



## BOARD CHARTER

The Board Charter sets out the composition, term of office, authority, responsibilities, and proceedings of the Board of Kim Loong Resources Berhad.

### Objectives/Principles

To actively oversee the conduct and direct the management of the business and affairs of **Kim Loong Resources Berhad** towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value and safeguarding the interests of stakeholders.

### BOARD COMPOSITION

**Kim Loong Resources Berhad's** Board comprises Executive Directors and Independent Non-Executive Directors, to achieve the desired level of objectivity and independence in the Board's deliberation and decision-making.

The Articles of Association of the Company stipulates that the number of Directors shall be not less than two (2) and not more than twelve (12) with at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors in line with paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The composition of the Board needs to demonstrate the range of experiences necessary for applying informed and independent judgment on issues of strategy, performance, resource utilization and standards of conduct, all of which are vital to the Company.

The Chairman is appointed from amongst the Directors as approved by the Board.

The present Directors of **Kim Loong Resources Berhad** provide relevant experiences and expertise drawn from various field such as engineering, management, corporate finance, accounting, oil palm cultivation and palm oil milling and trading services. The composition of the Board with their wide experiences and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group and facilitates the making of informed and critical decisions in ensuring **Kim Loong Resources Berhad** achieves the highest level of corporate governance.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

### Appointment and re-election of Director

A formal and transparent procedure exists vis-a-vis the appointment of new Director to the Board, the primary responsibility of which has been delegated to the Nominating Committee. In making recommendation to the Board, the Nominating Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director brings to the Board.

The Board members have no fixed term of appointment. Nevertheless, Article 77 of the Company's Articles of Association states that at each Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office. A Director retiring at general meeting shall hold office until the conclusion of that meeting.

A newly appointed Director will only hold office until the next Annual General Meeting at which they will retire and become available for re-election.

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

All Directors shall notify and discuss with the Chairman prior to acceptance of any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

### **Independent Director**

The Board is structured to ensure that it consists of at least three (3) directors or one-third (1/3) of its Board (whichever is higher) are independent directors with expertise and skills from various fields. The definition of Independent Director follows that of the Listing Requirements, Paragraph 1.01 and Practice Note 13.

A Director is considered to be independent if he or she satisfies the standards adopted by the Board from time to time to assist it in its regular 'independence' determination. Generally, Directors are considered independent where they are independent of management and free from any business or other relationships that could materially interfere (or perceived to interfere) with their judgment and fetter their decisions in discharging their duties.

The independence of Independent Directors are assessed annually by taking into consideration disclosure of interests as well as having regard to the criteria for assessing the independence of Directors in the annual Board Assessment.

The Board, through the Nominating Committee, regularly reviews the independence of each Independent Non-executive Director from available information relevant to such an assessment as disclosed by him or her to the Board.

### **Senior Independent Director**

A Senior Independent Director is appointed among the Independent Directors, to whom concerns of fellow members as well as the shareholders and stakeholders may be conveyed.

### **Vacation of office by Director**

In addition to the Company's Memorandum and Articles of Association on the eligibility, retirement, and re-election of Directors, the Company also complies with the relevant regulations and the laws on such matters

Article 88 of the Company's Articles of Association and Paragraph 15.05 of the Listing Requirements provide the circumstances of which an office of a Director shall become vacant.

### **Directorship on other listed issuers**

A director of the Company must not hold more than 5 simultaneous directorships in listed issuers as defined in the Bursa Malaysia Listing Requirements.

