

## Introduction

The primary responsibility of the Board of Directors (the “Board”) is to foster the long-term success of the Group consistent with the Board’s responsibility to maximize shareholder value. To the extent that power given under the relevant acts, rules and regulations and authorities, the Board has plenary power. For expediency and effectiveness, the Board shall delegate certain of its duties to the Board Committees as set forth in their respective Terms of Reference, as amended from time to time.

This list of detailed responsibilities of the Board is prepared to assist the Board and Management in clarifying responsibilities and ensuring effective communication between the Board and Management in line with the recommendation of the Malaysian Code on Corporate Governance. Any responsibility not delegated to Management or a Committee of the Board remains with the Board.

### 1. Reviewing and adopting strategic plan for the company

#### 1.1 Via the Executive Directors / the Board as a whole:

- (a) Participate with Executive Directors and/or Senior Management, in the development of, and ultimately approve, the Group’s long term strategic plan which is premised on sustainability and strategic direction of the business;
- (b) Approve the annual business plan that enables the Group to realize its objectives;
- (c) Approve annual capital and operating budgets which support the Group ability to meet its strategic objectives;
- (d) Monitor the Group’s progress towards its goals, and to revise and alter its direction through Management in light of changing circumstances.
- (e) Approval of acquisitions and disposals, investments and divestitures;
- (f) Approve proposed corporate exercise (i.e. mergers, restructuring and takeovers), ascertain that assets are appropriately valued, and that the Company’s shares are fairly valued by the market, to reduce susceptibility to takeover;
- (g) Approve and ratify capital expenditure exceeding a certain threshold to be determined by the Board from time to time; (Refer to **Appendix B** for discretionary authority limits);
- (h) Conduct regular analysis of trading activity in the Company’s shares, and identify areas of concern;
- (i) Evaluate and approve corporate strategy, including, but not limited to:

- (i) diversification, including managing the scope and mix of various activities to improve performance;
- (ii) coordination of business segments; and
- (iii) investment priorities and the allocation of resources across activities.

## **2. Overseeing the conduct of the Company's business**

Via the Management or the Board, as a whole:

### **2.1 Operations**

- (a) Review outstanding major action items from previous meetings;
- (b) Discuss emerging issues that may affect the business of the Group. Some of these issues are:
  - (i) adverse economic and industrial trend;
  - (ii) competitors' actions;
  - (iii) adverse publicity/rumours concerning the Company and/or its subsidiaries;
  - (iv) changes to statutory requirements in the industry/business that the Group operates in;
  - (v) fluctuation in major raw materials prices and supply of materials;
  - (vi) fluctuation in interest rates (affecting finance cost); and
  - (vii) labour issues;
- (c) Receive reports from the Executive Directors on operational and performance-related matters and strategic issues; and
- (d) Receive, at least annually, reports from Management on matters relating to, among others, ethical conduct, environmental management, employee health and safety and related party transactions.

### **2.2 Finance**

- (a) Review divisional performance and Group results, actual against budgets and requiring Senior Management to justify and account for significant variances;
- (b) Review operations of the previous month, year-to-date, and forecast covering the remainder of the relevant accounting period;
- (c) Deliberate financing arrangements, cheque and other signatories, including the changes thereof;

- (d) Review and approve financial statements of the Company and Group for lodgement with the various authorities;
- (e) Approve the annual financial statements, review quarterly financial results and approve release thereof by Management;
- (f) Propose and declare dividends;
- (g) Approve financing arrangements, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial papers, and related prospectuses and trust indentures;
- (h) Recommend appointment of external auditor and approve auditor's fees;
- (i) Approve banking resolutions and significant changes in banking relationships;
- (j) Approve appointments, or material changes in relationships with advisor of any corporate exercise;
- (k) Review coverage, deductibles and key issues regarding corporate insurance policies;
- (l) Approve contracts, leases and other arrangements or commitments that may have a material impact on the Group; and
- (m) Approve the commencement or settlement of litigation that may have a material impact on the Group;
- (n) Review the Group's funding requirements, including significant treasury matters, on a continuing basis; and
- (o) Determine that any exchange risk, credit risk and interest rate risk associated with any funding or placements are acceptable.

