



WZ SATU BERHAD  
من اتسو 永成壹

**WZ SATU BERHAD**  
(666098-X)  
(Incorporated in Malaysia)

**BOARD CHARTER**



## TABLE OF CONTENTS

No.	Title	Page
	<b>Table of Contents</b>	<b>1</b>
	<b>Definitions</b>	<b>2</b>
<b>1</b>	<b>Objectives</b>	<b>3</b>
<b>2</b>	<b>Responsibilities of the Board</b>	<b>3</b>
<b>3</b>	<b>Board Balance and Mix</b>	<b>3</b>
<b>4</b>	<b>Nomination and Appointment</b>	<b>4</b>
<b>5</b>	<b>Board Committees</b>	<b>5</b>
<b>6</b>	<b>Board of Directors' Meeting</b>	<b>8</b>
<b>7</b>	<b>Chairman of the Board</b>	<b>9</b>
<b>8</b>	<b>Senior Independent Non-Executive Director</b>	<b>9</b>
<b>9</b>	<b>Executive Committee, CEO and Executive Directors</b>	<b>10</b>
<b>10</b>	<b>Independent Non-Executive Director</b>	<b>11</b>
<b>11</b>	<b>Access to Information</b>	<b>12</b>
<b>12</b>	<b>Third Party Professional Advice</b>	<b>12</b>
<b>13</b>	<b>Provision of Business or Professional Services by Directors</b>	<b>12</b>
<b>14</b>	<b>Board Appointment in Other Companies</b>	<b>12</b>
<b>15</b>	<b>Continuing Development and Training</b>	<b>13</b>
<b>16</b>	<b>Directors' Protection Deeds</b>	<b>13</b>
<b>17</b>	<b>Directors' Remuneration</b>	<b>13</b>
<b>18</b>	<b>Succession Plan</b>	<b>13</b>
<b>19</b>	<b>Company Secretary</b>	<b>13</b>
<b>20</b>	<b>Division of Authority between the Board and the Management</b>	<b>14</b>
<b>21</b>	<b>Communication</b>	<b>16</b>
<b>22</b>	<b>Corporate Responsibility</b>	<b>16</b>
<b>23</b>	<b>Commitment on Corporate Governance</b>	<b>17</b>
<b>24</b>	<b>Internal Control and Risk Management</b>	<b>17</b>
<b>25</b>	<b>Appointment, Assessment and Removal of Internal and External Auditors</b>	<b>17</b>
<b>26</b>	<b>Policies and Guidance</b>	<b>17</b>
<b>27</b>	<b>Application of Board Charter</b>	<b>18</b>

**In this Charter:-**

"Act" means the Companies Act 2016;

"AGM" means Annual General Meeting;

"Board" means the Board of Directors of the Company;

"Bursa Securities" means Bursa Malaysia Securities Berhad;

"Business" means the business of the Company;

"CEO" means the Chief Executive Officer of the Company;

"Chairman" means the executive chairman of the Board and is used in a gender neutral sense;

"Company" means WZ Satu Berhad;

"Group" means the Company and its subsidiaries;

"Listing Requirements" means the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

"Management" means the management personnel of the Company;

"Directors" means directors of the Company;

"Secretary" means the Company Secretary or the person normally exercising the functions of a Company Secretary;

"Shareholders" means the shareholders of the Company.

## **PART A – INTRODUCTION**

### **1. Objectives**

This Charter aims to formalise the fiduciary duties, responsibilities and authority, of the Board, as well as Board Committees and individual members of the Board. It serves to provide guidance to the directors in carrying out their stewardship role and discharging their duties towards the Company and its shareholders.

This Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Act, the Income Tax Act 1967 or other relevant statutes, including the conduct of the Board as stipulated in the Articles of Association of the Company.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. It should be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of Corporate Governance, laws and/or regulations and reflect the Board’s commitment to best practices in Corporate Governance.

## **PART B – BOARD OF DIRECTORS**

### **2. Responsibilities of the Board**

In discharging their duties, the Board must exercise due care and diligence, act in good faith in the best interests of the Company, not to misuse the authority assigned to him/her and information possessed from the Company. The Board must also observe the requirements by the relevant authorities and this Charter and the Code of Conduct as embedded under this Charter.

The responsibilities of the Board are:-

- a) Reviewing and adopting a strategic plan for the Company;
- b) Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- c) Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- d) Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- e) Succession planning, including appointing, training, compensating and, where appropriate, replacing key management; and
- f) Developing and implementing an investor relations programme or shareholder communications policy for the Company.

