



KUB MALAYSIA BERHAD (6022-D)
BOARD CHARTER

GROUP SECRETARIAL DIVISION

(28 JUNE 2016)



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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, 1965;
‘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;
‘Higgs Report’	Higgs Report, 2003;
‘Independent Director’	A director as defined in Chapter 1 of the Bursa Malaysia Securities Berhad (‘Bursa Malaysia’) Main Market Listing Requirements;
‘KUB Malaysia Berhad’ or ‘Company’	KUB Malaysia Berhad (6022-D);
‘KUBMaG’	KUB Group Management Guidelines;
‘KUB Group’	KUB Malaysia Berhad and its subsidiaries and associated companies;
‘MMLR’	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
‘Member’	A member of the Committee as appointed pursuant to this Terms of Reference;
‘MCCG’	Malaysian Code on Corporate Governance;
‘Senior Management’	Senior Management 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;
‘Terms of Reference’	The terms of reference of the Committee;

1. INTRODUCTION

The Directors of KUB Malaysia Berhad ('KUBM' or 'the Company') regards Corporate Governance as vitally important to the success of KUBM'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 2012
Rec. No. 1.0*

- 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 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met. *MCCG 2007 Part 1 A1*
- 3.1.2 The Board understands the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles, best practices and recommendations stated in the MCCG 2012. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and recommendations stated under each principle in the Corporate Governance Statement pursuant to Paragraph 15.25 of the MMLR. *MMLR Para 15.25 Cross Ref:PN9*
- 3.1.3 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*
- 3.1.4 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility/responsibilities. *MCCG 2007 Part 2 AA XIV*
- 3.1.5 Duties of the Board including establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management. The Board to ensure measures are in place to assess Management's performance. *MCCG 2012 Rec. No. 1.2*

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| 3.1.6 | <p>The Board assumes the following specific duties :</p> <ul style="list-style-type: none"> a) Establishing and reviewing the strategic direction of the Company; b) Overseeing and evaluating the conduct of the Company's businesses; c) Identifying principal risks and ensure that the risks are properly managed; d) Establishing a succession plan; e) Developing and implementing an investors relations programme or shareholders communication policy; and f) Reviewing the adequacy of the internal control policy. | <p><i>MCCG 2012
Rec. No. 1.1
and 1.2</i></p> |
| 3.1.7 | <p>The Board has established procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.</p> <p>The Board acknowledges KUBMaG as the Management's authority framework.</p> <p>The Board continuously review the KUBMaG to suit the Company's current business operations as well as incorporating the current statutory requirements.</p> | <p><i>MCCG 2012
Rec. No. 1.1</i></p> |
| 3.1.8 | <p>The Board reserves full decision-making powers including but not limited to :</p> <ul style="list-style-type: none"> a) Conflict of interest issues relating to a substantial shareholder of a Director; b) Material acquisitions and disposition of assets not in the ordinary course of business; c) Investments in capital projects; d) Authority levels; e) Treasury policies; f) Risk management policies; and g) Key human resource issues. | <p><i>MCCG 2012
Rec. No. 1.1</i></p> |

<i>Clause</i>		<i>Reference</i>
3.1.9	<p>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.</p> <p>The Policy and Procedure for Directors to seek independent professional advice as they consider necessary is attached herein as <u>Appendix 1</u>.</p>	<p>MCCG 2012 Rec. No. 1.5</p> <p>MMLR Para 15.04</p>
3.1.10	<p>The Board undertakes regular review of division of responsibilities of Board and Management.</p>	<p>MCCG 2012 Rec. No. 1.1</p>
3.1.11	<p>The Board will agree with the President/Group Managing Director ('President/GMD') on KUBM's corporate objectives, performance targets and long-term goals of the business, to be met by the President/GMD.</p> <p>Definition of Group Managing Director in relation to a corporation, means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he/she is a director.</p>	<p>MCCG 2012 Rec. No. 1.1</p>
3.1.12	<p>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.</p>	<p>MCCG 2012 Rec. No. 1.3</p>
3.2	Composition and Board Balance	
3.2.1	<p>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.</p>	<p>MCCG 2007 Part 2 AA XII</p>
3.2.2	<p>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.</p> <p>In the event of any vacancy in the Board of Directors, resulting in non-compliance with subparagraph (3.2.2) above, the Company must fill the vacancy within three (3) months.</p>	<p>MMLR Para 15.02</p> <p>MCCG 2012 Rec. No. 3.5</p> <p>MMLR Para 15.02 (3)</p>

