



**BUMIARMADA**

**BOARD CHARTER**

**OF**

**BUMI ARMADA BERHAD**  
**(Company No. 370398-X)**



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## Board Charter

### 1. Introduction and Objectives

The Board of Directors (“Board”) of Bumi Armada Berhad (“Company”) has overall responsibility for the proper conduct of the Company’s business and assumes responsibility for effective stewardship and control of the Company’s assets and is a key decision-making body of the Company.

The Board Charter (“Charter”) lays down clearly the responsibilities, functions and terms of reference within which the Board, Board Committees and individual Directors play their roles distinct from the management (“Management”). Its essence is as follows:

- it is subject to the provisions of relevant legislations, regulations, The Malaysian Code on Corporate Governance (“CG Code”) and other codes of conduct and the Company’s Memorandum and Articles of Association (“M&A”);
- it sets out the duties and processes of the Board which all Board members are to be aware of;
- it will act as a source of reference to prospective Board members;
- it is a means of providing Directors serving and coming on board, clarity as to their roles and responsibilities and principal matters reserved for the Board, the Board Committees and as to the different roles they as Directors; and
- the process by which the Board and Board Committees function including the scheduling, calling and convening of Board meetings and other matters affecting their affairs and for them to play an effective role.

### 2. Vision & Mission, Core Values and Guiding Principles

The Company has in place a Vision and Mission and is guided by certain Core Values which the organisation strives towards. It subscribes to values of good governance and responsible corporate conduct/behaviours and aims to achieve excellence in its business, operational and corporate dealings.

#### 2.1 Vision & Mission

##### VISION

To be the preferred provider of offshore production and support services to our clients.

##### MISSION

- To operate and deliver on our commitments to the satisfaction of our stakeholders, safely, on time and within budget.
- To add value by effectively managing risks through a hands-on approach
- To continuously improve our capabilities and to apply the lessons learnt to the way we work
- To ensure good governance in all our practices, reduce our environmental footprint, support our local communities and promote social sustainability awareness wherever we operate.



## 2.2 Core Values

The four core values of the Group can be represented by “**SURE**” as an acronym

- (a) **S**afe
- (b) **U**nited
- (c) **R**esponsible
- (d) **E**xcellent

## 2.3 Guiding Principles

The Board regards the guiding principles to be:

- (a) **Integrity and Ethics:** In all its dealings, the Board shall conduct itself with integrity and ethics, in the best interest of the Company, its shareholders, and fairly to its minority shareholders, employees and other stakeholders. In this regard, the Directors shall also be guided by a Code of Business Conduct and Ethics for Directors.
- (b) **Transparency:** The Board is committed to ensuring proper governance of its business and affairs by adhering to laws and regulations and adequate and timely disclosures of relevant information as applicable which are pertinent to its stakeholders.
- (c) **Responsibility and Accountability:** In order to have accountability for outcomes of actions to the relevant stakeholders, the Board believes it is imperative for there to be clear lines of responsibilities and authorities. In this regard, the Board has adopted certain principal responsibilities and has provided for clear lines of responsibilities and authorities have been established for the Board, Chairman, Board Committees, Non-Executive Directors, CEO and Management. This will hold Management accountable to the Board and the Board accountable to the shareholders and other stakeholders where relevant. Directors shall also apply proper skill, care and diligence in carrying out their statutory and fiduciary duties to the Company and other stakeholders.
- (d) **Leadership and Controls:** The Board shall provide leadership and direction to the Company, establish its objectives and set the strategies to achieve its objectives through proper oversight and controls. Directors shall use appropriate controls to protect, preserve and enhance value for shareholders and in providing effective stewardship in this regard.

## 3. Responsibilities of the Board

### 3.1 Powers of the Board

The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company as prescribed under the Companies Act 2016 (“Act”) and the Company’s Articles of Association (“Articles”) subject to any modifications, exceptions or limitations contained in the Act or the Articles.



