KUB MALAYSIA BERHAD (6022-D)
BOARD CHARTER

Group Secretarial Division
(28 August 2019)
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions and Interpretation</td>
<td>3</td>
</tr>
<tr>
<td>1. Introduction</td>
<td>4</td>
</tr>
<tr>
<td>2. Objectives</td>
<td>4</td>
</tr>
<tr>
<td>3. The Board</td>
<td>5</td>
</tr>
<tr>
<td>3.1 Roles and Responsibilities</td>
<td>5</td>
</tr>
<tr>
<td>3.2 Matters Reserved</td>
<td>6</td>
</tr>
<tr>
<td>3.3 Composition and Board Balance</td>
<td>7</td>
</tr>
<tr>
<td>3.4 Appointments</td>
<td>8</td>
</tr>
<tr>
<td>3.5 Election</td>
<td>9</td>
</tr>
<tr>
<td>3.6 Supply of Information</td>
<td>9</td>
</tr>
<tr>
<td>4. Chairman and President/Group Managing Director or Chief Executive Officer</td>
<td>10</td>
</tr>
<tr>
<td>4.1 Chairman</td>
<td>10</td>
</tr>
<tr>
<td>4.2 President/Group Managing Director or Chief Executive Officer</td>
<td>12</td>
</tr>
<tr>
<td>5. Senior Independent Non-Executive Director</td>
<td>12</td>
</tr>
<tr>
<td>6. Company Secretary</td>
<td>12</td>
</tr>
<tr>
<td>7. Board Committees</td>
<td>13</td>
</tr>
<tr>
<td>7.1 Audit Committee</td>
<td>14</td>
</tr>
<tr>
<td>7.2 Nomination Committee</td>
<td>16</td>
</tr>
<tr>
<td>7.3 Remuneration Committee</td>
<td>19</td>
</tr>
<tr>
<td>7.4 Risk Management Committee</td>
<td>22</td>
</tr>
<tr>
<td>7.5 ESOS Committee</td>
<td>24</td>
</tr>
<tr>
<td>8. Financial Reporting</td>
<td>24</td>
</tr>
<tr>
<td>8.1 Transparency</td>
<td>24</td>
</tr>
<tr>
<td>8.2 Company Auditors</td>
<td>24</td>
</tr>
<tr>
<td>8.3 Internal Controls and Risk Management</td>
<td>25</td>
</tr>
<tr>
<td>9. General Meetings</td>
<td>25</td>
</tr>
<tr>
<td>9.1 Annual General Meeting</td>
<td>25</td>
</tr>
<tr>
<td>9.2 Extraordinary General Meeting</td>
<td>26</td>
</tr>
<tr>
<td>10. Investor Relations and Shareholders’ Communication</td>
<td>27</td>
</tr>
<tr>
<td>11. Relationship with the Stakeholders</td>
<td>27</td>
</tr>
<tr>
<td>12. Application</td>
<td>28</td>
</tr>
<tr>
<td>13. Appendices</td>
<td>i</td>
</tr>
<tr>
<td>Appendix 1</td>
<td>iii</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>ix</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>xii</td>
</tr>
<tr>
<td>Appendix 4</td>
<td></td>
</tr>
</tbody>
</table>
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 and any amendment thereto;

'Board' The Board of Directors of KUB Malaysia Berhad;

'Board Committees' Committees 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 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 the context of KUB Group, President/Group Managing Director of KUB Malaysia Berhad.

'Independent Director’ A director as defined in Chapter 1 of 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 amendment thereto;

'Member’ A member of the Board and/or Board Committees;

'MCCG’ Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 26 April 2017;

'Senior Management’ Individual(s) who holds high level management responsibility and decision-making authority within the company which includes the President/Group Managing Director, Executive Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and ‘Officer’ as defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements of KUB Group; and

'Terms of Reference’ The Terms of Reference of the Board Committees.
1. **INTRODUCTION**

The Directors of KUB regard Corporate Governance as vitally important to the success of KUB’s business and are committed to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and stakeholders:

- 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 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 of 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 given 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) 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 is bound by the MMLR, the Rules of the Exchange and the Rules of the Depository.

3.1.3 The Board has established procedures determining which issues require decisions 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.

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.

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.

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
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 are such that they facilitate the making of informed and critical decisions.

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.

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.

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.

3.3.4 The Director is to disclose any change 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 for strong corporate performance and effective accountability.