## **DUTIES AND RESPONSIBILITIES OF THE BOARD**

The Board retains full and effective control over the affairs of the Company and the Group. This includes the responsibility for determining the Company's and the Group's development and overall strategic directions which are as follows: -

### 1. Principal duties and responsibilities of the Board

- (a) Strategic Planning
  - (i) Ensure that corporate goals and strategies are well articulated by Senior Management of the Group.
  - (ii) Review and adopt such strategic and business plans of the Group.
  - (iii) Provide the requisite broad business direction to steer the growth and performance of the Group to enhance the shareholders' value.
- (b) Conduct of business
  - (i) Oversee the conduct of the Group's business.
  - (ii) Evaluate whether the businesses are properly managed.
  - (iii) Make appropriate decisions to improve as well as safeguard the financial interests and position of the Group.
- (c) Risk Management
  - (i) Identify principal risks associated with the Group's businesses.
  - (ii) Establish a risk management framework.
  - (iii) Ensure all relevant and appropriate systems and measures are taken to manage, address and mitigate these risks in a timely manner.
- (d) Investors' Relation/Shareholders' Communication Policy and Sustainability Policy
  - (i) Develop and implement an investor relations programme or shareholders' communication policy of the Group.
  - (ii) Develop Sustainability Policy and Framework of the Group on open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. The Framework is designed to deliver sustainable value to society at large.
- (e) Succession Planning
  - (i) Ensure succession planning is in place for key management positions for business continuity purposes, including hiring, identifying development needs, determining remuneration packages and where appropriate, replacing the key management personnel.
  - (ii) Assess, via the Nominating Committee, the performance of the Managing Director/Executive Director for his/her contribution towards achieving the Group's corporate strategies and objectives.
- (f) Internal Control Systems, MIS & Systems for Compliance with Regulations.
  - (i) Review the adequacy and the integrity of the Group's internal control systems and management information systems.
  - (ii) Ensure that systems are in compliance with applicable laws, regulations, rules, directives and guidelines covering controls in financial, operational, compliance and risk management areas.
  - (iii) Ensure that there is a satisfactory framework for reporting on internal controls and regulatory compliance to safeguard shareholders' investments and the Group's assets.

(g) Authority of Board Committees

Where the Board appoints committees, it should list down the authority of the committee and in particular, whether the committee has the authority to act on behalf of the Board or only to the extent of examining a particular issue and presenting the Board with recommendations.

(h) Other Board Approvals

Attend to and approve on-going business and corporate matters requiring Board approvals including recommendation from Board Committees.

2. Other duties and responsibilities of the Board

(a) Planning

- (i) Establish matters specifically reserved to the Board for decision making to ensure the direction and control of the Group is firmly in its hands.
- (ii) Establish major policies for strengthening the performance of the Group including financial, human capital management, operational excellence and risk management.

(b) Controls & Compliance

- (i) Identify the Board's information needs, seek both qualitative and quantitative information on performance factors and ensure its timely supply.
- (ii) Approve annual operating and capital budgets including the conduct of reviews and performance against plans.
- (iii) Ensure establishment of written policies and procedures on major areas including amongst others, the Limits of Authority.
- (iv) Ensure appropriate measures are in place for the Group to meet its debts and other obligations when they fall due and respond to any disputes or litigation brought upon it by any party.
- (v) Ensure that the Group's financial statements are true and fair and otherwise comply with all applicable laws, bye-laws and government regulations applicable to the Group's businesses or its conduct.
- (vi) Ensure that the Internal Audit function is performed as per the rules stipulated by the regulatory body(ies) and within its Terms of Reference.

(c) Board Continuity

- (i) Seek continuity and strengthening of the Board through identifying and attracting additional and/or replacement of Directors. The Nominating Committee will be tasked with proposing new nominees to the Board. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations from the Nominating Committee.
- (ii) Ensure that at every annual general meeting, one-third (1/3) of the Directors shall retire from office. A retiring Director shall be eligible for re-election. Also, ensure that every Director shall be subject to retirement at least once in every three (3) years. A retiring Director shall retain office until the conclusion of the meeting or adjourned meeting at which he is due to retire.

(d) Financial Structure

- (i) Ensure that there is a specific financial programme designed to properly support the Group's long term plan for growth by periodically reviewing the long term financial plan.
- (ii) Approve financial transactions in relation to Investment & Divestitures, Capital & Fund Management and Operating & Capital Expenditure within the limits set by the Board.

(e) Management

- (i) Advise the Senior Management of the Group.
- (ii) Monitor Management's success in implementing the Group's strategies.
- (iii) Delegate management responsibility by appointing and authorizing the necessary signatories to transact for and on behalf of the Group in the normal course of carrying out the Group's business operations.