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In exercising their powers, Directors should have regard to Section 213 of the Act which states that a Director of a Company shall at all times:

- exercise his powers for a proper purpose and in good faith in the best interest of the Company;
- exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities and
- apply any additional knowledge, skill and experience which the Director in fact has.

In addition to the above, in exercising his powers, a Director should also have regard to the following:

- Use of good business judgment;
- Proper and good reliance on information provided by others;
- His responsibility as Director;
- His responsibility for actions of delegate; and
- Prohibition against improper use of Company's property, position, corporate opportunity or competing with the Company.

### 3.2 Principal Responsibilities of the Board

In performing and discharging its responsibilities and facilitating its ongoing oversight of the Company, the Board's role includes, but is not limited to the matters in this section.

In order to ensure effective discharge of the Board's functions, the Board has assumed the following 8 principal responsibilities:

- Setting Group's strategic aims, reviewing and adopting and monitoring the implementation of a strategic plan for the Group*** - The Board has responsibility for setting the Group's strategic aims in meeting obligations to shareholders and stakeholders, support long terms value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board continuously reviews, challenges and approves Management's proposal on strategic plans for the Company and its subsidiaries. The Board is also responsible for monitoring the implementation of the strategic plan by Management.
- overseeing the conduct of the Group's business*** - The Board is responsible for the oversight of the performance of the Management to determine whether the business is being properly managed
- identifying principal risks and ensuring the implementation of appropriate controls and mitigation measure*** - The Board is responsible for understanding the principal risks of all aspects of the Company's business and recognise that business decisions involve the taking of appropriate risks, in achieving a proper balance between risk incurred and potential returns to shareholders and ensure that there are systems in place which effectively monitor and manage these risks
- succession planning*** - The Board is responsible for ensuring that all candidates appointed to senior management positions are of sufficient calibre and shall ensure that there are programmes in place to provide for the orderly succession of senior management.



- (e) ***overseeing the development and implementation of a shareholder' communications policy for the Group*** - The Board is responsible for ensuring that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders. Such policy shall include how feedback received from stakeholders is considered by the Company when making business decisions
- (f) ***reviewing the adequacy and the integrity of Management and internal control systems of the Group*** - The Board is responsible for ensuring that there is sound framework of reporting on internal controls, financial and non-financial matters and regulatory compliance
- (g) ***providing leadership and assurance on effective management and monitoring of health, safety and environment risks*** - The Board is responsible for ensuring that the Company implements a management system relating to Health, Safety, Security, Environment and Quality ("HSSEQ") based on the goal of zero harm to personnel, with safety risks being As Low As is Reasonably Practicable ("ALARP") in respect of major accident hazards and the adoption of Best Available Technology ("BAT") and practices to minimise harmful emissions to the environment.
- (h) ***promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour*** - The Board, together with senior management, is responsible for fostering a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity. The Board continues to set the "tone from the top" by formalising and committing to ethical values.

Recommended changes may be made from time to time to suit the circumstances or changes in governing regulations.

### 3.3 Division of Roles and Responsibilities

There are distinct divisions of roles and responsibilities between the Board, Board Committees, the Chairman of the Board, the Senior Independent Director, the CEO, Executive and Non-Executive Directors and Management. The positions of Chairman and CEO shall be held by separate individuals, for check and balance. The Chairman is presently an Independent Non-Executive Director and should continue to be held by an Independent Non-Executive Director.

The Chairman is responsible for creating the conditions necessary for overall Board and individual Directors effectiveness, drawing on their respective knowledge, experience and skills.

His role includes:

- providing leadership at Board level;
- setting the tone for Board discussions and deliberations with a view to promoting effective decision-making and performance monitoring to promote the success of the Group;



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- setting the tone for the Company's values and standards to ensure that obligations to its shareholders and other stakeholders are understood and met.
- reviewing with the Board the organisational structure including the composition of Board Committees with the assistance of the Nomination and Corporate Governance Committee ("NC") with the objective of to see if it serves the needs of the Company and Board;
- setting the Board agenda with input and advice from the CEO (with primary focus on strategy, value creation, governance and accountability) and ensuring timely flow of high quality supporting information;
- together with the Board and based on the work of Board Committees, determining the nature and extent of risk appetite of the Company;
- ensuring there is a proper selection, and assessment process and training programmes for Directors;
- together with the other Board Members monitoring the implementation of Board decisions and directions and performance of Management; and
- presiding over shareholder meetings and representing the Company at certain key events.

