



KUB MALAYSIA BERHAD (6022-D)
BOARD CHARTER

**Group Secretarial Division
(29 March 2018)**



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A. DEFINITIONS AND INTERPRETATION

In these Terms of Reference, where the context so admits the following expressions shall have the following meanings :-

'The Act' or 'CA'	The Companies Act, 2016;
'Board'	The Board of Directors of KUB Malaysia Berhad;
'Board Committees'	Committees that have been or will be set up as authorised by the Board with specific terms of reference and delegated authority;
'Bursa Malaysia' or 'Exchange'	Bursa Malaysia Securities Berhad;
'Company Secretary'	Company Secretary/Joint Company Secretaries of KUB Malaysia Berhad;
Chief Executive	As defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director. In KUB Malaysia Berhad Group context, President/Group Managing Director of KUB Malaysia Berhad.
'Independent Director'	A director as defined in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;
'KUB' or 'the Company'	KUB Malaysia Berhad (6022-D);
'KUBMaG'	KUB Group Management Guidelines;
'KUB Group'	KUB Malaysia Berhad and its subsidiaries
'MMLR'	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
'Member'	A member of the Board Committee as appointed pursuant to the Terms of Reference of the Board Committees;
'MCCG'	Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 26 April 2017;
'Senior Management'	Senior Management which includes the Chief Operating Officer, Chief Financial Officer and 'Officer' as defined in Chapter 1 of MMLR;
'Terms of Reference'	The terms of reference of the Board Committees;

1. INTRODUCTION

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

*MCCG
Practice &
Guidance 2.1*

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regards to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conducts and that the principles and practices of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed 'minimum legal requirements' with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

The Board of Directors is made up of Non-Executive and Executive Directors.

3.1 Roles and Responsibilities

3.1.1 All Directors will objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. Every Director is required to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the company. Their responsibilities are as follows :

- (a) together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- (b) review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- (c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) supervise and assess Management performance to determine whether the business is being properly managed;
- (e) ensure there is a sound framework for internal controls and risk management;
- (f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- (g) 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;
- (h) ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;

- (i) ensure that the Company has in place procedures to enable effective communication with stakeholders; and
 - (j) The Board will ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting.
- 3.1.2 The Company by virtue of its admission to the Official List bound by the MMLR, the Rules of the Exchange and the Rules of the Depository. *MMLR
Para 2.04*
- 3.1.3 The Board has established procedures determining which issues require a decision of the Board and which issues can be delegated to Board Committees or Management.
- The Board acknowledges KUBMaG as the Management’s authority framework.
- The Board continuously review KUBMaG to suit the Company’s current business operations as well as incorporating the current statutory requirements.
- 3.1.4 The Board undertakes regular review of division of responsibilities of Board and Management. *MCCG 2012
Rec. No. 1.0*
- 3.1.5 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company’s expense. *MMLR
Para 15.04*
- The Policy and Procedure for Directors to seek independent professional advice as they consider necessary is attached herein as **Appendix 1**.
- 3.1.6 The Board commits to ethical values through a Code of Conduct and ensures the implementation of appropriate internal systems to support, promote and ensure its compliance. The Code of Conduct is embedded in the Directors’ Handbook. *MCCG
Practice 3.1*

3.2 Matters Reserved

- 3.2.1 The matters reserved for the Board are as follows :
- a) KUB Group strategy, plans and budgets;
 - b) Acquisitions and disposals and transactions exceeding the authority limits of the Subsidiaries’ Board;
 - c) Review the performance of the Senior Management of KUB Group; and
 - d) Changes in the key policies, procedures and delegated authority limits of KUB Group.

3.3 Composition and Board Balance

- | | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 3.3.1 | The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. | <i>MCCG 2007
Part 2 AA XII</i> |
| 3.3.2 | At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. Where the Chairman of the Board is not an independent Director, the majority of Board members must be Independent Directors. | <i>MMLR
Para 15.02

MCCG
Practice 4.1</i> |
| | In the event of any vacancy in the Board of Directors, resulting in non-compliance with the above paragraph, the Company must fill the vacancy within three (3) months. | <i>MMLR
Para 15.02 (3)</i> |
| 3.3.3 | Profiles of the Directors are included in the Annual Report of the Company or may be disclosed on its website instead provided it has been previously announced or disclosed to shareholders or remain substantially unchanged from year to year. | <i>MMLR
Para 9.25(1)</i> |
| 3.3.4 | The Director is to disclose any changes pursuant to Sections 57, 59, 219 and 221 of the Act to the Company Secretary as outlined in Appendix 2 . | |
| 3.3.5 | Identifying individuals of suitable quality and background is essential for a high performing Board.