(f) Others

- (i) Establish formal and transparent arrangements for maintaining an appropriate relationship with the Group's Auditors.
- (ii) Ensure that the Group adheres to high standards of ethics and corporate behaviour.
- (iii) Identify if thought appropriate, a senior Independent Non- Executive Directors of the Board to whom concerns may be conveyed.

The conduct of the Board members shall be consistent with their duties and responsibilities to the Company and the shareholders.

The Directors shall always act within the limitations imposed by the Board on its activities. The Directors' responsibilities and limitations are primarily set out in the Company's Articles of Association, the Companies Act, 2016, the Main Market Listing Requirements, Capital Markets and Services Act 2007, the Malaysian Code of Corporate Governance 2016 issued by Securities Commission, the Board's and/or shareholders' resolutions or any other relevant Acts/Legislations.

## **AUTHORITY & MATTERS RESERVED FOR THE BOARD**

The Board derives its authority to act from the Memorandum and Articles of Association and the relevant law and regulations governing companies in Malaysia.

### **Conduct of the Board**

- a) Appointment and recommendation for removal of directors.
- b) Appointment and removal of Company Secretaries.
- c) Appointment of Board committees and members.
- d) Approval of terms of reference of board committees and amendments to such terms.
- e) Appointment of senior executive positions, including that of the Chief Executive and Executive Directors of the Company and their duties and the continuation (or not) of their service.

### **Remuneration**

- a) Approval/recommendation of the directors' fee/remuneration arrangements for Non-executive Directors.
- b) Approval of the remuneration structure, package and policy for Executive Chairman, Managing Director and Executive Directors.
- c) Approval of any proposed employees' share option scheme and / or amendments to the scheme, subject to other approvals that may be required by law or regulations.

### **Operational**

- a) Approval of business strategy and group operational plan and annual budget.
- b) Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions.
- c) Approval of capital expenditure above the prescribed amount as may be determined from time to time.
- d) Approval of bad debts write-off in excess of the prescribed amount as may be determined from time to time.
- e) Approval of investment or divestment in a company / business / property / undertaking;
- f) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
- g) Approval of changes in the major activities of the Company or Group.
- h) Approval of treasury policies and bank mandate.
- i) Approval of the Limits of Authority for the Company.

### **Financial**

- a) Approval of interim and annual financial statements.
- b) Approval for the release of financial announcements.
- c) Approval of the Annual Directors' Report and Statutory Accounts.
- d) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
- e) Adoption of accounting policies.

- f) Review the effectiveness of the Group's system of internal control. This function is delegated to the Audit Committee which will in turn report to the Board on its findings.

#### **Other Matters**

- a) The granting of powers of attorney by the Company.
- b) The entering into of any indemnities or guarantees.
- c) Recommendations for the alteration of the Memorandum and Articles of Association of the Company.
- d) Alteration of the accounting reference date, registered office and name of the Company.
- e) Purchase of own shares by the Company.
- f) Issue of any debt instruments.
- g) Scheme of reconstruction or restructuring.
- h) Any other significant business decision.
- i) Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
- j) Any other matters as may be required by the laws or the governing authorities.
- k) Any other matters requiring the Board's approval under the Limits of Authority of the Company.

<b>TERMS OF OFFICE</b>
------------------------

#### **KEY RESPONSIBILITIES OF THE BOARD**

The main responsibilities / functions of the Board include:

- a. Reviewing corporate performance and implementation of strategy and business plans;
- b. Providing inputs and steer in the development of corporate strategy and performance targets;
- c. Approving operating budgets and major capital expenditures, exceeding the authority levels delegated to management;
- d. Reviewing management processes including risk management and internal controls framework with the guidance of the Audit Committee;
- e. Selecting, appointing and evaluating from time to time the performance of the Directors and the Board as a whole under the guidance of the Nominating Committee;
- f. Reviewing and approving the remuneration of all Directors under the guidance of the Remuneration Committee; and
- g. Monitoring and reviewing policies and processes relating to safety, compliance with relevant laws and the practice of high ethical standards.