3.3.6 The Independent Directors provide independent judgement, experience and objectivity.

3.3.7 The Independent Directors 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.
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.

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 its gender diversity policies, targets and the measures taken to meet those targets.

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 Committee. The Nomination 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.

3.4.2 New Directors are expected to have such expertise to enable them to make positive contribution to the Board and dedicate sufficient time and attention to the affairs of the Company.

3.4.3 The Company Secretary has the responsibility to ensure relevant procedures on the appointments of new Directors are properly implemented.

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. 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 continuing education programmes to update the Board on laws, regulations and commercial risks affecting the Board and 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.

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.

3.5 Election

3.5.1 An election of Directors shall take place each year.

3.5.2 All Directors shall retire from office at least once 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.
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 (5) business days in advance of the Board meeting.

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.

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 and President/Group Managing Director are separated and clearly defined.

4.1 Chairman

The Chairman of the Company is the leader of the Board. The Chairman’s responsibility is to ensure that the Board operates efficiently and effectively.

The Chairman will promote regular attendance and full involvement of Members 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 to:

a) Lead the Board in setting the values and standards of the Company;

b) Set the Board agenda and ensures that the Directors receive complete and accurate information in a timely manner;

c) Lead the Board meetings and discussions;

d) Encourage active participation and allows dissenting views to be freely expressed;

e) Manage the interface between Board and Management;

f) Ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and

g) Lead the Board in establishing and monitoring good corporate governance practices in the Company.

4.1.2 The President/Group Managing Director and the Company Secretary in consultation with the Chairman 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 concentrate 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.

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.

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.

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.

5. SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The duties of the Senior Independent Non-Executive Director includes (amongst others) the following:

a) as a sounding board for the Chairman;

b) as an intermediary for other Directors; and

c) as a point of contact for shareholders and stakeholders.

6. COMPANY SECRETARY

6.1 The Company Secretary has an important role in good governance by assisting the Board and Board Committees to function effectively in accordance with their terms of reference and best practices.
6.2 The Company Secretary will advise Directors of their obligations to adhere on 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 Directors’ 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.

7. BOARD COMMITTEES

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

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee
- ESOS Committee

MCCG
Guidance 1.4

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

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.

7.1.3 No alternate Director can be appointed as a member of the Audit Committee.

7.1.4 The Chairman of the Audit Committee shall be an Independent Director who shall be appointed by the Board.
7.1.5 The functions of the Audit Committee are to review the following and report the same to the Board:

- a) With the External Auditors, the audit plan and audit report;
- b) With the External Auditors, their evaluation of the system of internal controls;
- c) The assistance given by the employees of the Company to the External Auditors;
- d) 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;
- e) 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;
- f) The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - i. Changes in or implementation of major accounting policy;
  - ii. Significant and unusual events; and
  - iii. Compliance with accounting standards and other legal requirements;
- g) 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;
- h) Any letter of resignation from the External Auditors of the Company; and
- i) Whether there is a reason (supported by grounds) to believe that the Company’s External Auditors is not suitable for re-appointment.

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.

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 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 Committee**

7.2.1 The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom must be Independent.  

MMLR  Para 15.08A

7.2.2 **Roles and Responsibilities of the Nomination Committee**

The Committee is responsible for the selections and assessments of Director and Senior Management and to make recommendations to the Board with respect to the following (amongst others) :

a) **Composition of the Board, Board Committees and all directorship in the KUB Group**

i. Review the structure, size and composition (including the skills, knowledge, experience and diversity) and recommend to the Board with regard to any proposed change.

ii. Develop, review and recommend to the Board the policy on Board composition, having regards to the mix of skills, knowledge, experience, expertise, independence, diversity and other qualities deemed necessary.

iii. Keep under review the leadership needs of the organisation, both Executive and Non-Executive Directors, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
iv. To facilitate achievement of the Board gender diversity policies and targets.

b) Employment Contracts

i. Review and recommend to the Board the appointment of any Senior Management within KUB Group.

ii. Review and recommend to the Board any changes in the position of the Senior Management.

iii. Review and recommend to the Board the extension of contracts of the Senior Management; and

iv. Review and recommend to the Board any matters relating to the continuation in office including the suspension or termination of service of the Senior Management subject to the provision of the laws and their contracts of employment.

c) Appointment/re-appointment/re-election

i. Develop, maintain and periodic review of the criteria to be used in the appointment of the Board, Board Committees, all directorships in KUB Group and the Senior Management.