The nominations and appointments process is crucial to strong corporate performance as well as effective accountability. | <i>MCCG
Practice 4.6</i> |
| 3.3.6 | The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations. | |
| 3.3.7 | The Independent Directors' assistance will ensure the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. | |
| 3.3.8 | The views of the Independent Directors will carry significant weight in the Board's decision-making process. | |

Clause

Reference

3.3.9 The tenure of an Independent Director (inclusive of redesignated) does not exceed a limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director is to relinquish his/her Directorship.

3.3.10 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

*MCCG 2007
Part 2 AA XIV*

3.3.11 The Board may ensure that women candidates are sought as part of its recruitment exercise. In addition, the Board is also encouraged to establish and explicitly disclose in the annual report their gender diversity policies, targets and the measures taken to meet those targets.

*MCCG
Guidance 4.5*

3.3.12 The Board acknowledges that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in the company's business sector, should remain a priority so as not to compromise on qualification, experience and capability.

3.4 Appointments

3.4.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has adopted the process for identification of suitable candidates for appointment to the Board, having regard to the skills required and the skills represented as outlined in the **Appendix 3**.

*MCCG
Practice 4.6*

3.4.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.4.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

*MCCG
Practice 1.4*

3.4.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

3.4.5 The Company provides educational/continuing education programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

3.4.6 In addition to the Mandatory Accredited Programme ('MAP') as required by the MMLR, the Directors are also encouraged to attend continuing education programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

*MMLR
Para 15.08
1-3*

3.4.7 The directorships held by any Directors at any one time shall not exceed five (5) directorships in Public Listed Companies or any number as may be prescribed by the relevant authorities.

*MMLR
Para 15.06*

3.5 Election

3.5.1 An election of Directors shall take place each year.

*MMLR
Para 7.26*

3.5.2 All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

3.6 Supply of Information

3.6.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

3.6.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

3.6.3 A full agenda and comprehensive Board papers are circulated to all Directors before the Board meeting.

*MCCG 2012
Rec. No. 1.7*

3.6.4 To facilitate robust Board discussions, the Chairman together with the Company Secretary will ensure that Directors are provided with sufficient information and time to prepare for Board meetings. The meeting materials will be circulated at least five business days in advance of the Board meeting.

*MCCG
Guidance 1.5*

3.6.5 All Directors will ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4. CHAIRMAN AND PRESIDENT/GROUP MANAGING DIRECTOR OR CHIEF EXECUTIVE OFFICER

The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

*MCCG
Practice 1.2*

The Company aims to ensure a balance of power and authority between the Chairman and President/Group Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively.

The positions of Chairman (i.e. Non-Executive Chairman) and President/Group Managing Director are separated and clearly defined.

*MCCG
Practice 1.3*

4.1 Chairman

The Chairman of the Company is the leader of the Board. It is the Chairman's responsibility to ensure that the Board operates efficiently and effectively, obtain the best out of all of its members.

The Chairman will, for example, promote regular attendance and full involvement in discussions. The Chairman decides the scope of each meeting and is responsible for time management of Board meetings, ensuring all matters are discussed fully, but without spending limitless time on individual agenda items.

- 4.1.1 The Chairman is responsible for :
- Bursa Malaysia
Best Practices
In Corporate
Disclosures*
- a) Leading the Board in setting the values and standards of the Company;
 - b) Sets the Board agenda and ensures that the Directors receive complete and accurate information in a timely manner;
 - c) Leads Board meetings and discussions;
 - d) Encourages active participation and allowing dissenting views to be freely expressed;
 - e) Manages the interface between Board and Management;
 - f) Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
 - g) Leads the Board in establishing and monitoring good corporate governance practices in the Company.
- 4.1.2 The Chairman in consultation with the President/Group Managing Director and the Company Secretary sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:
- All Directors are properly briefed on issues arising at Board meetings.
 - Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
 - The issues discussed are forward looking and concentrates on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.

