

## **Board Charter**

The Board Charter delineates the Board's strategic intent and sets out key values and principles of the Group. It defines the roles, powers and responsibilities of the Board and its Directors. Additionally, it acts as a source of reference and primary induction literature for prospective Board members, as well as assisting the Board in the assessment of its collective performance and that of each individual Director. Apart from current best practices and applicable rules and regulations, it outlines the processes and procedures to an effective and efficient Board.

## **Composition and size of the Board**

- a. The Board shall consist of qualified individuals with diverse backgrounds, specializations, experience and characters to enable them to discharge their duties and responsibilities effectively.
- b. In pursuant to Main Market Listing Requirement of Bursa Malaysia Securities Berhad, the Company must ensure that at least 2 Directors or 1/3 of the Board of Directors of the Board, whichever is the higher, are Independent Directors. If the number of directors of listed issuer is not 3 or multiple of 3, then the number nearest 1/3 must be used.
- c. In the event of any vacancy in the Board of Directors, resulting in non-compliance, a Company must fill the vacancy within 3 months.
- d. Each Director shall retire at least once every three (3) years. They shall be eligible to stand for election at the Annual General Meeting (AGM) upon their retirement. Any new Director who is appointed by the Board shall be subjected to election by shareholders in the AGM held immediately after his/her appointment.
- e. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years in accordance to Malaysian Code on Corporate Governance 2012. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. However, the Board may at its discretion after the evaluation the performance of the Independent Director who exceeded a cumulative term of nine (9) years, shall seek the shareholders' approval at the AGM to retain the Director as an Independent Director.

## **Responsibilities of the Board**

The Board plays a pivotal role in the stewardship of the Group's strategic directions, operations and performances, with the ultimate objective of maximizing shareholders' value while taking into consideration stakeholders' interests. It assumes the following key responsibilities, among others:

- a. Review, approve and monitor implementation of the strategies and business plans of the Group;
- b. Monitor and evaluate performance of the Group's business operations and activities;
- c. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- d. Identify principal risks and ensure execution of appropriate risk management and internal control procedures;
- e. Develop and evaluate the Group's succession planning and talent management plans;
- f. Supervise the implementation of shareholders' communication policy;
- g. Evaluate the adequacy and integrity of management information and internal control system of the Group.

## **Matters Reserved for The Board**

The following matters require approvals from the Board, except where they are expressly delegated by the Board to the Management.

- a. Approval of results announcements, Annual Report and financial statement;
- b. Matters covered by statutory requirements, Best Practice Guide and Corporate Governance;
- c. Annual review on the remuneration package for the Board;
- d. Revision of Board Remuneration Policy;
- e. Develop and evaluate the Group's succession planning and talent management plans;
- f. Monitor and evaluate performance of the Group's business operations and activities;
- g. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- h. Dividend policy;

- i. Supervise the implementation of shareholders' communication policy; and
- j. Matters that may have material impacts on the system of internal controls; or significantly exposes the Company and the Group to financial or operating risks.

### **Roles of the Chairman, Executive Director and the Independent Non-Executive Directors**

There are clear division of roles and responsibilities between the Chairman, Executive Directors and Independent Non-Executive Directors, ensuring balance of power and authority as well as enhanced accountability.

#### Chairman

The Chairman acts as a spokesperson for the Board and represents the Group to the shareholders. He is responsible for the overall strategic direction of the Group and takes a leading role in creating an effective corporate governance system, setting the tone at the top of practising and promoting ethical practices, good governance, as well as legal and regulatory compliances. He is also responsible for managing the boardroom dynamics, promoting a culture of openness and debate to build a high performance board and effectuate robust decision making.

#### Executive Directors

The Chairman is supported by the three (3) Executive Directors in day-to-day management of the Group. The Executive Directors form part of the Senior Management team and have an overall responsibility over the business operations, organizational effectiveness and efficiencies, formulation of strategies and implementation of Board policies and decisions. They are also responsible for fostering relationships with regulators and stakeholders. In light of their technical expertise and knowledge of the business and its industry, they add value to the Board's decision making process by offering an intimate view of the workings within the Group as well as the strategic plan in action.

#### Non-Executive Directors

The Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement, enabling their contribution towards corporate accountability. They take into account interest of the Group, shareholders, stakeholders and the communities in which the Group conducts its business, providing their unbiased and impartial views, advice and judgement. It is also their responsibility to ensure financial information announced are accurate and that the risk management and internal control systems are robust and defensible. Furthermore, the Independent Non-Executive Directors play a key role in the evaluation and review of the Board's performance and remuneration.