In overseeing the conduct of the Group’s businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework, as well as an embedded risk management framework, are established. Elements of this combined framework include the operating plan and budget, financial statements, performance review reports, and risk management reports.

### **3. Board Balance and Mix**

The Board recognises the need for its composition to reflect a range of skills and expertise. High levels of professional competence and exemplary personal

qualities are pre-requisites for directorship. The Board acknowledges that the nomination of its members shall be free of discrimination on the nominees' race, gender and religion. Without limitation to the foregoing, the qualifications for Board membership are:-

- a) the ability to make informed business decisions and recommendations;
- b) an entrepreneurial talent for contributing to the creation of shareholder value;
- c) relevant experience;
- d) the ability to appreciate the bigger picture; and
- e) ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Group's goals.

In addressing this, the Board shall consider the recommendations by the Nomination Committee pertaining to nominees for directorship in the Group.

For the assessment and selection of potential Directors, the Nomination Committee shall consider the following factors:-

- a) skills, knowledge, expertise and experience;
- b) professionalism;
- c) diversity;
- d) commitment;
- e) contribution and performance;
- f) integrity and character; and
- g) in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Board identifies and appoints from amongst its members a Senior Independent Non-Executive Director (SINED), to whom the concerns of Directors and shareholders of the Company may be conveyed. The name of the SINED shall be disclosed in the Annual Report of the Company.

#### **4. Nomination and Appointment**

- 4.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination Committee.
- 4.2 The number of Directors shall not be less than three (3) nor (unless otherwise determine by the Company in general meeting) more than fifteen (15).
- 4.3 Unless otherwise determined by the Company in general meeting, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors. If the number of directors is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors.
- 4.4 New Board members shall be briefed on the terms of appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Board members:-

- a) Board Charter;
- b) Memorandum and Articles of Association;
- c) Board Committees' composition and Terms of Reference;
- d) Latest Business Plans;
- e) Latest Annual Reports and Financial Statements;
- f) Organisation Charts; and
- g) Any other documents deemed necessary by the Board.

## **5. Board Committees**

- 5.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 5.2 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 5.3 Board committees will only speak or act for the Board when so authorised.
- 5.4 To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to Board Committees. Board Committees function within and in accordance with clearly defined terms of reference that are approved by the Board. These Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Committees have no authority to make decisions on matters reserved for the Board, their recommendations would be deliberated by the Board for decisions.
- 5.5 The responsibilities and compositions of the Board Committees are as follows:-

### **5.5.1 Nomination Committee**

The Nomination Committee is empowered by the Board among others to recommend to the Board the appointment, re-election, re-appointment and removal of directors of the Group. The Nomination Committee is entrusted with the responsibility to assess the effectiveness and contributions of individual directors, Board Committees and the Board as a whole on an annual basis.

All of the members of the Nomination Committee must be non-executive directors, and majority of them must be independent directors while the Chairman of the Nomination Committee must be an Independent Non-Executive Director or Senior Independent Non-Executive Director.

### **5.5.2 Remuneration Committee**

The Remuneration Committee is responsible for reviewing and recommending the appropriate level of remuneration for the executive and non-executive directors.

The Remuneration Committee's responsibilities include the following:

- a) set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe

benefits and other terms of employment of executive directors having regard to the overall Group policy guidelines/framework;

- b) advise the Board on the performance of the chief executive officer and executive directors, and an assessment of their entitlements to performance related pay; and
- c) review the history of and proposals for the remuneration package of the Board Committees.

The members of the Remuneration Committee should only consist of non-executive directors and a majority of them must be Independent Directors, drawing advice from experts, if necessary, while the Chairman of the Remuneration Committee must be an Independent Non-Executive Director.

#### 5.5.3 Audit Committee

The Audit Committee is to assist the Board of Directors in its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- a) assess the risk and control environment;
- b) oversee financial reporting;
- c) evaluate the internal and external audit process; and
- d) review conflict of interest situations and related party transactions.

The Audit Committee must consist of no fewer than three (3) members. All the members shall be Independent Non-Executive Directors and shall not comprise any alternate directors of the Company. The Chairman of the Audit Committee is not the Chairman of the Board.