ii. Responsible for the identification, nomination, selection and appointment of new Board Members, Committee Members and Senior Management for approval of the Board.

iii. Assess the Director(s) who is subject to re-appointment/re-election at Annual General Meeting before recommendation to the Board and shareholders.

d) The evaluation of the performance of the Board, Board Committees and individual Director
i. Establish suitable process for evaluation of performance of the Board, Board Committees and individual Director.

ii. Carry out an annual assessment of the effectiveness of the Board, Committees and individual Director.

iii. Develop criteria and oversee annual assessment of the Board, Board Committees and individual Director with the appropriate criteria inclusive but not limited to skills, experience, qualification, integrity, competence and time to effectively discharge his/her role.

iv. 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).

v. Review annually the term of office and performance of the Audit Committee and its members.

vi. Review the time required from Non-Executive Directors.

vii. All assessments and evaluations carried out by the Committee in the discharge of its functions should be properly documented.

e) Succession planning, induction and continuing development programme for the Board Members, Committee Members and Senior Management

i. Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and the skills and expertise required.
ii. Facilitate induction programme and training for any new Director.

iii. Continuously evaluate and determine the training needs of the Directors and recommend suitable orientation, education and training programme with the latest development in the industry.

f) Periodically review and develop criteria to assess the independence of Directors. Such assessment will be conducted by the Board.

g) Disclose in the annual report its activities, the process used for appointments, membership of the Committee, number of Committee meetings and attendance of members over the course of the year.

h) Consider any other matter referred to the Committee by the Board or required by regulatory authorities.

7.3 Remuneration Committee

7.3.1 Roles and Responsibilities of the Remuneration Committee

The Committee is responsible to determine fair remuneration to attract and retain Directors and Senior Management and to review and make recommendation to the board with respect to the following (amongst others):

a) Remuneration packages/system

   i. Develop remuneration packages by taking into consideration the performance of the Company, commensurate with the level of individual’s responsibilities, skills, talent and experience, aligned with the business strategy and long-term objectives of the Company.
ii. Ensure the remuneration level is sufficient to attract, retain and motivate high calibre individual with the required qualification, skills, talent and experience in the Board, Board Committees and Subsidiaries Boards.

iii. Support the Board in overseeing the design and operation of the Company’s remuneration packages.

b) Remuneration of the Executive Director(s)

i. Review and recommend to the Board on the total individual remuneration package for Executive Director including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

ii. 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 term and long term incentive plans.

c) Remuneration of the Non-Executive Directors

i. 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.

ii. Review and recommend to the Board the remuneration arrangements for the Non-Executive Directors, including but not limited to fees, allowances and benefits-in-kind.
d) Remuneration of the Senior Management

i. Review and recommend to the Board on the total individual remuneration package for Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

ii. Review and recommend remuneration arrangements for Senior Management including but not limited to contract terms, annual remuneration and participation in the Company’s short and long term incentive plans.

iii. Review major changes and developments in the remuneration, recruitment, retention and termination policies and procedures for Senior Management.

iv. Review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies.

Review the Senior Management performance and results.

e) Other Responsibilities and Duties

i. Review and approve short term incentive strategy, performance targets and bonus payments.

ii. Recommend/Approve the appointment of remuneration consultants.

iii. Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to General Meetings.

Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management and the overall remuneration framework of the Company.
7.4 Risk Management Committee

7.4.1 Roles and Responsibilities of the Remuneration Committee

a) Risk management matters

i. Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group’s business objectives for the Board’s approval to safeguard shareholders’ investments and the Company’s assets.

ii. Assist the Board to establish an effective risk management framework and disclose the adequacy and effectiveness.

iii. Annually review and periodically test the framework.

iv. Disclose the adequacy and effectiveness of risk assessment result based on actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions that may affect the Group.

v. Discuss with the Management the action taken to improve the Framework.

vi. Ensure the implementation of the Framework and its adequacy in establishing the Group’s risk appetite through scope and quality of management’s ongoing monitoring of risks and robustness of the management process.

vii. Provide the Board with reasonable assurance that adverse impacts arising from foreseeable uncertainties are mitigated and managed.

viii. Ensure the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment.
ix. Ensure active process to identify, assess, manage and monitor principal risks to safeguard shareholders’ investment and Group’s asset and give timely input to both the Board and the Management.

x. Ensure that risk management and internal control system are available to manage the risk and corrective measures undertake to remedy failing and/or weaknesses.

xi. Ensure the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks).

xii. Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects.

xiii. Consider and evaluate other matters as judged appropriate by the Committee or as authorised by the Board.

xiv. Submit all findings and recommendations of the Committee to the Board for approval and notation.

xv. Promote healthy risk culture and observe dysfunctional trends that could undermine the performance of risk management process.

xvi. Review the adequacy of the scope, functions, competency and resources of Group Risk and Audit Division and ensure that necessary authority is obtained to carry out the work.

b) Sustainability reporting

i. Oversee the management of principal business risks and significant/material economic, environmental and social risks.

ii. Ensure resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets.