The Senior Independent Director acts as an additional safeguard and point of contact for investors and shareholders.

His/ her role includes:

- serving as a sounding board for the Chairman
- serving as the principal conduit between independent directors and the Chairman on sensitive issues;
- acting as an intermediary for other directors where necessary; and
- the point of contact for shareholders and other stakeholders on areas that may not be appropriate to be communicated to either the Chairman or the CEO.

The CEO, whether or not an Executive Director, on the other hand has overall responsibilities:

- for the direction, performance of the operational, business and support units and achievement of the corporate and commercial objectives of the Group including managing the expansion and optimisation of revenue and earnings of each of the businesses and enhancing the capital value of the Group;
- for working with and advising the Board in defining the strategic, corporate and commercial objectives of the organisation, preparing its business and operational plans and seeing to their implementation as well as the implementation of the policies, directives and decisions as approved by the Board.
- for providing leadership to Management and having direct oversight for the operational, financial, organizational and corporate performance and effectiveness striving for operational excellence, driving and supporting health, safety, environment and quality initiatives as well as commitment to corporate sustainability.

The detailed roles and responsibilities of the Chairman, Chief Executive Officers and Non-Executive and Independent Directors are broadly set out in **Appendix A** hereto.





## 3.4 Board Committees

3.4.1 The Board may carry out its responsibilities and functions directly, or through Board Committees or Management by way of delegation as they think fit and may from time to time revoke such delegation.

3.4.2 Each Board Committee whether standing or ad hoc shall have and function within their own remits as approved by the Board.

3.4.3 The following are and shall be the standing committees of the Board:

- (a) Audit Committee;
- (b) NC;
- (c) Remuneration Committee;
- (d) Risk Management Committee; and
- (e) Executive Committee.

3.4.4 These Committees assist the Board in reviewing, scrutinising and submitting matters within their purview and make decisions and/or recommendations to the Board as thought fit, for the Board's consideration and approval. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board after considering recommendations by the Committees.

3.4.5 Each committee is governed by the Terms of Reference duly approved by the Board.

## 3.5 Schedule of Matters Reserved for the Board

In discharging its responsibilities, the Board has reserved decision making responsibility for certain key matters to ensure the control of the Company is vested with it. A Schedule of Matters Reserved for the Board has been adopted and shall be reviewed and revised from time to time as necessary.

Amongst others, the following are some key matters reserved for the Board:

- Budget Approvals;
- Changes to the Memorandum and Articles;
- Changes to Management and Control Structure
- Major Acquisitions and Disposals;
- Strategy Setting;
- Business Plans;
- New Business and ventures;
- Investments and divestments;
- Significant Major Related Party Transactions;
- Opening and closing of bank accounts and authorising signatories to the same;
- Terms of Reference of Board Committees;
- Terms of Appointment of Executive and Non-Executive Directors;
- Limits of Authority;
- Alterations of Capital and new issuance of securities;
- Corporate Restructurings;
- Modification of Class Rights;
- Appointment and Vacation of office of Directors;



- Matters relating to Loans, Borrowings and giving of guarantees; and
- Other transactions requiring Board and Shareholders approvals.

## **3.6 Relationship of Board with Management**

### **3.6.1 Delegation of Authority – Limits of Authority (“LOA”)**

In order for efficient functioning of the Company, the Board shall delegate powers authorities and discretion to Management by way of properly framed and formulated Manual on LOA with the requisite control and check and balance. Matters beyond the limits allocated to Management shall be vested with the Board.

The LOA shall be reviewed and revised from time to time to suit changes in the operational, organisational and regulatory circumstances. All revisions to the LOA must be brought to the attention of and have the approval of the Board or to any Board Committee as authorised by the Board.