<i>Clause</i>		<i>Reference</i>
3.2.3	Profiles of Board members 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>
3.2.4	The Director is to disclose any changes pursuant to Sections 131, 134, 135 and 141 of the Act to the Company Secretary.	
3.2.5	Identifying individuals of suitable quality and background is essential for a high performing Board.	<i>Higgs Report Para 10.2</i>
	The nominations and appointments process is crucial to strong corporate performance as well as effective accountability.	<i>MCCG 2012 Rec. No. 2.2</i>
3.2.6	The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.	
3.2.7	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.	
3.2.8	The views of the Independent Directors should carry significant weight in the Board's decision-making process.	
3.2.9	The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.	<i>MCCG 2007 Part 2 AA VII Higgs Report Para 7.5</i>
3.2.10	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.	<i>MCCG 2007 Part 2 AA XIV</i>
3.2.11	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.	<i>MCCG 2012 Rec. No. 2.2</i>

- 3.2.12 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.

3.3 Appointments

- 3.3.1 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 2**.
- 3.3.2 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.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.3.4 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.
- 3.3.5 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.

*MCCG 2012
Rec. No. 2.1*

*MCCG 2012
Rec. No. 1.6*

*Higgs Report
Para
11.6 – 11.18*

<i>Clause</i>	<i>Reference</i>
<p>3.3.6 In addition to the Mandatory Accredited Programme ('MAP') as required by the MMLR, Board members 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.</p>	<p><i>MMLR Para 15.08 1-3 Higgs Report Para 11.6 – 11.18 MCCG 2012 Rec. No. 4.2</i></p>
<p>3.3.7 The directorships held by any Board member 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.</p>	<p><i>MMLR Para 15.06</i></p>
3.4 Election	
<p>3.4.1 An election of directors shall take place each year.</p>	<p><i>MMLR Para 7.26</i></p>
<p>3.4.2 All directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.</p>	
3.5 Supply of Information	
<p>3.5.1 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.</p>	<p><i>MCCG 2012 Rec. No. 1.5</i></p>
<p>3.5.2 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.</p>	<p><i>Higgs Report Para 11.26</i></p>
<p>3.5.3 A full agenda and comprehensive Board papers are circulated to all Directors before the Board meeting.</p> <p>The Management shall prepare and submit the Board papers to the Company Secretary at least three (3) working days before the Board Meeting.</p>	<p><i>MCCG 2012 Rec. No. 1.7</i></p>
<p>3.5.4 Amongst others, the Board papers include the following :</p> <p>a) Minutes of meetings of all Committees of the Board;</p>	<p><i>MCCG 2012 Rec. No. 1.7</i></p>

- b) Quarterly financial report and report on the Company's cash and borrowing positions;
- c) A current review of the operations of the Company; and
- d) Reports on Related Party Transactions and Recurrent Related Party Transactions.

3.5.6 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

The Company aims to ensure a balance of power and authority between the Chairman and President/GMD 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/GMD are separated and clearly defined.

*Higgs Report
Para 5.3*

*MCCG 2012
Rec. No. 3.4*

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, get the best out of all of its members.

