



# **PENSONIC HOLDINGS BERHAD**

(300426-P)

## **BOARD CHARTER**

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## **1. Preamble**

- 1.1 The enhancement of corporate governance standards is vital towards the achievement of the objectives of transparency, accountability and effective performance for Pensonic Holdings Berhad. (“Pensonic” or “PHB” or “the Company”) and its subsidiaries (“the Group” or “Pensonic Group” or “PHB Group”). Accordingly, this Board Charter (“Charter”) is established with the aim of enshrining the concepts of good governance as promulgated in the Malaysian Code on Corporate Governance (MCCG”).
- 1.2 The Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. It is aimed to provide guidance for the Board and Management vis a vis the role of the Board and its Committees, the requirements of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s present practices.
- 1.3 Just as each organisation has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.
- 1.4 This Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the requirements of Directors in carrying out their role and in discharging their duties towards the company as well as the Board’s operating practices.
- 1.5 This Charter does not overrule or pre-empt the statutory requirements of Directors as enshrined in the Companies Act 2016, the Income Tax Act 1967 and other relevant statutes, including the conduct of the Board as stipulated in the Constitution (formerly the Articles of Association) of the Company. To the extent of any conflict between the terms of this Charter and a Constitution, that Constitution prevails.

## **2. Interpretation**

### **2.1 In this Charter:**

- (a) “Act” means the Companies Act 2016.
- (b) “Board” means the Board of Directors of the Company.
- (c) “Bursa Securities” means Bursa Malaysia Securities Berhad.
- (d) “Business” means the business of the Group.
- (e) “Chairman” means the chairman of the Board and is used in a gender neutral sense.
- (f) “Committees” or “Board Committees” mean Audit Committee, Remuneration Committee and Nomination Committee, collectively.
- (g) “Company Secretary” means the Board secretary (ies) or the person(s) normally exercising the functions of a Board secretary.
- (h) “CEO” means Chief Executive Officer of the Company.
- (i) “Group CEO” means the CEO of the Group.
- (j) “Executive Director” means a Director who is also a paid employee of the Company and is involved in the day-to-day management of the Company. Executive Director will include MD and CEO.
- (k) “Group Executive Director” means a Director who is a paid employee of the Group and is involved in the day-to-day management of the Group. Group Executive Director will include Group MD and Group CEO.
- (l) “Independent Director” is defined in accordance to Paragraph 1.01 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities.
- (m) “Listing Requirements” means the Main Market Listing Requirements of Bursa Securities.
- (n) “Management” mean the management personnel of the Company.
- (o) “MD” means the Managing Director of the Company.
- (p) “Group MD” means the Group MD of the Group.
- (q) “Shareholders” mean the shareholders of the Company.

### **3. Objectives of the Board**

- 3.1 The Board is accountable to Shareholders and is responsible for the stewardship of the Group's Business and affairs on behalf of the Shareholders. Significantly, the Board shall seek to ensure that the Business objectives of the Group is aligned with the expectations of Shareholders with a view to enhancing long-term Shareholders' value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.
- 3.2 Additionally, often, the Board has to warrant that the operations of the Group are being effectively managed in a manner that is properly focussed on those Business objectives, conforming to regulatory and ethical requirements as well as maintaining high standards of transparency, accountability and governance.

### **4. Role of the Board**

- 4.1 The Board's role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed.
- 4.2 The Board has delegated certain responsibilities to committees which operate in accordance with Charter approved by the Board and delegated the day to day Management of the Business of the Group to Management, Group MD and Group CEO subject to an agreed authority limit.

The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, authority levels, treasury policies, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

- 4.3 The principal responsibilities of the Board including those adopted from the Code are:
- (a) reviewing and adopting a strategic plan for the Group and to institute a regular and formal board strategy review to ensure that the strategic plan support long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability of its business and Group operations;
  - (b) overseeing the conduct of the Group's Business, supervise and assess management's performance to evaluate whether the business is being properly managed and that the Group's performance is skewed towards achieving its strategy notwithstanding that some of the subsidiaries have separate Board of Directors;