7.5  **ESOS Committee**

7.5.1 The primary objective of the Committee is to administer the implementation of the ESOS in accordance with the objectives and rules stated in the By-Law.

8.  **FINANCIAL REPORTING**

The Board ensures 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.

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 approved accounting standards.  

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.

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.

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.
8.2.2 The Audit Committee 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 provide a substantial volume of non-audit services to the Company.

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 eligible for re-appointment by shareholders for the ensuing year.

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 access to the Board through the Chairman of the Audit Committee.

8.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

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 which should be attended by all Directors and Senior Management.
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.

9.1.3 The Company encourages active participation by the shareholders during the AGM.

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.

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 shareholders engagement and strengthen corporate governance practices of the Company, any resolution set out in the notice of any General Meeting or notice of resolution is to be voted by poll and published in a summary of key matters discussed at Annual General Meetings and in the Company’s website.

9.1.5 The Chairman and, where appropriate, the President/GMD respond 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.

9.1.6 The Minutes of AGM is published in 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 adopts an open and transparent policy in respect of its relationship with the 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.

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 THE 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.

The Company must understand the importance of maintaining and fostering good meaningful relationship with their stakeholders since they play key roles within the Company’s ecosystem. The Company recognises that stakeholders are affected by the Company’s actions. In this regard, Directors, as stewards of the Company will take responsibility to improve their communication and relationship with the stakeholders.
By incorporating standard disclosures from the Global Reporting Initiative reporting guideline and meeting the expectations of the MMLR on sustainability reporting, the Company aims to provide the stakeholders with reliable information on the economic, environmental and social impacts of the Company’s activities, and therefore strengthen the relationship with the stakeholders through increased transparency and disclosures.

In fostering good relationship with its stakeholders, the Company will ensure the following:

a) set in place methodologies that would enable the Company to identify its different set of stakeholders;

b) identify the influence of different stakeholder groups on the Company’s activities;

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.

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

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

Revision approved by: 
BODM (5/2019) dated 28 August 2019

Revision recommended by: 
BNC via Committees’ Circular Resolution dated 28 August 2019
POLICY

Best practices in corporate governance requires the establishment of formal policy that enables Directors to seek independent professional advice.

POLICY ON DIRECTORS OBTAINING LEGAL, ACCOUNTING AND OTHER PROFESSIONAL ADVICE

Purpose

The Directors, in carrying out their duties, must act in best interests of the Company. They must also consider their own liabilities under applicable laws. Questions may concerning the discharge of their duties.

In discharging their duties, the Directors may need independent professional advice. This policy sets out the guidelines for obtaining independent professional advice.

Procedures

- All Directors are entitled to seek independent professional advice at the expense of the Company in furtherance of their duties (whether as the Board or in their individual capacity) in the following circumstances described below. Prior to obtaining independent professional advice, the Director must seek the approval of the Chairman and/or the President/Group Managing Director and such an approval must not be unreasonably withheld.

- Where the issue or recommendation under consideration:
  - involves any onerous obligation on the Director in discharging his/her duties (other than in cases of conflict of interest or breach of duties);
  - is one which the Director reasonably considers, after consultation with the Chairman and/or other Directors, appropriate to obtain independent advice; or
  - falls under the coverage of Company’s insurance policy relating to Directors’ duties

- Where all available resources for obtaining advice on the issue or recommendation from internal professional staff or from the existing external advisors have been exhausted, there are still reasonable concerns as to the expertise or independence of those advisors.
Selection of External Advisors

- An Advisor must be a professional with requisite qualifications and expertise. The Advisor must be selected in consultation with the Chairman and/or the President/Group Managing Director.

- If the matter on which advice is sought is controversial with potential legal exposure, the Advisor must be informed that his/her attendance as expert witness in court may be required.

- The Advisor must be given detailed written instruction and such instruction should be communicated to all Directors. An initial instruction may be given verbally in urgent cases.