4.1.5 The Chairman ensures that President/Group Managing Director look beyond his/her executive functions and accept his/her full share of responsibilities on governance.

4.1.6 The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

*MMLR
Para 7.32*

4.2 President/Group Managing Director or Chief Executive Officer

4.2.1 A managing director, or a person performing the functions of a managing director, by whatever name called, shall be subject to the control of the board of directors.

*MMLR
Para 7.29*

4.2.2 The President/Group Managing Director is the conduit between the Board and the Management in ensuring the success of the Company's governance and Management functions.

4.2.3 The President/Group Managing Director implements the policies, strategies and decisions adopted by the Board.

*MCCG
Guidance 1.1*

4.2.4 All Board authorities conferred on the Management is delegated through the President/Group Managing Director and this will be considered as the President/Group Managing Director's authority and accountability as far as the Board is concerned.

*MCCG
Guidance 1.1*

5 SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The duties of the Senior Independent Non-Executive Director shall include the following :

*MCCG
Guidance 2.1*

- a) acting as a sounding Board for the Chairman;
- b) an intermediary for other Directors when necessary; and
- c) the point of contact for shareholders and other stakeholders.

6. COMPANY SECRETARY

6.1 The Company Secretary through the Chairman plays an important role in good governance by assisting the Board and its Board Committees function effectively and in accordance with their terms of reference and best practices.

*MCCG 2012
Rec. No. 1.6*

- 6.2 The Company Secretary will advise Directors of their obligations to adhere to matters relating to :
- a) Disclosure of interest in securities
 - b) Disclosure of any conflict of interest in a transaction involving the Company
 - c) Prohibition on dealing in securities
 - d) Restrictions on disclosure of price-sensitive information
- 6.3 The Directors have unlimited access to the professional advice and services of the Company Secretary.
- 6.4 The roles and responsibilities of the Company Secretary include, but are not limited to the following:
- a) Manage all Board and Board Committees meeting logistics, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;
 - b) Advise the Board on its roles and responsibilities;
 - c) Facilitate the orientation of new Directors and assist in Director training and development;
 - d) Advise the Board on corporate disclosures and compliance with the Company and securities regulations and MMLR;
 - e) Manage processes pertaining to the annual shareholder meeting;
 - f) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
 - g) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

*MCCG
Guidance 1.4*

7. BOARD COMMITTEES

The Board has established the following Board Committees with specific Terms of Reference:

- Nomination and Remuneration Committee
- Audit Committee
- Risk Management Committee

*MMLR
Para 15.09 &
15.08A (1)(2)*

*MCCG 2012
Rec. No. 2.3*

The Board has also established various Board Committees namely, Investment Committee and ESOS Committee with specific Terms of Reference, to address important areas in greater detail that may not be appropriate at Board Meetings.

Independent Non-Executive Directors play a leading role in these Board Committees. The Management and third parties are co-opted to the Board Committees as and when required. Details of the membership and a summary of the Terms of Reference of each Board Committee appointed by the Board and prescribed by the MMLR are published in the Annual Report and Company's website.

7.1 Audit Committee

- | | | |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 7.1.1 | The Company must ensure that wherever necessary and reasonable for the performance of its duties, an Audit Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company : | <i>MMLR
Para 15.17</i> |
| | <ul style="list-style-type: none"> a) have authority to investigate any matter within its terms of reference; b) have the resources which are required to perform its duties; c) have full and unrestricted access to any information pertaining to the Company; d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity; e) be able to obtain independent professional or other advice; and f) be able to convene meetings with the External Auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary. | |
| 7.1.2 | The Audit Committee comprises at least three (3) members, a majority of whom are Independent Directors. | <i>MMLR
Para 15.09</i> |
| 7.1.3 | No alternate Director can be appointed as a member of the Audit Committee. | <i>MMLR
Para 15.09</i> |
| 7.1.4 | The Chairman of the Audit Committee shall be an Independent Director who shall be appointed by the Board. | <i>MMLR
Para 15.10</i> |
| 7.1.5 | The functions of the Audit Committee are to review the following and report the same to the Board : | <i>MMLR
Para 15.12</i> |
| | <ul style="list-style-type: none"> a) With the External Auditors, the audit plan; | <i>MCCG 2012
Rec. No. 1.7</i> |