The Chairman should, 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 all aspects of its role.
The Chairman is responsible for :

*Higgs Report
Para 5.2*

- a) Leading the Board in setting the values and standards of the Company;
- b) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) Ensuring the provision of accurate, timely and clear information to Directors;
- d) Ensuring effective communication with shareholders and relevant stakeholders;

- e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- f) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
- 4.1.2 The Chairman in consultation with the President/GMD and the Company Secretary sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. *MCCG 2012 Rec. No. 1.7*
- 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. *Higgs Report Para 5.12*
 - The issues discussed are forward looking and concentrates on strategy. *Higgs Report Para 5.11*
- 4.1.4 The Chairman ensures that every Board resolution is out to vote to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Executive Directors look beyond their executive functions and accept their 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 by whatever name called**
- 4.2.1 The President/Group Managing Director ('President/GMD') is the conduit between the Board and the Management in ensuring the success of the Company's governance and Management functions.
- 4.2.2 The President/GMD acts as leader to other Executive Director(s) and has the executive responsibility for the day-to-day operation of the Company's business.

4.2.3 The President/GMD implements the policies, strategies and decisions adopted by the Board.

MCCG 2012
Rec. No. 1.1

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

MCCG 2012
Rec. No. 1.1

5. BOARD COMMITTEES

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

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

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

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 meeting.

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

Higgs Report
Para 13.1

5.1 Audit Committee

5.1.1 The Audit Committee comprises at least three (3) members, a majority of whom are Independent Directors.

MMLR
Para 15.09

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

MMLR
Para 15.09

5.1.3 The Chairman of the Audit Committee shall be an Independent Director who shall be appointed by the Board.

MMLR
Para 15.10

5.1.4 The functions of the Audit Committee are to review the following and report the same to the Board :

MMLR
Para 15.12

MCCG 2012
Rec. No. 1.7

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| a) | With the external Auditors, the audit plan; | <i>MCCG 2012
Rec. No. 5.2</i> |
| 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. | |
| g) | The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on : | <i>MCCG 2012
Rec. No. 5.1</i> |
| | i. Changes in or implementation of major accounting policy; | |
| | ii. Significant and unusual events; and | |
| | iii. Compliance with accounting standards and other 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 | |
| j) | Whether there is reason (supported by grounds) to believe that the Company's external Auditors is not suitable for re-appointment. | <i>MMLR
Para 15.12

MCCG 2012
Rec. No. 5.2</i> |

<i>Clause</i>	<i>Reference</i>
5.1.5 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.	<i>MMLR Para 15.12</i>
The Audit Committee is to obtain written assurance from the external Auditors confirming their independence throughout the conduct with relevant professional and regulatory requirements.	<i>MCCG 2012 Rec. No. 5.2</i>
The external auditor performance and independence checklist is attached herein as <u>Appendix 3</u> .	
5.1.6 The President/GMD, other Directors, Top/Senior Management and employees may attend the meetings only at the invitation of the Audit Committee.	<i>MMLR Para 15.13</i>
5.1.7 The Board will review the performance of the Audit Committee annually.	<i>MMLR Para 15.20</i>
5.2 Nomination and Remuneration Committee	
The Board has approved the merger of the Nomination Committee and Remuneration Committee.	
5.2.1 The Nomination and Remuneration Committee ('Committee') comprises exclusively a majority of, Independent and Non-Executive Directors.	<i>MCCG 2012 Rec. No. 2.1 Rec. No. 2.3</i>
5.2.2 Roles and Responsibilities – Nomination Matters	
On the Nomination matters, the Committee is charged with the responsibility of overseeing the selections and assessments of Directors and Top/Senior Management.	<i>MCCG 2012 Rec. No. 2.1</i>
a) Responsible in identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.	<i>MCCG 2012 Rec. No. 2.2</i>
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 time required from a Non-Executive Director.	

- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) Develop criteria and oversee annual assessment of Directors with the appropriate criteria.
- i) Develop criteria to assess independence of Directors. Such assessment will then be conducted by the Board.
- j) Facilitate Board induction and training for newly appointed Directors.
- k) Review training programmes for the Board (in areas for which the Directors may be lacking).
- l) Facilitate achievement of board gender diversity policies and targets.

*MCCG 2012
Rec. No. 1.3*

5.2.3 **Roles and Responsibilities – Remuneration Matters**

*MCCG 2012
Rec. No. 2.3*

On the Remuneration matters, the Committee is responsible to draw up a procedure to determine fair remuneration to attract and retain Directors and Top/Senior Management.