- The written instruction must contain the following items and be communicated to all Directors:
  - The name and capacity of the issuer;
  - Details of the subject matter;
  - To whom the advice is to be provided;
  - That indicative fee will be subject to negotiation prior to commencement;
  - The date by which the advice is required;
  - The possibility of the matter being litigated (if appropriate) and the expert being required to attend court.

- A copy of the advice, the letter of instruction and all the materials which accompanied the letter must be provided to the Board.
NOTICE UNDER SECTIONS 57, 58, 59, 198, 219 AND 221 OF THE COMPANIES ACT, 2016

The Secretary
KUB MALAYSIA BERHAD (6022-D)
LEVEL 3A,UNIT 1, CAPITAL 3
OASIS SQUARE, ARA DAMANSARA
47301 PETALING JAYA
SELANGOR

I, ____________________________________________________________ (NRIC: ________________) being a Director of KUB MALAYSIA BERHAD, as required under Section 219 of the Companies Act, 2016 hereby submit the following for inclusion in the Company’s Register of Directors’ share holdings and/or Register of Directors, Managers and Secretaries.

1. SECTION 221 - DISCLOSURE OF INTEREST IN CONTRACTS, PROPERTY, OFFICES, ETC.

(a) Pursuant to Section 221(4) of the Companies Act, 2016, I hereby give general notice that I am an officer and/or member of the corporations/firms listed in the Appendix 1 attached hereto and that I am to be regarded as interested in any contract, which may, after the date of this notice, be made or proposed to be made with any of the corporations or firms.

(b) In accordance with Section 221 (6) of the Companies Act, 2016, I hereby declare that, I hold the office as disclosed above and possess the property set out hereunder whereby whether directly or indirectly duties or interests might be created in conflict with my duties or interests as director and I declare this fact and the nature, character and extent of the conflict in accordance with the provisions of Section 221 (6) to Section 221 (8) of the Companies Act, 2016.

Particulars of Property, (if any)

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
2. **SECTION 57 - REGISTER OF DIRECTORS**

| **Name** | : |
| **NRIC No.** | : |
| **Passport No.** | : |
| **Passport Expiry Date (For Non-Malaysian)** | : |
| **Date of Birth** | : |
| **Place of Birth** | : |
| **Gender** | : |
| **Nationality/Race** | : |
| **Business Occupation** | : |
| **Residential Address** | : |
| **Service Address** | : |
| **Office Address** | : |
| **Date of Appointment** | : |
| **Particular of other Directorships in Public Listed Companies** | : Details as per **Attachment 1** |
| **Particular of other Directorships in Public Companies** | : Details as per **Attachment 1** |

3. **SECTION 58 - DUTY TO NOTIFY OF PARTICULARS AND CHANGES OF DIRECTOR**

Particulars and changes of director relating to item No. 2, shall notify the Registrar within **fourteen (14) days** from the effective date of changes.

**Note:**

*Pursuant to Section 58 (4) of the Companies Act, 2016, the company and every officer who contravene this section commit an offence shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit (RM50,000) and, in the case of a continuing offence, to a further fine not exceeding five hundred ringgit (RM500) for each day during which the offence continues after conviction.*
4. **SECTION 59 - REGISTER OF DIRECTORS’ SHAREHOLDINGS, ETC**

Particulars relating to shares, debentures, participatory interests, rights, options and contracts of the company or a related corporation and any change therein:

Refer to ‘Attachment 2’

**Notes:**
1. ‘Service Address’ as defined in the Companies Act, 2016 means an address, electronic or otherwise, provided to the Company to which any communication may be sent.
2. ‘Interest’ covers shares, debentures and participatory interest as defined in Section 59 of the Companies Act, 2016. If you have any rights or options or have entered into any contract which would entitle you to acquire any shares, debentures of participatory interest, please also indicate in this column.
3. Beneficially owned by you whether registered in your name or not.
4. If you, your associates, or you or your associates hold 15% or more of the voting shares of a corporation which holds shares/debentures in this Company, declare here the shares/debentures held by the corporation in this Company.
5. Section 8 of the Companies Act, 2016 defines ‘Interest in Shares’.