- (c) review, challenge and decide on management's proposals for the Company and monitor its implementation by management;
  - (d) anticipate changes in the market and ensuring that the Group's capabilities and resources are sufficient to manage uncertainties;
  - (e) identifying principal risks and ensuring that there is a sound framework of internal controls and that appropriate internal controls and mitigation measures are implemented;
  - (f) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for orderly succession of board and senior management;
  - (g) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;
  - (h) developing and implementing an investor relations programme or shareholder communications policy for the Group;
  - (i) reviewing the adequacy and the integrity of the Group's risk management, internal control systems and management information systems, including systems / reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;
  - (j) understand the principal risks of the Company's business and recognise that business decisions involve taking of appropriate risks;
  - (k) set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
  - (l) determining the remuneration of non-executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
  - (m) ensuring that the Company's financial statements are true and fair and otherwise conform with the laws; and
  - (n) together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.
- 4.4 In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the financial statements, divisional strategic/performance reviews reports and risk management reports.
- 4.5 **Appendix A** sets out the details of matters reserved for the Board in carrying its roles and responsibilities.

## **5. Board Structure**

### **5.1 Board Balance and Composition**

5.1.1 The Board should be of a size and composition with the benefit of variety of perspective and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business.

It is also important for the Board to keep its size at a reasonable level (notwithstanding the fact that the Company's Constitution allows a minimum of two (2) and no maximum number of Directors). Boards that are too small or too large may significantly limit the level of individual participation, involvement and effectiveness. The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.

5.1.2 The appointment of a new member to the Board (as well as for those who retire and offer themselves for re-appointment or re-election, as applicable) is only made after consultation with the Nomination Committee and it is of importance to the Board that to ensure high levels of professional skills and appropriate personal qualities, relevant skills, experience, expertise and time commitment are pre-requisites for such nominee.

Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed Business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholders value, relevant experience, the ability to appreciate the wider picture, 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 goals of the Group.

5.1.3 The Board recognises the significant representation by Directors who are capable and willing to make Business decisions and judgement in the best interest of the Group and free from influences which would give rise to conflict of interest with that duty and are also independent of Management. The Board recognises the importance of independence and objectivity in its decision making process. At least one-third (1/3) of the Board should consist of Independent Directors.

- 5.1.4 The Board recognises the need for the composition to reflect a range of skill mix and expertise. High levels of professional skills and appropriate personal qualities are pre-requisite for directorships. Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, 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 Company's goals.
- 5.1.5 The Board recognises the need for an appropriate balance between executive Directors who possess extensive direct experience and expertise in the core Business activities of the Group, and non-executive Directors who have outstanding track records and reputation attained at the highest levels of Business and commerce generally, and who are able to bring to the Board a board range of general commercial expertise and experience.
- 5.1.6 The Board also recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman, the Group MD and Group CEO separate.
- 5.1.7 The Board is mindful of the recommendation for Board diversity and, under this circumstance, the Nomination Committee shall ensure that women candidates are sought during its recruitment exercise and consider gender diversity in its recommendation to the Board.

The Board is of the opinion that there is no need for a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Evaluation of suitability of any candidate is based on the criteria as stipulated in 5.1.2 to ensure that the candidate bring value and expertise to the Board.

## **5.2 Role of the Chairman**

- 5.2.1 The Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders. The Chairman is primarily responsible for:
- (a) providing leadership for the board so that the Board can perform its responsibilities effectively;
  - (b) leading the Board in the oversight of management;
  - (c) acting representative of the Board;



- (d) representing the Board to shareholders and chairing general meeting of shareholders and ensuring that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- (e) leading the Board in establishing and ensuring the adequacy and integrity of the governance process and practices in the Company;
- (f) maintaining regular dialogue with the Group MD and Group CEO over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern to optimise the effectiveness of the Board and its Committees;
- (g) leading board meeting and discussions and functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming and allowing dissenting views to be freely expressed. The Chairman will ensure that discussions result in logical and understandable outcomes;
- (h) ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- (i) ensuring that executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;
- (j) guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- (k) undertaking the primary responsibility of setting the Board agenda and organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (l) performing other responsibilities assigned by the Board from time to time.

5.2.2 The Chairman may delegate specific duties to the Executive Directors, Board members and / or Committees as appropriate.

5.2.3 There is a clear division of responsibility between the Chairman, Group MD and Group CEO, which promotes accountability and ensure that no one individual can influence Board's discussion and decision making.