### **Responsibilities of Board Committees**

The Board has set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decision on behalf of the Board and the Company. It is committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision making.

#### Audit Committee

The functions of Audit Committee are as follows: -

- a) To review the following and report the same to the Board of Directors: -
  - i) With the External Auditors, the audit plan;
  - ii) With the External Auditors, his evaluation of system of internal controls;
  - iii) With the External Auditors, his audit plan;
  - iv) The assistance given by the employees of the Company to the External Auditor;
  - v) The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on: -
    - Changes in or implementation of major accounting policy changes;
    - Significant and unusual events;
    - The going concern assumption;

- Compliance with accounting standards and other legal requirements;
  - vi) Any related party transaction and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of the management integrity;
  - vii) Any letter of resignation from the External Auditors and senior staff of Internal Auditors of the Company;
  - viii) Whether there is reason (supported by the grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and
  - ix) Review and verify the allocation of options pursuant to the Employee' Share Option Scheme ("ESOS") to be offered by them.
- b) To do the following in relation to the internal audit function: -
- i) Review the adequacy of the scope, the functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - ii) Review the internal audit programmes and the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit function;
  - iii) Review any appraisal and assessment of the performance of members of the internal audit function;
  - iv) Approve any appointments or termination of senior staff members of internal audit function; and
  - v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reason for resigning.
- c) To carry out such other functions as may be agreed by the Audit Committee and Board of Directors.

#### Nominating Committee

The terms of reference and roles of Nominating Committee are as below: -

- a) Recruitment or appointment of Directors and annual assessment
- i) To review annually and recommend to the Board with regard to the tenure, desirable balance and composition in board membership and committees, including required mix of skills, experience and core competencies of the Board.
  - ii) Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board and reviewing the performance of the members of the Board.
  - iii) To consider, review, evaluate and recommend to the Board any new board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The Nominating Committee shall recommend to the Board with regard to the candidate for directorship based on the following:-
    - Skills, knowledge, expertise and experience;
    - Professionalism;
    - Integrity; and
    - In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
  - iv) Ensuring that orientation and education programmes are provided to new members of the Board.
  - v) To review re-election and retirement by rotation of Directors at the AGM.

#### Remuneration Committee

The specific responsibility of the Remuneration Committee is reviewing the remuneration framework and package for the members of the Board and recommends the same to the Board for approval. The remuneration of Directors is set at levels that would enable the Company to attract and retain Directors with relevant expertise and the experience necessary in managing the Group effectively. The remuneration package is also structured so as to link rewards to corporate and individual performance and for Non-Executive Directors the level of remuneration reflects the experience and level of responsibilities undertaken.

#### Scheme Committee

The primary function of the Scheme Committee is to assist the Board in fulfilling its overall responsibilities for Public Packages Holdings Berhad ("PPH") and its subsidiary companies for its scheme, which comprising of Employees' Share Option Scheme ("ESOS") Plan and Employees' Share Grant Scheme ("ESGS").

The function of Scheme Committee is to formulate and implement the scheme in accordance to the By-laws for the Scheme.

### **Meetings**

- a) The Board's annual meeting calendar is prepared and circulated to Directors before the beginning of each year. It provides the scheduled date for meeting of the Board and Board Committees and AGM.
- b) Board meeting
  - i) The notice of Board meetings shall be issued at least fourteen (14) days prior to meeting.
  - ii) The agenda for each Board meeting and papers relating to the agenda items are endeavoured to disseminate to all Directors at least fourteen (14) days before the meeting to provide sufficient time for the Directors to review the said papers.
- c) AGM
  - i) An AGM shall be held once in every calendar year. The notices convening meetings shall be given to all shareholders at least twenty-one (21) days before the meeting. Such meetings must be given by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper.
  - ii) The Board shall encourage putting substantive resolutions to vote by poll and make an announcement of detailed results showing the number of votes cast for and against each resolution.
  - iii) The Chairman shall encourage shareholders' participation and undertake to respond to shareholders' queries during the AGM.

### **Board Effectiveness and Evaluation**

The Board has delegated the Nominating Committee for carrying out the yearly appraisal of the individual Director's contribution, the Committees as well as evaluation of the effectiveness of the Board as a whole. The Nominating Committee will review the results of the evaluation and report to the Board.

### **Company Secretaries**

The joint Company Secretaries assume key advisory roles to the Board on matters in relation to statutory and regulatory compliances, best corporate governance practices, Board's policies and procedures, as well as Directors' duties and responsibilities.

### **Review**

The Board Charter is subjected to periodic reviews, reflecting changes in the regulations and best practices, and to update its relevance and effectiveness.