5. **SECTION 198 - PERSONS DISQUALIFIED FROM BEING A DIRECTOR**

<table>
<thead>
<tr>
<th></th>
<th>Yes ()</th>
<th>No (X)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Whether an undischarged bankrupt or there is any bankruptcy petition pending or threatened.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Has been convicted of an offence relating to the promotion, formation or management of a corporation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Has been convicted of an offence involving bribery, fraud or dishonesty.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Has been convicted of an offence under Sections 213, 217, 218, 228 and 539.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Section 213</strong></td>
<td>• Duties and responsibilities in good faith in best interest of the company.</td>
<td></td>
</tr>
<tr>
<td><strong>Section 217</strong></td>
<td>• Responsibility of a nominee director in the event of any conflict between his duty to act in the best interest of the company and duty as nominator.</td>
<td></td>
</tr>
<tr>
<td><strong>Section 218</strong></td>
<td>• Prohibition against improper use of a property, position, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Section 228</strong></td>
<td>• Transaction with directors, substantial shareholders or connected persons.</td>
<td></td>
</tr>
<tr>
<td><strong>Section 539</strong></td>
<td>• Liability where proper accounts not kept.</td>
<td></td>
</tr>
<tr>
<td>• Has been disqualified by the Court under Section 199</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. Details of the Directors’ attending the Training Programme pursuant to Paragraph 15.08 and Practice Note 5 of Listing Requirements :-

Mandatory Accreditation Programme

Date Attended: _____________

Signature : __________________________

Date : __________________________
**Attachment 1**

**LIST OF OTHER DIRECTORSHIPS / MEMBERSHIPS HELD IN PUBLIC AND PRIVATE COMPANIES INCLUDING DISCLOSURE OF INTEREST IN SHARES / DEBENTURES HELD DIRECTLY / INDIRECTLY IN THE COMPANIES**

<table>
<thead>
<tr>
<th>Other Directorships of Public Listed Companies or subsidiaries of Public Listed Companies (<em>Listed On The Bursa Malaysia Securities Berhad)</em></th>
<th>Office Held &amp; Date Appointed</th>
<th>Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Directorships of Public Company</th>
<th>Office Held &amp; Date Appointed</th>
<th>Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Directorships / Partnerships of Private Limited Company / Partnership / Limited Liability Partnership</th>
<th>Office Held &amp; Date Appointed</th>
<th>Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Disclosure / Notice of Director’s Interests in Shares, Debentures, Participatory Interests, Rights, Options and Contracts in the Company or Its Related Companies

**Pursuant to Sections 59 and 219 of the Companies Act, 2016**

## Name of Company:

## Name of Director:

### Particulars of Shares, Stocks, Debentures, Participatory Interests, Rights, Options and Contracts in the Company or Related Companies

<table>
<thead>
<tr>
<th>Name of Register Holder</th>
<th>Description of Interest/right</th>
<th>Number</th>
<th>Amount (RM)</th>
<th>How Held:</th>
<th>Interest/Right Acquired</th>
<th>Interest/Right Ceased</th>
<th>Balance Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
<td>Holder, in trust, Rights to become holder, Through another company</td>
<td>Date of Agreement/Occurrence of Event</td>
<td>Date of Agreement/Occurrence of Event</td>
<td></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Dated this**

__________________________
Signature of Director
BOARD NOMINATION COMMITTEE - POLICY AND PROCEDURES

New Directors

The Board Nomination Committee (‘BNC’) has adopted a process for identifying suitable candidates for appointment to the Board, having regard to the skills required and the skills represented, through variety of approaches and sources.

The BNC will review the credentials and recommend to the Board the candidate it considers suitable for appointment.

The BNC should explain its rationale if the selection of candidates was based on recommendations by the existing Directors, Management or substantial shareholders.

The Company Secretary is to assist the BNC in the selection process.

Assessment of Board Composition

The BNC will review the size, structure and composition of the Board periodically in order to ensure its appropriateness.

The BNC will undertake an annual evaluation to determine the effectiveness of the Board, the Board Committees and each Director.

Assessment of Board Performance

The BNC should decide how to evaluate the Board performance and propose objective performance criteria which allows for comparison with peers. These criteria should be re-evaluated when necessary with proper justification.

Assessment of Independence of Directors

An Independent Director is defined by a subjective test of being independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. A minimum criteria list for independence is prescribed in Paragraph 1.01 and Practice Note 13 of the MMLR.

The Independent Director will carry out the Independent Directors’ Self-Assessment annually.

The assessment methodologies for all assessment and their outcome shall be disclosed by the BNC to the Board.

Re-Election of Retiring Non-Executive Directors

The Board Nomination Committee will notify the Board of the names of the Non-Executive Directors who are retiring in accordance with the Constitution of the Company and make appropriate recommendation to the Board.
The Board will also undertake Annual Board Evaluation during this period.