#### 5.5.4 Shariah Advisory Committee

The Shariah Advisory Committee was established to perform an oversight role on Shariah matters related to the Group's business operations and activities. The Shariah Advisory Committee shall be responsible and accountable for all its decisions, views and opinions related to Shariah matters. The Shariah Advisory Committee shall ensure that decisions are made after undergoing rigorous and robust research and deliberation exercises.

The main duties of the Shariah Advisory Committee shall include:-

- a) Provide advice to the Board

The Shariah Advisory Committee shall advise the Board and provide input to the Company on Shariah matters in order for the Company to comply with Shariah principles at all times.

- b) Endorse Shariah policies and procedures

The Shariah Advisory Committee shall endorse Shariah policies and procedures prepared by the Company and ensure that the



contents do not contain any elements which are not in line with Shariah principles.

- c) Assist related parties on Shariah matters upon request for advice

The related parties of the Company such as its legal counsel, auditor or consultant may seek advice on Shariah matters from the Shariah Advisory Committee. The Shariah Advisory Committee is expected to provide the necessary assistance to the requesting party to ensure compliance and subscription with Shariah principles.

- d) Provide Written Shariah Opinion

The Shariah Advisory Committee is required to record any opinion given. In particular, the Shariah Advisory Committee shall prepare written Shariah opinions where the Company makes reference to the Shariah Advisory Committee for further deliberation.

#### 5.5.5 Long Term Incentive Plan Committee

The Long Term Incentive Plan Committee was established to implement and administer the Executive Share Option Scheme and Executive Share Grant Scheme.

The Long term Incentive Plan Committee's terms of reference includes the following:

- a) set the criteria and determine the eligibility of any employee or any director to participate in the Long Term Incentive Plan Scheme;
- b) determine the number of shares to be comprised in an offer to be made to any employee or any director;
- c) impose conditions(s), if any, on any Long Term Incentive Plan option granted, preventing its exercise unless such condition(s) has been complied with;
- d) suspend, reinstate, vary or cancel the rights of a Grantee where it is deemed appropriate;
- e) determine the rate of discount to and the subscription price of the option; and
- f) hear any dispute raised by any employee on any matter in relation to the Long Term Incentive Plan Scheme and after due consideration, issue its decision.

The members of the Long Term Incentive Plan Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3).

#### 5.5.6 Investment Committee

The principle objective of the Investment Committee is to make day-to-day investment decisions up to the pre-approved limit determined by the Board of Directors.

The Investment Committee's terms of reference includes the following:-

- a) to invest up to a prescribed amount as determined by the Board from time to time.
- b) to evaluate and recommend to the Board, proposals on new investments and divestments of significant value for the Board's approval.
- c) to conduct annual evaluations of the Group's investment activities.
- d) to act in line with the directions of the Board of Directors.
- e) to consider and examine such other matters as the Investment Committee considers appropriate.

The members of the Investment Committee shall comprise at least three (3) individual members, all of whom shall be appointed by the Board.

## **6 Board of Directors' Meeting**

- 6.1 Meetings will be conducted at least once every quarter. The Company Secretary shall prepare and distribute to all Directors a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman to develop an annual workplan to be disseminated to all Directors at the beginning of the year.
- 6.2 If additional meetings are to be convened, any one (1) Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting.
- 6.3 Except in the case of emergencies, seven (7) days' notice of every Director's meeting will be provided in writing. In addition to notices sent through the post, notices may also be sent via facsimile, electronic mail or by any means of telecommunication in permanent written form.
- 6.4 In events of the Chairman's absence, or if he is not present within fifteen (15) minutes after the time set for the holding of the meeting, the Directors shall elect one (1) of their number to be Chairman of the meeting.
- 6.5 The quorum necessary for the transaction of business of the Directors shall be three (3). If there is no quorum, the meeting may be adjourned to another day by the unanimous vote of all those present, at which at the adjourned meeting, two (2) shall be a quorum.
- 6.6 Board members are required to attend the Board meetings. However, Management may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Decisions

arising at any meeting of the Directors shall be decided by a majority of votes.

The conduct of a meeting of Directors or a committee of the Directors may include participation thereat by any Director via telephone conferencing and/or video conferencing or any other interactive means of audio or audio-visual communications whereby all participating persons are able to hear each other or be heard during the meeting. A Director's participation in the manner as aforesaid shall be deemed to be present at the meeting but shall not be counted for the purpose of a quorum. He shall also be entitled to vote thereat. Any meeting held in such manner shall be deemed to be or have been held such time and place as set out in the notice of the meeting.