In delegating its powers or authorities, the Board shall ensure that the delegates have the necessary competency skills for exercising their delegated duties.

### **3.6.2 Support of Company Secretary**

Directors understand that the Company, being a public listed company has a need for a qualified and competent Company Secretary to support and advise the Board and management towards fulfilling the primary responsibility of ensuring compliance with provisions of companies and securities laws and regulations. In the appointment of a Company Secretary, the Board recognises the need for such person to be suitably qualified and competent in the manner prescribed under the Act and has the depth of experience and expertise to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices to support the Board and the Company.

All Directors shall have access to the advice and services of the Company Secretary who ensures that proper processes and procedures are in place and adhered to towards fulfilling the primary responsibility of compliance and to facilitate the effective functioning of the Board, including the convening, conduct and record of proceedings and decisions of the Board and Board Committees.

The duties of a Company Secretary, among others, are to:

- advise the Board members on their duties and obligations, the appropriate requirements, disclosures and procedures to be established in relation thereto including the management of their meetings;
- ensure statutory records of the Company are properly maintained and relevant disclosures, submissions and filings are made on a timely fashion to the regulators on behalf of the Company and the Board;
- manage processes pertaining to the general meeting of the shareholders;
- monitor corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and



- serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The detailed roles and responsibilities of a Company Secretary is set out in **Appendix B** hereto.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

## **3.7 Ethics and Compliance**

### **3.7.1 Code of Business Conduct and Ethics for Directors**

The Board has established a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person and to uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for managing a company.

The Code of Business Conduct and Ethics for Directors is available on the Company's corporate website.

### **3.7.2 Code of Ethics for Employees**

The Board is also responsible to ensure employees are governed by and made aware of and declare compliance with a formal Code of Ethics for Management to ensure systems and processes are in place to ensure compliance and impose attendant penalties for non-compliance.

To reinforce the standards prescribed in the Code, the Board has also established a Whistle Blowing Policy and Procedure to promote responsible corporate conduct across the Group.

The Code of Ethics for Employees is available on the Company's corporate website.

## **3.8 Stakeholder Communication**

As the Board is accountable to the shareholders and other stakeholders, the Board places importance on how information and decisions which will have an impact on them are disseminated and communicated to them.

The Board is committed to transparency and accountability in its disclosures to promote effective communication with its shareholders and other stakeholders from time to time.

An effective communication policy enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally. This policy effectively interprets the operations of the Company to the shareholders and accommodates feedback from shareholders, which are then factored into the Company's business decisions.



### **3.9 Corporate Disclosure Policy and Procedure**

The Board understands the need for timely and accurate disclosures in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and for proper procedures and processes to be in place in ensuring the maintenance of confidentiality and proper handling of material price sensitive information, prior to them being announced to Bursa Securities.

As such, a Corporate Disclosure Policy and Procedures to meet compliance under the MMLR and ensure good governance practices has been developed.

### **3.10 Corporate Sustainability**

In recognising there is increased focus on the way business are run with attention given to how businesses impact the economy, environment and society, a sustainability committee has been set up to oversees the corporate substantiality initiatives. Regular updates are provided to the Board on the progress of such initiatives which the Board can provide feedback and advice.

## **4. Managing Board Affairs and Ensuring Board Efficiency**

### **4.1 Board Composition**

#### **4.1.1 Number of Directors**

The Articles specifies that the number of Directors shall not be less than 3 nor more than 15. Until otherwise determined by the Company in general meeting the number of Directors shall be as stated above.

#### **4.1.2 Personal Particulars and Qualification Standards**

The Board shall comprise of a fair balance of Executive, Non-Executive and Independent Directors to equitably represent the interests of the Company, the shareholders (both minority and majority) and other stakeholders and shall satisfy the requirements under the MMLR that at least one-third of the Board be comprised of Independent Directors as well as the provisions of the CG Code. The Company has established a set of criteria to assess the Independence of Directors with reflecting back to the CG Code and MMLR.