<ul style="list-style-type: none"> b) With the External Auditors, their evaluation of the system of internal controls; c) With the External Auditors, their audit report; d) The assistance given by the employees of the Company to the External Auditors; e) The adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work; f) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions. 	<p><i>MMLR Para 15.12(1)(g)</i></p>
<ul style="list-style-type: none"> g) The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on : <ul style="list-style-type: none"> i. Changes in or implementation of major accounting policy; ii. Significant and unusual events; and iii. Compliance with accounting standards and other legal requirements; h) Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity; i) Any letter of resignation from the External Auditors of the Company; and 	<p><i>MCCG 2012 Rec. No. 5.1</i></p>
<ul style="list-style-type: none"> j) Whether there is a reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment. 	<p><i>MMLR Para 15.12(1)(j)</i></p> <p><i>MCCG 2012 Rec. No. 5.2</i></p>
<p>7.1.6 The Audit Committee meets on a quarterly basis to carry out its functions. The Audit Committee is also responsible for recommending the person or persons to be nominated to act as the External Auditors and the remuneration and terms of engagement of the External Auditors.</p>	<p><i>MMLR Para 15.12(2)</i></p> <p><i>MCCG 2012 Rec. No. 5.2</i></p>

The Audit Committee is to obtain written assurance from the External Auditors confirming their independence throughout the conduct with relevant professional and regulatory requirements.

The External Auditors Performance and independence checklist is attached herein as **Appendix 4**.

7.1.7 The President/Group Managing Director, other Directors, Senior Management and employees may attend the meetings only at the invitation of the Audit Committee. *MMLR
Para 15.13*

7.1.8 The Nomination and Remuneration Committee will review the term of office and performance of the Audit Committee and each of its members annually. *MMLR
Para 15.20*

7.2 Nomination and Remuneration Committee

7.2.1 The Nomination and Remuneration Committee ('Committee') comprises exclusively a majority of Independent and Non-Executive Directors. *MMLR
Para 15.08A*

7.2.2 Roles and Responsibilities – Nomination Matters

The Committee is charged with the responsibility of overseeing the selections and assessments of Directors and Senior Management. *MMLR
Para 15.08A*

a) Responsible in identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

b) Evaluate the mix of skills, knowledge and experience on the Board and to prepare a description of the role and responsibilities required for a particular appointment of Director (if necessary).

c) Review the term of office and performance of the Audit Committee and each of its members annually. *MMLR
Para 15.20*

d) Review the time required from Non-Executive Directors.

e) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.

- f) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- g) Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- h) Disclosure in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.
- i) Develop criteria and oversee annual assessment of Directors with the appropriate criteria.
- j) Develop criteria to assess independence of Directors. Such assessment will then be conducted by the Board.
- k) Facilitate Board induction and training for newly appointed Directors.
- l) Review training programmes for the Board.
- m) Facilitate achievement of Board gender diversity policies and targets.

7.2.3 **Roles and Responsibilities – Remuneration Matters**

*MCCG
Intended Outcome
6.0*

The Committee is responsible to draw up a procedure to determine fair remuneration to attract and retain Directors and Senior Management.

- a) Support the Board in actively overseeing the design and operation of the Company’s remuneration system.
- b) Review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director’s contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

- c) Review and recommend to the Board the remuneration arrangements for the Non-Executive Directors of the Board, including but not limited to fees, allowances and benefits-in-kind.
- d) Review and recommend to the Board on the total individual remuneration package for Executive Director and Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.
- e) Review and recommend remuneration arrangements for the Executive Director including but not limited to contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- f) Review and recommend remuneration arrangements for Senior Management including contract terms annual remuneration and participation in the Company's short and long term incentive plans.
- g) Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for Senior Management.
- h) Review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.
- i) Review the Senior Management performance assessment processes and results as they reflect the capability of Management to realise the business strategy.
- j) Review and approve short term incentive strategy, performance targets and bonus payments.
- k) Recommending/Approving the appointment of remuneration consultants.
- l) Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to General Meetings.

- m) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management as well as the overall remuneration framework of the Company.

8. FINANCIAL REPORTING

The Board ensure the financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act 2016.