**3. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

3.1 Via the Audit Committee or the Board, as a whole:

- (a) Identify the principal risks of the Group's business and implement appropriate systems to manage these risks;
- (b) Review and communicate to the Board, key risks faced by the Group (present and potential) and management action plans to manage the risks;
- (c) Review operating and financial performance relative to budgets or objectives;
- (d) Assess and monitor management control systems;
- (e) Monitor risk exposure of the Group; and

- (f) Review periodical reports from Management/ Internal Audit on progress of mitigation plans for key risks identified.

#### **4. Succession planning**

4.1 Via the Management or Nominating Committee or the Board, as a whole:

- (a) The appointment, training as well as succession planning of the Board and Senior Management, and monitoring performance, approving compensation and providing advice and counsel to the Executive Directors in the execution of their duties;
- (b) Approving service agreement for the Executive Directors;
- (c) Reviewing Executive Directors' performance at least annually against agreed upon written objectives;
- (d) Appoint, training, fixing compensation of and, where appropriate, replacing Senior Management;
- (e) Acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations); and
- (f) Consider approving the appointment, resignation/termination of Director, Company Secretary and auditors;
- (g) Consider recommendation and approval of Directors to fill the seats on Board Committees;
- (h) Review and assess annually:
  - (i) the required mix of skills and experience of the Board, including the core competencies, which Non-Executive Directors should bring to the Board; and
  - (ii) the effectiveness of the Board, as a whole, the Committees of the Board and the contribution of each individual Director.
- (i) Review and approve the recommendations from Remuneration Committee, remuneration packages of Executive Directors and recommend fees and emoluments of Non-Executive Directors for shareholders' approval at Annual General Meeting.

**5. Overseeing development and implementation of a shareholder communications policy**

5.1 Via the Chairman or Executive Directors or the Board, as a whole:

- (a) Ensure the Group has in place effective communication processes with shareholders, other stakeholders and financial, regulatory and other recipients;
- (b) Interact with shareholders on all items requiring shareholders' approval;
- (c) Ensure that the financial performance of the Group is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (d) Ensure the financial results are reported fairly and in accordance with applicable approved accounting standards in Malaysia;
- (e) Ensure the timely reporting of any other developments that may have a material impact on the Group;
- (f) Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report), including the Corporate Governance Statement, the Statement on Internal Control and other disclosures required by statutes and the Listing Requirements of Bursa Malaysia Securities Berhad; and
- (g) Approve the announcements made to Bursa Malaysia Securities Berhad pursuant to the Listing Requirements.

**6. Reviewing the adequacy and integrity of the management information and internal control system of the Company**

Via the Audit Committee or the Board, as a whole:

**6.1 Legal Obligations/ Policies and Procedures**

- (a) Review compliance with all significant policies and procedures by which the Group operates;
- (b) Direct Management to ensure the Group operates at all times within applicable laws and regulations;
- (c) Review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).
- (d) Direct Management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;

- (e) Approving changes in the Constitution of the Company, matters requiring shareholders' approval, and agenda for shareholders' meetings; and
- (f) Approving the Company's legal structure, name, logo, mission statement and vision statement; and
- (g) Ensuring the Company and its subsidiaries adhere to high standards of ethics and corporate behaviour.

## **6.2 Reporting controls**

- (a) Internally review management information systems to ensure that both Board and Management are receiving relevant and reliable information;
- (b) Externally, review existing accounting policies against the appropriate standards, and review the questionnaire completed by Management to ensure that the published financial statements are true and fairly stated; and
- (c) Approve regulatory reporting, i.e. quarterly and other announcements, to authorities.

## **6.3 Internal and External Audit**

- (a) Review regulations affecting the Group's operations;
- (b) Develop and review systems for monitoring regulatory compliance;
- (c) Review compliance reports prepared by internal audit;
- (d) Review the scope and depth of coverage of the internal audit function;
- (e) Review and discuss reports from the internal auditors and external auditors on internal control recommendations, and confirm that appropriate action has been taken;
- (f) Ensure that there is effective communication and liaison between the internal and external audit functions;
- (g) Review the draft letter of representation requested by the external auditors, and confirm that the representations have been considered;
- (h) Ensure that issues raised by the External Auditors have been satisfactorily resolved; and

**7. Other Matters**

7.1 Any other pertinent matters that may be decided upon by the Board from time to time.

**8. Review**

8.1 This schedule will be subjected to review from time to time by the Board and any amendments are to be approved by the Board before becoming effective.

**9. Effective Date**

9.1 This schedule is effective 13 September 2018.