- a) 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 benefit-in-kind.
- b) Review and recommend remuneration arrangements for the Executive Directors including but not limited to contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- c) Recommending/Approving the appointment of remuneration consultants.
- d) Review and recommend the annual remuneration report.
- e) Review and recommend remuneration arrangements for Top/Senior Management including contract terms annual remuneration and participation in the Company's short and long term incentive plans.
- f) Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for Top/Senior Management.
- g) Review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.
- h) Review the Top/Senior Management performance assessment processes and results as they reflect the capability of Management to realise the business strategy.
- i) Review and approve short term incentive strategy, performance targets and bonus payments.
- j) Review and recommend to the Board the remuneration report prepared for disclosure in the annual report.
- k) Review and facilitate shareholders and other stakeholders' engagements in relation to the Company's remuneration policies and practices.

6. FINANCIAL REPORTING

The Board ensure the financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965.

6.1 Transparency

- 6.1.1 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*
- 6.1.2 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 169(15)*
- 6.1.3 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*
- 6.1.4 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 174*

6.2 Company Auditors

- 6.2.1 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*
- 6.2.2 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. *MCCG 2012 Rec. No. 5.2*
- 6.2.3 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 172(1)*

6.3 Internal Controls and Risk Management

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| 6.3.1 | 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. | <i>MCCG 2012
Rec. No. 6.1
& 6.2</i> |
| 6.3.2 | The Board ensures the system of internal controls is reviewed on a regular basis. | <i>MCCG 2012
Rec. No. 6.1</i> |
| 6.3.3 | The Audit Committee receives reports regarding the outcome of such reviews on a regular basis. | <i>Higgs Report
D 2</i> |

7. GENERAL MEETINGS

7.1 Annual General Meeting ('AGM')

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| 7.1.1 | The Company regards the AGM as an important event in the corporate calendar of which all Directors and Top/Senior Management should attend. | |
| 7.1.2 | 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. | <i>MCCG 2012
Rec. No. 8.1</i> |
| 7.1.3 | The Chairman encourages active participation by the shareholders during the AGM. | <i>MCCG 2012
Rec. No. 8.3</i> |
| 7.1.4 | The Board encourages putting substantive resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution. | <i>MCCG 2012
Rec. No. 8.2</i> |

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.

7.1.5 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 2012
Rec. No. 8.3*

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

7.2 Extraordinary General Meeting ('EGM')

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

8. INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

8.1 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.

8.2 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.

8.3 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.

8.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman and/or President/GMD 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*

8.5 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*

9. 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.

9.1 Employees

- 9.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 9.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following :
- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
 - b) Industrial relations with the objective of managing employees' welfare and wellbeing in the workplace.

9.2 Environment

- 9.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 9.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 9.2.3 The Company supports initiatives on environmental issues.

*MCCG 2012
Rec. No. 1.4*

9.3 Social Responsibility

- 9.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 9.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 9.3.3 The Company supports charitable causes and initiatives on community development projects.

10. COMPANY SECRETARY

- | | | |
|------|---|------------------------------------|
| 10.1 | The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. | <i>MCCG 2012
Rec. No. 1.6</i> |
| 10.2 | The Company Secretary is accountable to the Board through the Chairman of the Board and Committee on all governance matters. | |
| 10.3 | The Company Secretary is the central source of information and advice to the Board and its Committee on issues relating to compliance with laws, rules, procedures and regulations affecting the Company. | <i>Higgs Report
Para 11.30</i> |
| 10.4 | The Company Secretary should 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 | |
| 10.5 | The Company Secretary must keep abreast of, and inform, the Board of current governance practices. | <i>Higgs Report
Para 11.31</i> |
| 10.6 | The Board members have unlimited access to the professional advice and services of the Company Secretary. | <i>MCCG 2012
Rec. No. 1.6</i> |
| 10.7 | The Company Secretary also acts as a whistle-blower to the Company. | |

11. APPLICATION

11.1 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 2012
Rec. No. 1.7*

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

11.3 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 (6/2016) dated 28 June 2016 Revision recommended by: BNRC (4/2016) dated 21 June 2016