Any new developments or circumstances or conflicts that may affect the role a Director serves in will be taken into cognisance and assessed to ensure these do not contravene any statutory or regulatory requirements or compromise the effectiveness of the role. Each Director undertakes to disclose any interest in or changes thereto in shares or pecuniary interests or in any circumstances which affects their roles or gives rise to conflict as and when they occur and on a timely basis.



The qualifications and working or professional experience possessed by Directors reflect the education and mix of skills and competencies desired by the Board to achieve success. Each Director must exercise good business judgment and must be a person of integrity.

The Board welcomes and encourages diversity in its membership and in the Board Committees to the extent it will enable the Board to meet and achieve its wider corporate and strategic aspirations and objectives. The current Board has a composition of Directors with a fair mix in terms of qualifications, skills, competencies and gender diversity, age and nationality to contribute towards those aspirations.

### **4.1.3 Independence**

The Board has in place a policy and a criterion for independence of Independent Directors, as prescribed in the MMLR and any applicable regulations from time to time. The Independent Directors are to disclose circumstances that may arise which may impair their independence from time to time.

The Independent Directors provide an effective check and balance in the functioning of the Board. They shall play a pivotal role in corporate accountability as they provide unbiased and independent views, advice, opinions and judgment at Board and Board Committee deliberations, with regard to the interest of minority shareholders and other stakeholders. None of the Non-Executive Directors participate in the day-to-day management of the Group.

### **4.1.4 Diversity**

A Boardroom Diversity Policy which addresses the current diversity gaps has been adopted and will be reviewed from time to time. Its main aim is to identify what attributes are lacking from the current Board to make it more diversified as to and to seek out excellent and right people in the industry and business the Company is in and to lead the Company to achieve its commercial and corporate goals.

### **4.1.5 Review of Board Composition**

The NC shall be responsible for the review and recommendation of the composition and membership of the Board and Board Committees and their remits and shall from time to time, recommend any relevant proposals to the Board for consideration and further action.

## **4.2 Nomination and Selection of Candidates**

The NC shall formulate the nomination and selection policies for appointment to the Board and Board Committees and shall recommend to the Board the candidates for directorships to be filled by the shareholders or the Board.

In making its recommendations, the NC shall identify the existing gaps, consider the candidates' skills, knowledge, expertise and experience, professionalism and integrity. Once a candidate is selected for the said position, the NC is to conduct a fit and proper



assessment determining the candidates' ability to discharge such responsibilities / functions as are expected before interacting with the candidate(s). From there, NC will then deliberate and make its recommendations to the Board.

Nomination and Selection Framework:



In addition to reviewing the composition and determining if additional Board members are required, the NC shall also ensure that at least one-third of the Board is independent and that the investment(s) of the minority shareholders are fairly reflected in the Board.

### 4.3 Appointment to Board

The appointment of a new Director to the Board will be done in line with Articles 114 and 120 of the Articles of Association of the Company and is a matter for consideration and decision by the full Board upon appropriate recommendation of the NC.

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.

### 4.4 Terms of Appointment

Each Director will have his/her terms of appointment which will set out the scope and powers of his / her duties. Directors are expected to adhere to the scope therein and to fully understand his / her roles and responsibilities.

### 4.5 Tenure

A Director can only serve in an independent capacity for a term of nine years as provided for under the criteria for independence assessment as prescribed under the CG Code.

Although long tenure may incline towards or be perceived as compromising independence, the Board will review its position and criteria from time to time to ensure that Independent Directors who have the necessary knowledge, skills and competencies and exercise independent and objective judgement, play their part effectively on the Board in the best



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interest of the Company and satisfy the independence criteria are not excluded based merely on the nine-year tenure criteria.

If the Board is satisfied that an Independent Director meets the qualifications and criteria in the preceding paragraph and intends to retain him on the Board, the approval of shareholders will be procured annually at the general meeting to allow for the continued service beyond 9 years, as required. However, the Board will consider the demands of local and global standards of governance in this regard, before making any such recommendation. The Director concerned will abstain from any deliberations at the Board or Board Committee levels on his proposed retention.