**THE APPOINTMENT OF NEW DIRECTORS - POLICY AND PROCEDURES**

**POLICY**

The appointment of new Director be made with the approval of the Board.

The Board has delegated its authority to the Board Nomination Committee (‘BNC’) to identify, short list and recommend the appointment of new Director.

In identifying, selecting and appointing new Director, the BNC and the Board will assess the following criteria:

- The needs of the Board to maximise the likelihood that there is a range of skills, experience and perspectives represented, including an understanding of:
  - the industry in which the Company operates;
  - the regulatory environment in which the Company operates (i.e. MMLR);
  - the markets in which the Company operates; and
  - the communities impacted by the Company’s operations.

- The capability to bring new skills, experience and perspective and to enhance the culture within the existing Board and the Company.

The BNC will evaluate the factors required in the appointment of new Director including but not limited to the following:

- The time commitment required by a director to discharge effectively his/her duties to the Company;
- The nature of existing positions, directorships or other material relationships and the impact that each may have on the potential appointee’s ability to exercise independent judgment;
- The extent to which the potential appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board;
- The strategic and operational advantages of broadening the membership of the Board in terms of diversity of experience, skills, values, perspectives and backgrounds; and
- The extent to which the potential appointee meets the independence criteria outlined in the MMLR and MCCG.
PROCEDURES

The Curriculum Vitae or information of potential candidates are to be sought from the existing Directors, Management or substantial shareholders. The BNC may obtain information on candidates from directors' registries maintained by various agencies such as the Minority Shareholder Watch Group.

The BNC will evaluate the candidates using the criteria and factors set out above with the assistance of the Company Secretary.

One (1) or more of the BNC’s member(s) appointed by the BNC’s Chairman will meet the shortlisted candidates for initial evaluation to advise BNC on the suitability of the candidates.

The BNC may make any other enquiries regarding the shortlisted candidates.

The BNC will make its final recommendation to the Board for decision.

If approved, the Board will authorise the Company Secretary to formally invite the candidate(s) to join the Board. The newly appointed Director will attend an induction programme.
# EXTERNAL AUDITORS PERFORMANCE AND INDEPENDENCE CHECKLIST

## SECTION A: CALIBRE OF EXTERNAL AUDIT FIRM

1. Are there recent or current litigation cases against the firm?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:

2. Does the external audit firm have the size, resources and geographical coverage required to audit the company?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:

## SECTION B: QUALITY PROCESSES/PERFORMANCE

3. How are the quality control processes maintained in the external audit firm? Factors to be considered include the level and nature of review procedures, the approach to audit judgments and issues, independent quality control reviews and the external audit firm’s approach to risk.

| 4 | 3 | 2 | 1 |

Comment:

4. How have key risks, including fraud risk and financial misstatement risk, been discussed and factored into the audit plan?

| 4 | 3 | 2 | 1 |

Comment:

5. How is the external audit firm’s process for internal review of accounting judgements, including an understanding of the key issues?

| 4 | 3 | 2 | 1 |

Comment:
6. How are relevant specialists/experts being employed by the external audit firm and how are these linked to the audit process?

<table>
<thead>
<tr>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
</table>

Comment:

7. How multiple-location audits and/or overseas audits are controlled and is their audit effectiveness regarded as consistent internationally?

<table>
<thead>
<tr>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
</table>

Comment:

8. Are the reporting processes for subsidiary audit teams effective?

Yes [ ] No [ ]

Comment:

9. How is the external audit firm’s approach to seeking and assessing management representations?

<table>
<thead>
<tr>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
</table>

Comment:

10. In cases where there are any differences in views between management and the external auditors, does the external auditors communicate their views clearly and accurately from an accounting perspective and how does management’s view differ from it?

Yes [ ] No [ ]

Comment:

11. Does the audit committee agree with the bases and extent of reliance external auditors place on management and internal audit testing, if any? (Comment as ‘Not Applicable’ if none)

Yes [ ] No [ ]

Comment:
12. Comment on the external auditors’ working relationship with internal audit.

Comment:

13. Did the auditors meet the performance targets, i.e. audit scope, audit plan, timing, etc.

Yes ☐ No ☐

Comment:

14. Does the external audit function include detection and investigation of fraud? If it does not, please comment on its role in relation to investigation of fraud?