### 5.3 Role of the Group MD

- 5.3.1 The position of the Group MD, in essence, is to ensure the effective implementation of the Group's Business Plan (including strategic plan) and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.
- 5.3.2 The Group MD, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the Group MD is accountable to the Board for the observance of management limitations.
- 5.3.3 The Group MD shall be the chief spokesperson for the Group.
- 5.3.4 At each of its scheduled meetings, the Board should expect to receive from or through the Group MD:
- (a) summary reports on the performance and the activities from the Company's subsidiaries and specific proposals for capital expenditure and acquisitions and disposals in accordance with the Discretionary Authority Limits as set out under **Appendix B**; and
  - (b) such assurances as the Board considers necessary to confirm that the management limitations are being observed.
- 5.3.5 The Group MD is expected to act within all specific authorities delegated to him or her by the Board. The delegation is subject to and limited by, the terms of this charter including matters reserved for decision by the Board and any specific limitations on authority imposed by the Board from time to time.
- 5.3.6 The responsibility of the Group MD should be stated in an agreed job description and generally, the Group MD is responsible to the Board for the following:
- (a) directing and controlling all aspects of the business operations in a cost effective manner;
  - (b) effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy, makes recommendations to the Board for recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
  - (c) ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;

- (d) assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- (e) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
- (f) ensures compliance with governmental procedures and regulations;
- (g) coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Group Financial Controller;
- (h) maintains and facilitates a positive working environment and good employee relations;
- (i) assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
- (j) assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

In discharging the above responsibilities, the Group MD can delegate appropriate functions to the Group Executive Directors, who shall report to the Group MD.

## **5.4 Role of the Group CEO**

- 5.4.1 The role is to assist the Group MD in the execution of daily operation and short to mid term planning of the Group.
- 5.4.2 Overall responsible of the overseas division including setting and achieving Key Performance Indicators (KPIs) set, operational and management, sales and marketing and the profitability of the business.
- 5.4.3 Assisting the Group MD to implement and monitor the internal control and risk management systems within the Group.
- 5.4.4 Assisting the Group MD in any functions from time to time assigned inclusive operational, business, compliance, Board matters etc.

## **5.5 Role of the other Executive Directors that are not MD or CEO**

- 5.5.1 The role is to advise on programs or helping with the Company's strategic planning
- 5.5.2 To advise on the project or Company's deals with, which is critical, and helps to make decisions, chooses the direction of the Company and keeps the Company on track for the future.
- 5.5.3 As an adviser to understand the capabilities of the Company which includes developing program plans.
- 5.5.4 To provide advice to management of a business base on their own experience and expertise.

## **5.6 Role of the Non-Executive Directors ("NED")**

- 5.6.1 The roles of the NEDs primarily covers the monitoring of the Group performance and contributing to the development of Group strategies as outlined below:
  - (a) Strategy: provide constructive commentaries and contribute to the development of Group strategies;
  - (b) Performance: oversee the performance of Management in meeting pre-set objectives and targets and monitor the reporting of performance.
- 5.6.2 NEDs could act as a link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of corporate governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

## **5.7 Tenure of Directors**

- 5.7.1 Pursuant to the Company's Constitution, all Directors are subject to re-election by shareholders at the Annual General Meeting ("AGM") following their appointment. At least one-third (1/3) of the Directors are required to retire from office by rotation annually such that each Director shall retire from office once in every three (3) years and shall be eligible for re-election at each AGM.

- 5.7.2 Pursuant to the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The nine (9) years can either be a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. However, the shareholders may, in exceptional cases where the Board is of the opinion that that the Independent Director should continue beyond the 9-year tenure and subject to the assessment of the Nomination Committee, decide that the Independent Director is able to maintain its independence even after serving a cumulative term of nine (9) years. The justification may be determined in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a Director's appointment / election at the general meeting.
- 5.7.3 If the Board continues to retain the Independent Director after twelve (12) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.
- 5.7.4 The tenure of the Executive Directors is tied to their executive office.

## **5.8 Company Secretary**

- 5.8.1 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.
- 5.8.2 The key role of the Company Secretary is to provide unhindered advice and services for the Directors on governance matters, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 5.8.3 Other primary responsibilities of the Company Secretary shall include:
- (a) preparing agendas and coordinating the preparation of meeting papers and managing of the Board and meeting logistics and committee meetings and facilitate Board communications;
  - (b) Advise the Board on its roles and responsibilities and ensure that Board procedures and applicable rules are observed;
  - (c) Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
  - (d) maintaining records of the Board and ensure effective Management of organisation's records;

- (e) attend and preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (f) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
- (g) monitor governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- (h) facilitate the orientation of new directors and assist in director training and development;
- (i) assisting the communications between the Board and Management;
- (j) manage processes pertaining to the AGM;
- (k) serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- (l) providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

## **5.9 Board Committees**

5.9.1 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved terms of references and are in accordance with this Charter.