## **PART C – BOARD GOVERNANCE PROCESS**

### **7 Chairman of the Board**

- 7.1 The Board will appoint a Chairman from among the Directors.
- 7.2 The position of Chairman and CEO must be held by different individuals.
- 7.3 The Chairman is responsible for representing the Board to Shareholders.
- 7.4 The Chairman undertakes a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:-
  - a) leading the Board to effectively discharge its fiduciary duties and responsibilities;
  - b) ensuring the adequacy and integrity of the governance process;
  - c) maintaining regular dialogue with the Board overall operational matters and consult the Board promptly over any matter that gives him cause for major concern;
  - d) facilitating the proceedings of Board meetings and general meetings of the Company to ensure appropriate discussions are taken place and that relevant opinions amongst members are forthcoming;
  - e) facilitating the effective contributions of non-executive directors;
  - f) encouraging effective communication and active participation at Board meetings by all Board members;
  - g) serving as the principal conduit on conflict or sensitive issues; and
  - h) performing other responsibilities as assigned by the Board from time to time.

### **8 Senior Independent Non-Executive Director**

- 8.1 There shall be an independent non-executive director of the Board be designated as Senior Independent Non-Executive Director to whom concerns may be conveyed.
- 8.2 A designated email shall be made available in the Company's website for all shareholders to access/contact the Senior Independent Non-Executive Director.
- 8.3 The responsibilities of the Senior Independent Non-Executive Director would include:-

- a) serving as a designated contact person for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Company; and
- b) ensuring all independent directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the independent directors to perform their duties effectively.

## **9 Executive Committee, CEO and Executive Directors**

- 9.1 The CEO may or may not be a member of the Board.
- 9.2 The CEO is, in essence, the conduit between the Management and the Board in ensuring the success of the company's management and governance function. The CEO is responsible for the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth and efficient operations.
- 9.3 The CEO is accountable to the Board for the achievement of Group's goals and objectives and is accountable to the Board for the observance of Management's limits of authority.
- 9.4 At each of its scheduled meetings, the Board should expect to receive from or through the CEO or the Executive Directors:-
  - a) summary reports on the performance and activities of the Group and specific proposals for capital expenditure acquisitions and disposals; and
  - b) such assurances as the Board considers necessary to confirm that the Management's limits are being observed.
- 9.5 Generally, the CEO is responsible to the Board for the following:-
  - a) executive management of the Group's business, covering, inter-alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
  - b) developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
  - c) directing and controlling all aspects of the business operations in a cost effective manner;
  - d) effectively overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Senior Management personnel and issues pertaining to discipline of all employees;

- e) effectively representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
  - f) assuring that the Group, corporate identity, products and services are of high standards and are reflective of the market environment;
  - g) providing assistance to members of the Audit, Remuneration and Nomination Committee, as required, in discharging their duties; and
  - h) organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.
- 9.6 In discharging the above responsibilities, the CEO can delegate appropriate functions to the Executive Directors or any member of the Senior Management, who shall report to the CEO.
- 9.7 The EDs are responsible to assist the CEO in carrying out and discharging the CEO's duties and responsibilities assigned herein and, from time to time, by the Board.
- 9.8 The CEO and Executive Directors are expected to act within all specific authorities delegated to them by the Board.

## **10 Independent Non-Executive Director**

- 10.1 Independent Directors are essential for safe-guarding the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye and with an inquiring mind.
- 10.2 An Independent Director is especially important in areas where the interests of Management, the Company and/ or the shareholders/ unit-holders diverge, such as executive performance and remuneration, related party transactions and audit.
- 10.3 The Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.
- 10.4 The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.
- 10.5 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board subject to his/her resignation as Non-Independent Director.

10.6 In the event the Board intends to retain an Independent Director beyond nine (9) years, the Board shall first justify this position and obtain shareholders' approval. If the Board continues to retain the Independent Director after twelfth (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.

## **11 Access to Information**

- 11.1 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with minutes of meetings, and is accessible to all Directors.
- 11.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company.

## **12 Third Party Professional Advice**

- 12.1 Any director may seek advice from external professionals on a specific subject matter at the expense of the Company in furtherance of their duties.
- 12.2 The CEO shall facilitate the request made on the paragraph above.

