Executive Chairman on preparing the agenda for the Board Meeting.
- 11.3.2. The Company Secretaries must circulate the Notice and agenda for the Board Meeting at least 7 days before the date of the Board Meeting unless otherwise waived by the Board in respect of Board Meetings called at short notice for urgent matter(s) requiring the Board's immediate attention. Board papers must be circulated to the Board members at least two (2) working days before the date of the Board Meeting unless otherwise waived by the Board in respect of Board Meetings called at short notice for urgent matter(s) requiring the Board's immediate attention.

### 11.4. **Conflicts of Interest**

- 11.4.1. Board members are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business transacted or to be transacted by the Group or the Company.
- 11.4.2. Board members are required to disclose their shareholdings in the Company, other outside directorships and any potential conflicts of interest including

interests related to a contract of the spouse, parent, brother, sister or child (including adopted child and step child) and the spouse of the brother, sister or child (including adopted child and step child).

11.4.3. Board members shall abstain themselves from discussion or decisions on matters in which they have a conflict of interest. They are also required to leave the Board Room or Meeting Room during the deliberations and decision making by the Board on matters in which the interested Directors have a conflict of interest.

#### 11.5. **Meeting Papers**

11.5.1 A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and kept by the Company Secretaries together with the Minutes of Board Meetings and shall be accessible to the Directors, upon request.

#### 11.6. **Minutes**

11.6.1. Minutes of the previous Board Meeting, together with the Board papers, shall be circulated to all members of the Board by the Company Secretaries at least two (2) working days before the date of the Board Meeting unless otherwise waived by the Board in respect of Board Meetings called at short notice for urgent matter(s) requiring the Board's immediate attention.

11.6.2. The minutes of meeting shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

### 12. **SHARE DEALINGS BY MEMBERS**

12.1. Board members are encouraged to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Board members on the Company's performance and share value and therefore, shall be in the interests of all shareholders.

12.2. When buying or selling shares, Board members must strictly observe the provisions of the Company's Constitution and all relevant legislative or regulatory procedures, and shall follow any procedural recommendations on share dealings prescribed by the Board, from time to time.



### **13. BOARD EVALUATION AND PERFORMANCE**

- 13.1. The Nomination Committee evaluates the performance of the Board on an annual basis.
- 13.2. This shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole, and the responses will be collected and collated by the Company Secretaries, on behalf of the Nomination Committee. The Nomination Committee, upon discussion of the results, shall present the findings to the Board.
- 13.3. The Board Committees shall be reviewed regularly by the Board to ascertain their performance and effectiveness.

### **14. BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

- 14.1. The Board must endeavour to familiarise itself with issues of concern to the shareholders of the Company.
- 14.2. The Company encourages its shareholders to attend its Annual General Meetings, which provide opportunities for the shareholders to put forth questions on the Company's business and affairs to the Board.
- 14.3. The Board may appoint a Senior Independent Non-Executive Director to whom shareholders' concerns may be conveyed.
- 14.4. The Board shall evaluate economic, political, social and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business of the Company or the interests of the shareholders and, if necessary, take outside expert advice.

### **15. COMPANY SECRETARIES**

- 15.1. The Company Secretaries have a key role to play in ensuring that Board policies and procedures are both followed and reviewed regularly, and has the responsibility in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers and support the Board in carrying out its roles and responsibilities.
- 15.2. It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretaries are suitably qualified and remains competent to fulfil the function for which she has been appointed. In this respect, the appointment and removal of a Company Secretary is a matter for the Board as a whole.

- 15.3. The Company Secretaries are responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with, all board policies and procedures are adhered to and all matters associated with its efficient operation are maintained.
- 15.4. The Company Secretaries must maintain the statutory books of the Group in accordance with legal requirements.
- 15.5. In addition to the statutory duties of the Company Secretaries, the Company Secretaries must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities and duties should be properly discharged in the best interests of the Company.
- 15.6. The Company Secretaries should provide a central source of guidance and advice to the Board and its committees on issues including corporate governance and compliance with the rules and procedures and statutory regulations and play a key advisory role in good corporate governance by helping the Board and the Board Committees to function effectively and in accordance with their respective terms of reference and best practices.
- 15.7. The Company Secretaries must keep abreast of, and inform, the Board of current developments in the regulatory framework and governance practices.
- 15.8. The Board members have unlimited access to the services of the Company Secretaries.