5.9.2 Where a Committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.

5.9.3 Members of the Committees are expected to participate actively at meetings and be knowledgeable about purpose, process and goal of the said Committees.

5.9.4 The following standing committees with written terms of reference has been established:

(a) **Audit Committee (“AC”)**

The AC assists in fulfilling the Board’s stewardship accountability to its Shareholders and financial stakeholders. It shall provide assurance to the Board with quality and reliable financial information and are responsible for the accuracy and integrity of the Group financial reporting.

The AC is also responsible for reviewing and recommending risk management policies and strategies for the Group and thus, assists the Board in fulfilling its oversight responsibility on risk management.

The terms of reference of the AC is attached under **Appendix C**.

(b) **Nomination Committee (“NC”)**

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

The terms of reference of the NC is attached under **Appendix D**.

(c) **Remuneration Committee (“RC”)**

The RC is primarily responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary.

The terms of reference of the RC is attached under **Appendix E**.

## **5.10 The Board’s Relationship with Shareholders and Stakeholders**

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

5.10.2 It is the responsibility of the Board to ensure that the Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings. The Board will focus its efforts to abide by the following best practices to enhance the effectiveness of the general meetings:

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

5.10.3 The Chairman and/or Group MD shall take responsibility for addressing queries from Shareholders, stakeholders and analysts. In the performance of this responsibility, the Chairman and/or Group MD shall be mindful of the regulatory requirements pertaining to price sensitive information.

5.10.4 **Appendix F** which contained The Corporate Disclosure Policy provides detailed guidance on communication with Shareholders and other stakeholders.



## **6. Board Processes**

6.1 Board Meetings shall be conducted in a Business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairman, assisted by the Company Secretary, shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

### **6.2 Frequency**

6.2.1 The Board should meet regularly, at least five (5) times in a financial year. Special Board meetings should be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.

6.2.2 Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers / Management who can provide additional insight into matters under discussion or appear to persons with potential who should be given exposure to the Board may be invited to attend 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.

6.2.3 Additional formal Business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well other electronic meetings defined in the Articles of Association of the Company. All notices, resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.

6.2.4 All meetings of the Board will be conducted in accordance with the Company's Constitution and applicable laws.

6.2.5 The Chairman of the Board, or in his absence, the Group MD shall preside as chairman of the Board meeting. In the absence of the Chairman or Group MD, a Director from amongst Board members present shall be appointed to preside at all meetings.

6.2.6 The quorum for Board meetings is two (2) Directors present in person or by teleconference, video, electronic or such other communication facilities that would facilitate real-time participation.

6.2.7 All Board decisions shall be made through consensus. In the event consensus could not be reached, it shall be decided by a majority of votes and in the event of equality of votes, the Chairman shall have a second or casting vote in accordance with the Company's Constitution.

6.2.8 When only two (2) Directors form a quorum, the chairman of the meeting at which such a quorum is present, or at which only two (2) Directors are competent to vote, the chairman shall NOT have a casting vote.

6.2.9 Any issues which arise between meetings can be resolved through circular resolutions subsequent to the Board being apprised of the issues. These circular resolutions shall be valid and effective if approved by majority Directors in any written form – telex, telegram, cable, facsimile or other electrical or digital written message, as prescribes in the Company’s Constitution. Such discussion, including any concerns raised and the rationale for the decision shall be tabled at the following Board meeting for formal record keeping.

### **6.3 Agenda**

6.3.1 The notice of a Directors’ meeting should be given in writing at least seven (7) days prior to all Board meetings except for cases of emergencies. Notices may be sent through any means of telecommunication in permanent written form as prescribed in the Company’s Constitution.

6.3.2 A well prepared board agenda will enhance the Board’s productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the Executive Director and the Company Secretary, shall undertake the primary responsibility for preparing the Board’s agenda. The agenda shall include, amongst others, matters specifically reserved for the Board’s decision. Due consideration should be given to items for inclusion, sequence of items, estimated time required for each item as well as the necessary board papers needed be provided to the Board including items to be sent in advance. In the case of sensitive and confidential information, these board papers may be circulated just prior to the Board meeting. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

### **6.4 Meeting Papers**

6.4.1 As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days prior to the meeting or a shorter period when unavoidable. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.