#### **INDIVIDUAL DIRECTORS**

The role of directors includes:

- a. Contributing to Board activities to the best of their abilities and with the level of skill and care expected;
- b. Discharging their duties in good faith and honestly in the best interests of the Company;
- c. Using the powers of office for proper purpose, in the best interests of the Company as a whole;
- d. Acting in a timely manner but with the required care and diligence, demonstrating commercial reasonableness in their decisions;
- e. Avoiding conflicts of interest, not allowing personal interests, or the interests of any associated person or company, to conflict with the interests of the Company;
- f. Not making improper use of information gained through their position of director;
- g. Making reasonable enquiries to ensure that the Company is operating effectively, efficiently and legally toward achieving its objectives;
- h. Undertaking diligent analysis of all proposals placed before the Board;
- i. Serving on Board committees as required;
- j. Participating in the appointment of new directors and directors performance evaluation; and
- k. Acting in accordance with the duties and obligations imposed on them and the Board by the constitution and the law.

## **EXECUTIVE CHAIRMAN**

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Managing Director (MD) / Chief Executive Officer (“CEO”). The Chairman acts as the Communicator for Board decisions where appropriate.

The separation of the role of the Chairman from that of the MD facilitates appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.

The Chairman of the Board shall be appointed by the Board and may hold any executive office with the Company. However, the position of the Chairman and Managing Director must be held by different individuals. In the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Articles of Association of **Kim Loong Resources Berhad**.

The responsibilities of the Chairman include, but are not limited to, the following:

- a. Act as a liaison between management and the Board;
- b. Monitor the workings of the Board and conduct of the Board meeting;
- c. Provide independent advice and counsel to the Managing Director (MD) or Chief Executive Officer (CEO);
- d. Keep abreast generally of the activities of the Company and its Management;
- e. Ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- f. Ensure all relevant issues for the effective running of the Company’s business are on the agenda for Board meetings;
- g. In concert with the MD to develop and set the agendas for meetings of the Board;
- h. Act as Chair at meetings of the Board;
- i. Recommend an annual schedule of the date, time and location of Board and Committee meetings;
- j. Review and sign minutes of Board meetings;
- k. Sit on other Committees of the Board where appropriate as determined by the Board;
- l. Call special meetings of the Board where appropriate;
- m. In concert with the MD to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- n. Act as Chair at general meetings of shareholders;
- o. Recommend to the Board, after consultation with the Directors, and the Nominating Committee, the appointment of members of the Committees of the Board;
- p. Assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors;
- q. Ensure that regularly, upon completion of the ordinary business of a meeting of the Board, the Directors hold discussions without management present;
- r. Ensure that quality information to facilitate decision making is delivered to Board members on a timely basis;
- s. Encourage all directors to play an active role in Board activities; and
- t. Liaise with the Managing Director and Company Secretary on the agenda for Board meetings.

## **MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER (MD/CEO)**

The MD / CEO is responsible for leading the development and execution of the Company’s long term strategy with a view to creating shareholder value. The MD/CEO’s leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company’s long and short term plans. The MD/CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. The MD/CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

More specifically, the duties and responsibilities of the MD/CEO include the following:

- a. Lead, in conjunction with the Board, the development of the Company's strategy;
- b. Lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- c. Ensure the Company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;
- d. Ensure that expenditures of the Company are within the authorized annual budget of the Company;
- e. Assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
- f. Ensure effective internal controls and management information systems are in place;
- g. Ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- h. Ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- i. Act as a liaison between management and the Board;
- j. Communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- k. Keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;
- l. Ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments;
- m. Ensure the integrity of all public disclosure by the Company;
- n. Concert with the Chairman, to develop Board agendas;
- o. Request that special meetings of the Board be called when appropriate;
- p. In concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- q. Sit on committees of the Board where appropriate as determined by the Board; and
- r. Abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, safety and health policies.