8.1 Transparency

- 8.1.1 The Company aims to present a clear and balanced assessment of its financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators. *MCCG 2007 Part 1 D I*
- 8.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approval accounting standards. *CA Section 248 (1)*
- 8.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months or as prescribed by the MMLR after the end of each quarterly financial period. *MMLR Para 9.22*
- 8.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit of the financial statements. *CA Section 266*

8.2 Company Auditors

- 8.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee. *MCCG 2007 Part 1 D III*
- 8.2.2 The Audit Committee also keeps under review the scope and results of the audit and its costs effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company. *MMLR Para 15.12*
MCCG 2012 Rec. No. 5.2

<i>Clause</i>		<i>Reference</i>
8.2.3	Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.	CA Section 271
8.3	Internal Controls and Risk Management	
8.3.1	The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal audit controls of all business support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.	MCCG Practice 9.1 & 9.2
8.3.2	The Board ensures the system of internal controls is reviewed on a regular basis.	MCCG Practice 9.1
8.3.3	The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.	
8.3.4	There are five (5) components of an internal control and risk management framework : a) Control environment; b) Risk assessment; c) Control activities; d) Information and communication; and e) Monitoring activities.	
9.	GENERAL MEETINGS	
9.1	Annual General Meeting ('AGM')	
9.1.1	The Company regards the AGM as an important event in the corporate calendar of which all Directors and Top/Senior Management should attend.	
9.1.2	The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the Company's shareholders.	MCCG Intended Outcome 12.0
9.1.3	The Company encourages active participation by the shareholders during the AGM.	MCCG Guidance 12.3

- 9.1.4 The Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll.

*MCCG
Guidance 12.1*

*MMLR
Para 8.29A*

The Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the listed issuer or its related corporation, and must be independent of the person undertaking the polling process. If such scrutineer is interested in a resolution to be passed at the general meeting, the scrutineer must refrain from acting as the scrutineer for that resolution. For this purpose, the 'officer' has the meaning given in Section 2 of the CA 2016.

In order to improve shareholder engagement and strengthen corporate governance practices of the Company, any resolution set out in the notice of any General Meeting or notice of resolution to be voted by poll and publication of a summary of key matters discussed at Annual General Meetings onto the Company's website.

- 9.1.5 The Chairman and, where appropriate, the President/GMD responds to shareholders' queries during the Meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the Meeting.

*MCCG
Practice 12.2*

- 9.1.6 The Minutes of AGM is published onto the Company's corporate website to ensure the shareholders have access to the Minutes.

9.2 Extraordinary General Meeting ('EGM')

- 9.2.1 The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

10. INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

- 10.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

- 10.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 10.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enable the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 10.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman and/or President/Group Managing Director will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the designated personnel to ensure that information that has yet to be released to Bursa Malaysia Securities Berhad is not released to the press. *Bursa Malaysia Best Practices In Corporate Disclosures*
- 10.5 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated. *Bursa Malaysia Best Practices In Corporate Disclosures*

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

In an ever changing business landscape, the Company must understand the importance of maintaining and fostering good meaningful relationship with their stakeholders as they play a key role within the Company's ecosystem. The Company will recognise that such stakeholders are indeed affected in one way or another by the Company's actions, whether to a large degree or indirectly. In this regard, Directors, as stewards of the Company will take responsibility to improve their communication and relationship with their stakeholders.

By incorporating some standard disclosures from the Global Reporting Initiative reporting guideline and meeting the expectations of the MMLR covering sustainability reporting, the Company aims to provide the stakeholders with reliable economic, environmental and social information about the Company and in doing so, strengthen trust and relationship with the stakeholders through increased transparency and disclosure.

The Company will ensure the following in fostering a good relationship with its stakeholders:

- a) set in place methodologies that would enable the Company to identify its different set of stakeholders;
- b) identify the impact of different stakeholder groups towards the Company activities and the output and outcomes of the company;
- c) examine the Company’s business impact towards its stakeholders; and
- d) provide formal mechanisms for engagement and communication with stakeholders.

12. APPLICATION

12.1 The principles set out in this Charter are:

- a) Kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- 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 as part of a narrative statement by the Directors on Corporate Governance.

MCCG Practice 2.1

MCCG 2012 Rec. No. 1.7

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

12.3 Any updates to the principles and practices set out in this Charter will be made available on the Company’s website.

Revision approved by:
BODM (2/2018) dated 29 March 2018

Revision recommended by:
BNRC (2/2018) dated 27 March 2018