### **4.6 Rotation and Retirement**

At the annual general meeting in every year, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office. Provided Always that all Directors including Managing Director and Executive Directors shall retire from office once at least in each 3-years but shall be eligible for re-election. A retiring Director shall retain office until the conclusion of the annual general meeting at which he retires. Election of Directors shall take place each year at the Company's annual general meeting subject as mentioned.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined from among them by lot.

### **4.7 Vacation of Office**

The office of Director shall become vacant if the director

- (a) falls within the circumstances set out in section 208 of the Act
- (b) is absent from more than 50% of the total board of directors' meetings held during a financial year; or
- (c) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences set out in below:
  - (i) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
  - (ii) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
  - (iii) has been convicted by a court of law of an offence under the securities laws or the corporations laws of the listed issuer's place of incorporation,

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

### **4.8 Removal**

The Company may by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office, pursuant to the Act, notwithstanding any provisions of these Articles or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages



for breach of any such agreement. The Company may by ordinary resolution appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.

#### **4.9 Limits on Other Directorships and commitment of time for Board's affairs**

Directors shall be aware of the limits of directorships they can have in public listed companies quoted on Bursa Securities. The Company Secretary shall obtain updates of the other directorships of Directors every quarter to monitor compliance with the limit.

They are also required to ensure they commit time and effort for the Board and Board Committee meetings and other affairs of the Board in an effective way.

##### **Protocol in accepting directorship**

The Director concerned must notify the Board Chairman prior to accepting any new directorship outside the Group and indicate the amount of time that is expected to be spent on the new appointment. In the case of the Board Chairman considering any new directorship, he shall notify the Senior Independent Director prior to accepting the new directorship.

#### **4.10 Annual Assessment**

The Board, Board Committees' and Directors' performance will be assessed annually based on the expectations set out in this Charter. With the various positions held by each Director on the Board and Board Committees and the roles the different Board Committees play, they are expected to meet the expectations set for each position as these are crucial to the long-term success of the Company.

The Board may undertake this assessment internally or through the engagement of external professional consultants to develop the criteria for such assessment as recommended by the NC. The Board has also adopted a policy and procedure and criteria for the assessment of independence of Independent Directors. The policy and procedure also provides for assessment to be undertaken when new members are to be appointed to the Board in an independent capacity, prior to their appointment. The policy and criteria will be reviewed from time to time.

#### **4.11 Succession Planning**

The Board acknowledges that succession planning is essential for the sustainability and continued success of the organisation. Besides having programmes to identify, the Board, with the assistance and recommendation of the NC shall source and develop talents of the right calibre for key positions at senior and middle management levels for future succession. The Board through the NC, shall also focus on planned succession at the helm of the Company for the longer term.





## **4.12 Induction**

The Company has put in place a Directors' Induction and Training Policy & Programme for new Directors to guide and enlighten the new Directors on the business and dealings of the Company.

The Policy has been developed in relation to the knowledge enhancement of Directors and to create awareness in them of their various duties, responsibilities and obligations on their personal capacity as Directors.

## **4.13 Continuing Development and Training**

The Board encourages Directors to attend educational / training programmes to keep themselves abreast of and updated in relation to new developments pertaining to the laws and regulations and changing commercial environment and risks which may affect the Board and/or the Company.

In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business and to keep abreast with latest developments. The Board will assess the training needs of the Directors and disclose in the Annual Report the training as attended by the Directors.

The Company Secretaries facilitate the organisation of internal training programmes and Directors' attendance at external programmes, and keep a complete record of the training received or attended by the Directors.

## **4.14 Access to Information**

The Board members have unrestricted access to information required to enable them to discharge their duties in accordance with established procedures. Directors may access such information as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.

Directors shall be entitled to have access to members of the senior management at any time to request for relevant and additional information in accordance with Board approved procedure.