**Note**

*The difference between a Managing Director and Chief Executive Officer is that the Managing Director is member of the Board while the Chief Executive Officer is not a member to the Board. They could be performing similar functions.*

## **EXECUTIVE DIRECTORS**

Executive Directors are responsible for the implementation of the broad policies approved by the Board and are obliged to report and discuss at Board meetings all material matters currently or potentially affecting the Group and its performance including strategies and regulatory development.

The Executive Directors are the conduit between the Board and Management in ensuring the success of the Company's governance and management function.

The roles of the Executive Directors are as follows:

- a) Meet regularly with the Board, with due notices of issues to be discussed and should record conclusions in discharging their duties and responsibilities;
- b) Maintain an effective communication policy that enable Board and Management to communicate effectively with shareholders, stakeholders and the public generally;
- c) Develop and recommend to the Board plans that supports the Company's long term strategy and vision leading to creation of shareholder value. In addition, the Executive Directors are responsible to achieve the Company's financial and operational goals and objectives, maintain a satisfactory competitive position within the industry and ensure continuous improvement in quality and value of product and services provided by the Company;

- d) Formulate and oversee the implementation of corporate policies, run the day-to-day business and implement the policies and strategies adopted by the Board;
- e) Ensure the Company has an effective Management team and has a plan for its development and succession planning;
- f) Foster a positive corporate culture that promotes ethical practices, encourage individual integrity and fulfils social responsibilities to attract and retain quality employees at all levels.
- g) Liaise with the Chairman and carries out other duties as directed by the Board as a whole.

### **NON-EXECUTIVE DIRECTORS (NEDs)**

NEDs provide considerable depth of knowledge collectively gained from their experience. Independent NEDs (INEDs) are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

INEDs provide unbiased and independent views in ensuring that the strategies proposed by the Management and Executive Directors are fully deliberated and examined, in the interest of the shareholders, employees, customers and the communities in which the Group conducts its business.

The independence of the NEDs is review and benchmarked against best practise.

The role of the of NEDs and INEDs are to: -

- a) Review, challenge, approve, disapprove Management strategic proposals. In doing so, they should bring an objectivity and breadth of judgement to the strategic planning process, as they are not involved in the day to day Management of the business. If they are to independently judge the merits of a management proposal concerning strategic or business plans, they need to evaluate elements, which should be taken into account in the process of creating strategic plan for the Company. They are also responsible in monitoring the Management's success in implementing the strategies;
- b) Oversee the conduct of the Company's business and to evaluate whether the business is properly managed. In respect of this, they must ensure that there are objectives in place against which Management's performance can be measured;
- c) Provide a balanced and independent view, and objectivity in Board's deliberations;
- d) Acquire and provide the necessary skills and experience to bring an independent judgement to bear on the issues of strategic, performance and resources including key appointment and standards of conduct;
- e) Keep abreast of issues relating to the Company; and.
- f) Committed to a collective decision-making process.

### **SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR (SID)**

The Board may select among its INEDs and appoint a SID. The selection of SID is based on his experience and the significant influence he has within the Board, ability to convey concerns of the Independent Directors on the Board to other members of the Board and in the event of dissention between the Chairman and/or Executive Directors of the Company in the execution of their duties as Independent Directors.

The SID will be expected to play the following roles:

- a) Provide an additional communication channel between NEDs and shareholders and address to the Board on the concern conveyed by the shareholder and the public;
- b) Shareholders may direct their queries to the SID through email at [gankg@kimloong.com.my](mailto:gankg@kimloong.com.my);
- c) Be available to shareholders if their concern through contact in the normal channel of Chairman and Executive Directors have failed to resolve the issues or for such contact is inappropriate;
- d) Ensure that the Board is aware of any shareholder's concerned not resolved through the existing mechanism for investor communication;
- e) Act as a sounding board for the Chairman. Is important for the SID and NEDs to be able to judge the effectiveness of the Chairman's leadership of the Group;