6.4.2 The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting and shall be circulated in draft form. The draft minutes shall be re-circulated together with the Board papers at the following Board meeting in readiness for approval.

The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

## **6.5 Access to Information and Independent Professional Advice**

6.5.1 All Directors (executive and non-executive) have the same right of access to all information within the Group whether as a full Board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company.

6.5.2 Non-executive Board members are expected to notify, via email or call, the Executive Directors and or the Company Secretary before contacting any members of the Senior Management on any matters.

6.5.3 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 Directors.

6.5.4 All Directors should have access to the advice and services of the Company Secretary. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

6.5.5 The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses provided that such Director shall justify his action and obtain written approval from the Board.

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

## **6.6 Induction Process**

6.6.1 The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

6.6.2 Induction of Directors may include, but not limited to, the following:

- (a) time with other Directors, in particular the Chairman, the Company Secretary and, if the Independent Director is a functional specialist, his or her counterpart;
- (b) furnishing of a copy of the previous board minutes for at least the past six (6) months; the Business/strategic plan, pertinent Management reports; and significant reports by Management consultants on areas of board responsibilities;
- (c) visits to key sites (including overseas locations, if the Business is strongly international); and
- (d) a formal 1 to 2 days induction programme, including the elements above.

## **6.7 Directors' External Commitments and Conflict of Interest**

6.7.1 The Company's Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Act. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Company's Constitution.

6.7.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.

6.7.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

6.7.4 The Company Secretary shall aid the annual independence and conflict of interest self declaration by the Directors.

6.7.5 The Company shall ensure that its Board members have the character, integrity, experience, competence and time to effectively discharge their roles.

6.7.6 The Board members shall ensure that they dedicate sufficient time to carry out their roles and responsibilities. Each Director shall provide such a commitment at the point of appointment. Each Director is also required to commit to attend at least 50% of the Board meetings held annually.

6.7.7 A Director of the Group or Company shall hold not more than five (5) directorships in public companies listed on the Bursa Securities. Prior to accepting any new appointment, Directors shall notify the Chairman in writing and this shall include an indication of time that will be spent on the new appointment.

## **7. Representation of the Company**

- 7.1 The Board looks to the Group MD, working together with the Chairman, to speak on behalf of the Group and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements with reference to the Company's Corporate Disclosure Policies and Procedure.
- 7.2 Non-Executive Directors to as far an extent as possible, should avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.
- 7.3 The Group shall use information technology in its communication with Shareholders and other stakeholders. The usage shall include a dedicated section for Corporate Governance under the Investor Relations heading on the Group's corporate website. This dedicated section shall provide updated information such as quarterly financial statements, Board Charter and Annual Report, amongst others.

## **8. Remuneration of the Directors**

- 8.1 The Executive Directors shall receive remuneration that is recommended by the Remuneration Committee.
- 8.2 All Directors/Non-Executive Directors will be paid a basic fee for their role as Directors of the Company subject to shareholders' approval at general meetings. In addition, they will also receive fees for attendance at meetings and for the responsibilities undertaken on Committees.
- 8.3 The remuneration for all Directors shall be approved by the Board with the Directors concerned abstaining from participating in the discussion of his individual remuneration. Remuneration payable shall be in line with the Directors' Remuneration Policy as set out under **Appendix G**.

## **9. The Company's Constitution and Management's limits**

- 9.1 The Board operates pursuant to the powers and is subject to rules in the Company's Constitution as adopted by shareholders in general meeting.

- 9.2 The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix B** for Discretionary Authority Limits. Nevertheless, the Board is still charged with the responsibility for the exercise of such power by the delegate as if such power had been exercised by the Directors themselves. This responsibility can be negated only when:
- (a) the Board believed on reasonable grounds that the delegate would exercise the delegated powers in conformity with the Companies Act, 2016 and the Company's Constitution; and
  - (b) the Board believed on reasonable grounds, in good faith and after making a proper inquiry that the delegate (where necessary) was reliable and competent in relation to the powers delegated.
- 9.3 The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix B** for Discretionary Authority Limits. The Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

## **10. Revisions to the Board Charter**

- 10.1 The Board Charter shall be reviewed by the Board as when necessary to ensure its relevance in aiding the Board to discharge its duties and responsibilities vis a vis the changes in corporate laws and regulations that may arise from time to time.

## **11. Effective Date**

- 11.1 This Board Charter is effective 13 September 2018.