## **13 Provision of Business or Professional Services by Directors**

- 13.1 Directors shall not provide business or professional services of an ongoing nature to the Company.
- 13.2 Notwithstanding the provision of paragraph 13.1, the Company is at liberty to:-
- a) engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
  - b) engage the services of a party related to a Director's of an organisation,
- so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

## **14 Board Appointment in Other Companies**

- 14.1 Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company.
- 14.2 Pursuant to the Paragraph 15.05(3) of the Listing Requirements, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships. In this instance, Board members are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman of the Board and/or Company Secretary, where applicable.
- 14.3 Prior the acceptance of new Board appointment(s) in other companies, the Directors should notify Chairman of the Board. The said notification should include an indication of time that will be spent on the new appointment.

## **15 Continuing Development and Training**

15.1 The Board shall proactively provide training programme to directors to keep them abreast with developments in the market place pertaining to the oversight function of the Board in order to enable them to discharge their duties and responsibilities effectively.

15.2 All costs incurred ancillary or incidental to the training shall be borne by the Company.

## **16 Directors' Protection Deeds**

16.1 The Company shall, so long as it is permitted by laws, indemnify all costs in relation to any action taken by the directors if such actions are taken in good faith and in the best interest of the Company at the time of the act.

16.2 The Company shall provide appropriate Directors and Officers liability insurance to safeguard the interests of directors.

## **17 Directors' Remuneration**

17.1 The Remuneration Committee is empowered to make recommendations on Execution Directors' remuneration.

17.2 The Remuneration Committee is guided by the principle to "attract and retain" and at the same time, link rewards to corporate and individual Executive Directors' performance when determining the Executive Directors' remuneration.

17.3 The remuneration of the Non-Executive Directors should be a matter for the Board as a whole.

17.4 Directors' fees payable to Directors are subject to shareholders' approval at the annual general meeting.

17.5 Though the duties and responsibilities of recommending remuneration of directors rest with the Remuneration Committee, the Board has the ultimate authority to make the final decision in this regard.

## **18 Succession Plan**

The CEO shall formulate an appropriate succession plan for each and every critical position of the Company for the Board's review and approval while managing the CEO succession process is the Board's ultimate responsibility. In addition, ongoing succession planning helps the Board to be better informed and aligns the development of the senior management team with the strategic needs of the Company. A regularly review and closely followed succession plan is essential for the Board to discharge its responsibility in this aspect.

## **19 Company Secretary**

19.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.



19.2 The key role of the Company Secretary is to provide unimpeded advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

19.3 Primary responsibilities of the Company Secretary shall include:

- a) ensuring that Board procedures and applicable rules are observed;
- b) maintaining records of the Board and ensuring effective management of the organisation's records;
- c) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- d) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements; and
- e) carrying out other functions as deemed appropriate by the Board from time to time.

## **PART D – DIVISION OF AUTHORITIES AND MANAGEMENT REPORTS**

### **20 Division of Authority between the Board and the Management**

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):

#### **20.1 Financial**

- a) the adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;
- b) the raising of incremental borrowing facilities involving any amount must be approved by the entire board members via a circular resolution;
- c) 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;
- d) the approval of annual financial statements, the approval of interim reports, the valuation of unlisted investments, the declaration of dividends and the forfeiture of unclaimed dividends; and
- e) 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.

#### **20.2 Statutory and Administrative**

- a) recommending amendments to the Memorandum or Articles of the Company;
- b) the appointment, removal or replacement of the external and internal auditors of the Company upon the recommendation of the Audit Committee;
- c) the frequency of meetings of the Board;

- d) the convening of general meetings of shareholders of the Company;
- e) the formulation of recommended policies in relation to industrial relations;
- f) the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- g) the appointment of responsible persons as may be required in terms of any Act in Malaysia or elsewhere in respect of the Company;
- h) the approval of the rules and amendments to the company's pension and provident funds having a material effect on the actuarial liabilities of those funds;
- i) the granting of general signing authorities pursuant to the Articles of the Company;
- j) the appointment, removal or replacement of the company secretary;
- k) establishing any overseas branch or duplicate register of shareholders of the Company;
- l) the variation of the rights attaching to shares where such powers are vested in the Board; and
- m) the formulation and amendment of the Company's Code of Conduct.

### **20.3 Regulatory**

- a) the approval of 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;
- b) the approval and authority to issue circulars to shareholders of the Company;
- c) the approval of and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
- d) recommending to shareholders accordingly on any ordinary or special resolutions in respect of the Company;
- e) recommending that the shareholders take a particular course of action proposed by the Board; and
- f) any decision to list the company's or any of its subsidiaries' shares on any stock exchange or to terminate any such listing.