- f) Represent and acts as the spokesperson for the Independent Directors as a group, act as the intermediary for other NEDs when necessary and specifically serve as the principal conduit between the Independent Directors and Chairman on sensitive matters;
- g) Promote high standard of corporate governance and ensure that the Company's obligations to shareholders are understood and complied with:
- h) Ensure the composition of the Board in regards to the number of Independent Directors is in adherence to relevant requirements and regulations;
- i) Be available for confidential discussion with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole;
- j) Have the authority to call a meeting of the NEDs if deemed necessary;
- k) Lead a meeting of NEDs without the presence of the Chairman
  - i. Enable the NEDs to relay to SID any issue, concerns or observation they may have;
  - ii. To relay to the NEDs his observation and any views he may have received from shareholders; and
  - iii. Appraise the Chairman's performance, taking into account the views of the NEDs and on such other occasions as are deemed appropriate.

Without precluding the other NEDs talking directly to the Chairman or otherwise on normal matters, whereby the Chairman shall maintain as the primary contact

- l) Act as the chairman of the Board in instances the Chairman is unable or not available to chair the Board or general meeting.

## **BOARD COMMITTEES**

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. Delegating authority to the Board committees does not in any way absolve the Board from discharging their duties and responsibilities.

The minutes of each committee's meetings are circulated to all Board members so that each Director is aware of the deliberations and resolutions made.

The committees are:

- a. Audit Committee
- b. Nominating Committee
- c. Remuneration Committee

The Board may also delegate specific functions to ad hoc committees as and when required.

## **BOARD MEETINGS**

The Board meets every quarter and scheduled in advance at the beginning of each new calendar year. Special Board meetings will be convened as and when urgent issues and/or important decision are required to be addressed between the scheduled meetings.

### **Quorum**

The Articles of Association of the Company provides that the quorum for Board meetings shall be three (3) members.

## **Agenda and meetings papers**

The agenda for each meeting shall be circulated to the Board members not less than seven (7) days before each meeting, unless otherwise waived, in respect of Board meeting called at short notice for urgent matter(s) requiring the Board's immediate attention.

## **Meeting Mode**

A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.

The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more Directors.

## **Voting**

Questions arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and in case of equality of votes, the Chairman shall have a second or casting vote. Directors can voice their disagreement with the decision agreed by the majority of the Board together with their reasons to be noted in the minutes of meetings.

## **Minutes of meeting**

The Company Secretary shall minute the proceedings and resolution of all Board and committees meetings. All resolutions are recorded and thereafter circulated to the Directors for comments before the minutes are finalized and confirmed. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to all members of the Board.

## **Participation of Members**

Board members are expected to make all efforts to attend Board meetings and prepare thoroughly for deliberations of the Board. Board members are expected to participate in Board discussions and activities and to bring the benefit of their particular knowledge, skills and abilities to the Board deliberations.

Board discussions should be open and constructive, recognizing that genuinely held differences of opinion could, in circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where necessary, call for a vote. All discussions and their records will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law.

## **Secretary**

The Secretary to the Board shall be the Company Secretary or a person recommended by the Company Secretary and approved by the Board.

The Secretary shall organise and provide assistance at Board and Board Committee meetings and have the following key responsibilities:

- draft the schedule of Board activities for the financial year; ☐ ensure meetings are arranged and held accordingly;

- assist the Chairman in planning the Board's activities;
- raw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
- ensure structured communication channels between the Board and Board Committees;
- attend Board and Board Committee meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner;
- ensure the presence of a quorum at the meeting; and
- ensure Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.

## **BOARD REVIEW PROCESS**

To remain relevant, the effectiveness of the Board, its Committees and each individual Director should be annually reviewed and disclosed in the annual report as prescribed under the MMLR and the MCCG. The Board should engage professional, experienced and independent party(ies) periodically to facilitate objective and candid board evaluation.

The Board via the Nominating Committee shall establish a set of criteria for the assessment of all Directors including Independent Directors. In establishing these criteria, attention shall be given to the values, principles and skills required for the Group. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board's annual assessment and shall be reviewed regularly to maintain their relevance.

The evaluation shall cover the performance of the Board, the various Board Committees and each individual Director.

The Board should disclose how it has conducted such assessment and its outcome in the annual report including the identity of the third party if the assessment is conducted by an independent third party.