## **4.15 Independent Professional Advice**

The Board has agreed to a protocol for access to information pertaining to the Company and for seeking independent professional advice necessary for the Board and Board Committee members to discharge their duties effectively and in furtherance of their duties. Any expenses incurred in seeking such advice are borne by the Company.



## 5. Board Meetings

### 5.1 Calling of Meetings

A Director may, and the Secretary at the request of a Director shall, summon a meeting of the Directors at any time provided reasonable notice is given. Regular meetings are scheduled up front in every calendar year.

### 5.2 Notice of Meetings

Notice of a meeting of the Directors is deemed to be duly given to a Director if it is given to him personally or by electronic communication to an address given by him to the Company for that purpose or sent in writing to him at his last-known address or another address given by him to the Company for that purpose. A Director may waive the requirement that notice be given to him of a meeting of the Directors, either prospectively or retrospectively provided that the waiver is made and signed by the Director in writing.

### 5.3 Schedule and Frequency of Meetings

Board meetings are scheduled at the onset of the calendar year and an annual Schedule of Meetings with an indication of the key business items for each meeting is circulated to all Directors.

The Board meets at least five times a year, with additional meetings convened when decisions on urgent matters are required between scheduled meetings. Upon consultation with the Chairman and the CEO, due notice is given to all Directors of all meetings.

### 5.4 Supply of Papers

Regular and ad-hoc reports are provided to all Directors to ensure that they are apprised on key strategic, financial, business, operational, legal, regulatory, corporate human resource and social responsibility matters in a timely manner and to enable them to make meaningful and effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each Board and Board Committee meetings as well as for matters arising from such meetings. The Company Secretary assists in the management and coordination of this process.

Actions on all matters arising from any meeting are reported at the following meeting. The Directors also have access to the Company Secretary and any advisor, should they need to do so.

### 5.5 Quorum of Board Meetings

The quorum necessary for the transaction of the business of the Directors shall be 2.

### 5.6 Attendance at Board Meetings and Time Commitment

All Directors have to comply with the requirement of attendance at a minimum of 50% attendance at Board meetings as provided for in the MMLR.



All Directors must demonstrate their commitment to the business of the Board and Board Committees and affairs of the Company, by making time for all meetings and key events, towards fulfilling their roles and responsibilities as Directors of the Company. Commitment to the time necessary to carry out their duties as Directors will be a condition of their appointment.

## **5.7 Proceedings**

The Directors may meet for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceeding as they think fit. A Director may at any time summon a meeting of the Directors.

## **5.8 Decision Making and Circular Resolutions**

All strategic decisions and business decisions are made at Board Meetings after due processes, discussions and deliberations.

Where appropriate, decisions may also be taken by way of circular resolutions in between Scheduled meetings. Such resolutions are signed by all the Directors (other than those who may have an interest or conflict with the matter being decided upon) and valid as if it has been passed at a Board Meeting duly called and constituted.

All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors or their alternates.

## **5.9 Voting**

Any questions arising at a Board Meeting is decided by a simple majority of votes and the Chairman has a second and casting vote. A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement or transaction in which he / she has direct or indirect interest. A Director may cast a dissenting vote and the minutes should properly record any dissenting views or vote of such Director.

## **5.10 Board Committee Meetings**

The Board Committees generally meet quarterly or as prescribed under their respective Terms of Reference, at the minimum unless any Committee decides to meet more frequently as deemed necessary, to deliberate on matters under their purview. Board Committees which meet quarterly, normally hold their meetings at least one day before or on the same day as the quarterly scheduled Board meetings.

## **5.11 Minutes**

The Directors shall cause minutes to be duly entered in books provided for the purpose –

- (a) of all appointments of managers and secretaries;
- (b) of the names of all the Directors present at each meeting of the Directors and of any Committee of Directors and of the Company in general meeting;



- (c) of all resolutions and proceedings of general meetings and of meetings of the Directors and Committees of Directors; and
- (d) of all orders made by the Directors and any Committee of Directors.

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 of the proceedings to which it relates without any further proof of the facts thereon stated. The minutes shall be maintained by the Company Secretary.