### **20.4 Human Resources**

- a) appointments to and removals from the Board including the appointment of the Chairman, CEO, executive directors and non-

executive directors, and the approval of nominations of alternate directors (if any) as recommended by Nominations Committees;

- b) the appointment of, terms of reference and changes in the composition of the committees of the Board as are established from time to time; and
- c) the formulation of recommended policies in relation to fair employment, human capital development, environment, health and safety.

## **PART E – BOARD-SHAREHOLDERS RELATIONSHIP**

### **21 Communication**

- 21.1 The shareholders must be informed of all material business matters affecting the Company and the Board should adopt an open and transparent policy in respect of its relationship with its shareholders and investors.
- 21.2 The Board ensures timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Company's performance and operations.
- 21.3 All relevant press releases should be vetted through by the CEO and/or any one (1) of the Executive Directors to ensure that information that has yet to be released to Bursa Securities is not released to the press beforehand.
- 21.4 The Board maintains an ongoing communication programme to ensure that shareholders are appropriately informed of major developments within the Company on a timely basis.
- 21.5 The Board ensures that the views of the majority shareholders are considered in its decision making. In addition, the minorities' interest should also be adequately protected.
- 21.6 The Board should ensure that the Company leverages on information technology for effective dissemination of information and the Company's websites to provide easy access to corporate information pertaining to the Company and its activities and is continuously updated.

## **PART F – CORPORATE RESPONSIBILITY**

### **22 Corporate Responsibility**

- 22.1 As a socially-responsible corporate citizen, the Board is committed to social and environment sustainability. This fundamental Corporate Responsibility is advocated by the Board and intensively nurtured and practiced by Management with firm commitment to three (3) major stakeholders:-

#### **a) Employees**

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the Company's goals.

The Board is committed to ensure that the Management builds a company where employees are happy to work, confident and take pride to be part of the Company.

**b) Customer**

The Board is committed to ensure that the Management places highest regards in relation to the safety and quality of its products and services in order to achieve the highest customer satisfaction.

**c) Environment**

The Board is committed to ensure that the Management preserves and enhances the society's quality of life by improving the Company's activities in order to sustain the environment in all areas of the Company's operations.

## **PART G – CORPORATE GOVERNANCE**

### **23 Commitment on Corporate Governance**

The Board is committed to uphold and implement the highest standards of corporate governance and best practices throughout its businesses.

### **24 Internal Control and Risk Management**

#### 24.1 Internal Audit

24.1.1 The Internal Auditors shall assist the Audit Committee in the discharge of its duties to review and oversee the systems of internal control.

24.1.2 The Internal Auditors shall report directly to the Audit Committee.

24.1.3 The Internal Auditors shall possess such necessary qualifications and experience to carry out his/her duties and to ensure internal audit works are performed in accordance to professional standards and guidelines.

#### 24.2 Risk Management

24.2.1 A Risk Management Function shall be established to assist the Enterprise Risk Management Committee, which comprises a majority of Independent Directors, to oversee the Company's risk management framework and policies. The Board to assess and manage risks that are faced by the Group.

24.2.2 A sound risk management framework shall be established to govern the risk management system of the Group.

### **25 Appointment, Assessment and Removal of Internal and External Auditors**

25.1 Duties and responsibilities of assessing, recommending appointing/removing and fixing remuneration for internal and external auditors have been delegated to the Management, subject to Audit Committee and Board of Director's approval. Nonetheless, the appointment of the External Auditor is to be approved by shareholders.

25.2 Appointment, assessment and removal of the External Auditor shall be conducted in accordance with the laws and Listing Requirements.

25.3 The External Auditor, if dismissed by the Board, shall be provided with an opportunity to address the shareholders in the next immediate general meeting after the dismissal.

## **26 Policies and Guidance**

The Board may establish policies or guidance to expressively record its stance on targeted subject matters and attach the policies or guidance to this Board Charter as appendices. The policies or guidance so attached shall form part of this Board Charter.

## **27 Application of Board Charter**

27.1 The principles set out in this Charter are:-

- a) Kept under review and updated as practices on Corporate Governance and further guidelines on Corporate Governance or Listing Requirements are issued by the relevant regulatory authority;
- b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- c) Summarised in the Annual Report of the Company as part of the narrative statements by the Directors on Corporate Governance.

27.2 The Board endeavours to comply at all times with the principles and practices as set out in this Charter.

27.3 The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