The Board, in assessing a Director's independence should focus not only on whether a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

## **DIRECTORS' & SENIOR MANAGEMENT REMUNERATION**

The Board will determine the level of remuneration paid to Directors and senior management, taking into consideration the recommendations of the Nominating Committee.

The level and make-up of remuneration should be sufficient to attract and retain the Board members and senior management needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose.

The component parts of remuneration should be structured so as to link reward to corporate and individual performance. As for Independent Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the said Independent Non-Executive Directors.

Non-Executive Directors will be paid directors' fee. The remuneration of Non-Executive Directors shall be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration. The remuneration of Non-Executive Directors shall commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Company's activities and should be in line with market practice.

Additional allowance shall be paid based on their responsibilities in the Board and on the Committees and/or for any other special skills and expertise that they bring to the Board.

Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter. Managing Director/Executive Director shall receive no fees but shall be paid as a full-time employee of the Company.

The Board should report to the shareholders on the Directors' remuneration and this should be included in the annual report of the Company.

Directors' fees and benefits payable to Directors are subject to shareholders' approval at annual general meetings.

## **DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION**

### **Induction of Newly Appointed Directors**

As part of the Induction Training, all newly appointed Board members shall be briefed to ensure that they understand:

- their roles and responsibilities;
- the Board's expectations in terms of their knowledge contribution;
- the nature of the Group's business;
- current issues faced; and
- strategies adopted by the Group.

### **Continuous Education Training**

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Listing Requirements, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This ensure that they keep abreast of regulatory changes, other developments and broad business trends. It will enable Directors to effectively discharge his/her duties and promote active participation in the Board's deliberation.

The Board will evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.

## **ACCESS TO INDEPENDENT PROFESSIONAL ADVICE**

- a) In discharging of their duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.
- b) If a Director considers the professional independent advice is necessary, the Director shall first discuss the intention with the Chairman and with the permission of the Chairman, bring the request to seek professional independent advice for the Board's consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director may proceed once Board's approval is obtained.
- c) The above restriction shall not apply to Executive Directors acting in the furtherance of their executive responsibilities and within their delegated powers.
- d) Independent professional advice shall include but not limited to legal, finance, accounting, governance or other professional advice. Independent professional advice shall exclude any advice concerning the personal interests of the Directors (such as with respect to their contracts or disputes with the Company), unless these are matters affecting the Board as a whole and unanimous agreement obtained from the Board.

## **MANAGEMENT OF RISK**

The Board is responsible for the total process of risk management and has endorsed an ongoing risk management and internal control framework which applies throughout the Group to determine, evaluate and manage significant risks.

The Board must appreciate the business risk issues and key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives.

The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's assets and reputation are adequately protected.

The process is regularly reviewed by the Board through the Risk Management and Sustainability Committee, taking into consideration changes in the business environment, strategies and functional activities of the Group from time to time.

## **FINANCIAL REPORTING**

### **Transparency**

The Company aims to present a clear and balanced assessment of the Company's and Group's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

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 Group and the Company in accordance with applicable Financial reporting Standards issued by the Malaysian Accounting Standards Board.

The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

### **External Auditors**

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles shall be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

The Audit Committee shall keep under review the scope and results of the audit and its cost effectiveness, including the independence and objectivity of the external and internal Auditors.

The Board, via the Audit Committee, shall ensure that the external Auditor does not perform or undertake a substantial volume (the threshold of 25% of the Audit fee will be issued as indicator and nature of transaction collectively) of non-audit services to the Company and/or its subsidiaries. The Audit Committee shall consider and, where appropriate, approve the non-audit services to be rendered by the external Auditor to the Company or any of its subsidiaries.

## **INTERNAL CONTROL**

The Board shall establish a well-resourced internal audit function, which critically reviews all aspects of the Group's activities, including the adequacy and integrity of the Group's governance, risk and internal control systems. Comprehensive audits of the practices, procedures, expenditure and internal controls of all significant business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit reports directly to the Audit Committee the findings from internal audit projects carried out based on an internal audit plan approved by the Audit Committee.