Yes ☐ No ☐

Comment:

SECTION C: AUDIT TEAM

15. Rate whether the audit engagement partner and individuals assigned to the external audit team. Do they have the requisite skills and expertise, including industry knowledge, to effectively audit this company and meet its needs and requirements?

4 ☐  3 ☐  2 ☐  1 ☐

Comment:

16. Is the lead engagement partner able to provide a clear and understandable explanation on auditing and accounting issues faced by the company?

Yes ☐ No ☐

Comment:

17. Is the audit engagement partner’s/ other senior personnel’s involvement in the audit process sufficient?

4 ☐  3 ☐  2 ☐  1 ☐

Comment:
SECTION D: INDEPENDENCE AND OBJECTIVITY

18. Does the external audit firm communicate to the company any matter which might reasonably be perceived to affect the independence of the firm and/or of individuals assigned to the external audit team?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:

19. Does the external audit firm have adequate key member succession plans in place, which meet the relevant audit partner rotation requirements and facilitate the maintenance of objectivity?

| 4 | 3 | 2 | 1 |

Comment:

20. Is the audit committee of the opinion that the external audit function is independent and objective in fact and appearance?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:

21. Prior to approval by the audit committee on non-audit services to be rendered by the external audit firm, does the lead engagement partner explain and discuss safeguards in place to protect against impairment to independence and objectivity of the external audit firm?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:

22. Do the external auditors communicate to the audit committee about new and applicable accounting practices and auditing standards and their impact on the company’s financial statement?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Comment:
SECTION E: AUDIT SCOPE AND PLANNING

23. Does the external audit firm, with the audit engagement partner present, discuss and agree on audit scope and plan with the audit committee?

Yes [ ] No [ ]

Comment:

24. Is the external audit scope and plan adequate to address company/industry-specific areas of accounting risks, audit risks and financial reporting risks facing the company?

4 [ ] 3 [ ] 2 [ ] 1 [ ]

Comment:

25. In planning the audit, how is geographical coverage, allocated resources, level of audit testing and nature of the audit reports issued at each location?

4 [ ] 3 [ ] 2 [ ] 1 [ ]

Comment:

26. Is specialist input to the audit in areas such as taxation, pensions and regulation at an appropriate level?

4 [ ] 3 [ ] 2 [ ] 1 [ ]

Comment:

27. Are all key operations covered by the external audit?

4 [ ] 3 [ ] 2 [ ] 1 [ ]

Comment:

28. Did the auditors maintain or update the audit plan to respond to changing risks and circumstances, in a manner agreeable and determined appropriate by the audit committee?

Yes [ ] No [ ]

Comment:
SECTION F: AUDIT FEES

29. How does the audit fee compare with other similarly sized companies in this industry (a fee that is either too high or too low can be of concern)?

   4 □  3 □  2 □  1 □

Comment:

30. Rate how the differences between actual and estimated fees are handled?

   4 □  3 □  2 □  1 □

Comment:

31. Is an assessment conducted on the amounts and relationship of audit and non-audit fees and services?

   Yes □  No □

Comment:

32. Does the audit committee consider the fee for the external audit practical and sufficient for the scope, size, complexity and risks of the company?

   Yes □  No □

Comment:
SECTION G: AUDIT COMMUNICATIONS

33. Does the external audit firm meet freely, regularly, and on a confidential basis with the audit committee, including being able to communicate to the audit committee if not provided with sufficient cooperation during the audit?

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Comment:

34. Does the external audit engagement partner maintain professional and open dialogues with the audit committee and communicate findings and discussions in a frank and complete manner (including matters on management’s reporting process, internal control over financial reporting, etc.)?

Yes [ ] No [ ]

Comment:

35. Does the external audit firm advise the audit committee about significant issues and new developments regarding risk management, corporate governance, financial accounting and related risks and controls on a timely basis?

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Comment:

36. Do the external auditors discuss the critical accounting policies and whether the accounting treatment is conservative or aggressive?

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Comment:

37. Does the external audit firm discuss with the audit committee the quality of the company’s financial reporting, including the reasonableness of accounting estimates and judgments?

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Comment:
38. Does the external audit firm resolve accounting issues in a timely manner?

<table>
<thead>
<tr>
<th></th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

39. Does the external audit firm seek feedback on the quality and effectiveness of the services they are providing?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Evaluation carried out by: ____________________________
Checked and compiled by: ____________________________

Name: ____________________________
Designation: ____________________________

Name: ____________________________
Designation: ____________________________