The Board, via the Audit Committee, ensures the Group's system of internal controls is reviewed on a regular basis. Such reviews shall be conducted by the internal audit function with impartiality, proficiency and due professional care overseen by the Audit Committee.

The Audit Committee receives reports regarding the outcome of such reviews on a regular basis, including Management's comments and action plans on issues raised by the internal audit function.

## **DIVISION OF POWER - MANAGEMENT AND BOARD RELATIONSHIP**

### **The Role of Board**

- a. Ultimate responsibility for business strategy and system of internal controls rests with the Board as guided by the Managing Director, notwithstanding the Directors may delegate their powers as they consider appropriate.
- b. The management function is conducted by, or under the supervision of the Managing Director as directed by the Board.
- c. Management will supply the Board with information in a form, timeframe and quality that will enable the Board to effectively discharge its duties. In this regard, Board papers to be tabled at a Board meeting shall be made available to all Directors. Directors are entitled to request additional information and seek expert external advice where required.
- d. All Directors will be provided with advance notice of Board meetings.
- e. The relevant members of Management may be invited to the Board meetings, as the Directors deem necessary.

The Board remains focused on its priorities of delivering value for all stakeholders.

### **The Role of Management**

The management's roles and responsibilities is to:

- a. develop and recommend the Company's corporate strategy to the Board for approval and once it is approved, implement the corporate strategy;
- b. assume day to day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- c. achieve the performance targets set by the Board;
- d. develop, implement and manage the Company's risk management and internal control frameworks;
- e. develop, implement and update the Company's policies and procedures;
- f. be alert to relevant trends in the resources and allied industries and the Company's operating environment;
- g. provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
- h. act as a conduit between the Board and the Company; and
- i. manage the Company's human, physical and financial resources to achieve the Company's objectives – essentially "run the business".

## **COMPANY SECRETARY**

The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Group.

The roles and responsibilities of the Company Secretary shall include, but are not limited to the following:

- i. Advising the Board on its roles and responsibilities;
- ii. Facilitating the orientation of new Directors and assist in Directors training and development;
- iii. Advising the Directors on corporate disclosures and compliance with Company and securities regulations and listing requirements including:
  - disclosure of interests in securities;
  - disclosure of any conflict of interest in a transaction involving the Group;
  - prohibition of dealing in securities; and
  - restrictions on disclosure of price-sensitive information.
- iv. Managing processes pertaining to the annual shareholders' meeting;
- v. Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- vi. Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretary must keep abreast of and inform the Board of current governance practices. The Company Secretary should undertake continuous professional development.

## **BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

The Board must endeavor to familiarise itself with issues of concern to the shareholders.

The Company encourages its shareholders to attend its Annual General Meeting, which provides opportunities for the shareholders to put forth questions on the Company's business and affairs to the Board.

The Board shall evaluate economic, political, social and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business of the Company or the interests of the shareholders and, if necessary, take outside expert advice.

## **CONFLICT OF INTEREST**

Board members are required to inform the Board (through the Company secretary or Chairman) of conflicts or potential conflicts of interests as soon as they are aware of particular items of business transacted by the Group.

Board members shall abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

Directors are to advise the Company Secretary of any propose Board or Executive appointment to other companies as soon as practicable preferably within 7 days of appointment.

## **WHISTLEBLOWING POLICY**

The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing.

The oversight of the whistleblowing function is under the purview of the Senior Independent Director who shall ensure that all reported violations are properly investigated. The Senior Independent Director is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

## **CODE OF ETHICS**

The Company has adopted a Code of Ethics (“the Code”) to be implemented throughout the Group, which demonstrates its commitment to doing business responsibly and ethically. By articulating the principles by which the Company conduct its business, the Code allows the employees to work and make decisions confidently and in a manner that supports its vision and values. The Code helps the Company achieve the right things in the right manner at all times. The Code shall apply to the Board, Management and employees irrespective of their seniority or designations.

## **REVIEW OF THE BOARD CHARTER**

The Board Manual will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.