## 6. Disclosure by Directors

***Directors shall take cognisance of all disclosure obligations.***

### 6.1 Conflict of Interest

In respect of potential conflicts of interest, the Board must be comfortable that there is no undue risk involved and that all conflicts and related party transactions are disclosed and are strictly dealt with in accordance with the provisions of the Act and MMLR.

The Act requires directors to act honestly and use reasonable diligence in the discharge of their duties at all times. It further prohibits the improper use of information obtained by virtue of their position as directors to obtain, directly or indirectly, an advantage for themselves or for others, or to cause harm to the Company.

Directors also owe fiduciary duties to the Company to:

- (a) act in good faith in the company's interests;
- (b) exercise due care and skill in the discharge of their duties; and
- (c) avoid conflict between their duties and their private interests, among other things.

The Act and the MMLR subject the Directors to disclosure requirements.

Every Director shall comply with the provisions of Sections 221 and 219 of the Act in connection with the disclosure of his/her interest contracts or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company as well as any interest or changes in shares or options of the Company or personal particulars of the Director.

### 6.2 Related Party Relationships

Directors must disclose the name(s) of any related party and nature of the related party relationship where conflict exists, irrespective of whether or not there have been transactions between the related parties.

If there have been transactions between related parties, during the existence of a related party relationship, Directors must disclose the following among others:

- (a) the name of the transacting related party;
- (b) a description of the relationship between the parties;
- (c) a description of the nature of transactions;



- (d) value of the transactions either as an amount or as an appropriate proportion;
- (e) any other elements of the related party transactions necessary for an understanding of the financial statements;
- (f) amounts written of or written back in the period in respect of debts due from or to related parties.

### 6.3 Dealings and Interest in Securities

Substantial shareholders, Directors and senior executives of the Company are regarded as insiders under the Act, the MMLR and/or the Capital Markets and Services Act 2007, and are prohibited from making improper use of the information obtained by virtue of their position in order to obtain an advantage for themselves or any other person.

However, Directors are limited in their ability to deal in the Company's shares by reason of their position as insiders and or while in possession of insider information.

Pursuant to Chapter 14 of the MMLR, Directors and principal officers of the Company are restricted from dealing in securities of the Company during closed periods (as defined under the MMLR, which will be notified to the Directors from time to time) and when in possession of material unpublished price sensitive information affecting the Group,

Directors may deal in the shares of the Company during the closed periods subject to complying with the following conditions:

- (a) Before any proposed dealing in the shares of the Company, a written notice of intention to deal with the shares must be given to the Company.
- (b) Upon receipt of the notice, the Company will immediately make an announcement to Bursa Securities, with among others, the following information:
  - The director's current shareholdings in the Company; and
  - The director's intention to deal in shares of the Company during closed period.
- (c) The proposed dealing could only be effected after one (1) full market day from the date of the announcement made pursuant to paragraph (a) above.
- (d) a written notice of dealing in shares of the Company must be given to the Company within one (1) full market day after the dealing and the Company will immediately make an announcement of such dealing to Bursa Securities. The following information should be included in the notice and announcement:
  - date of dealing;
  - consideration for the dealing; and
  - number of shares purchased or disposed, both in absolute terms and as a percentage of all issued shares of that class.

For dealings outside closed periods, Directors must give written notice of the dealing to the Company within 3 market days after the dealing, and the Company will make an immediate announcement to Bursa Securities of such dealing.

Directors who possess inside information relating to the Company must not deal in the shares of the Company.



## **6.4 Undertaking to Bursa Securities**

It is a requirement for the Directors to give an undertaking to Bursa Securities within 14 days or other such period as prescribed from the date of appointment that they will comply with the requirements under the MMLR.

## **7. Administrative**

### **7.1 Application**

The principles set out in this Charter are applied in practice having regard to their spirit and general principles rather than to the letter alone; and the Board endeavours to comply at all times with the principles and practices set out in this Charter.

### **7.2 Periodic Review**

This Board Charter will be periodically reviewed to ensure the needs of the Company are met as well as to encompass any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

### **7.3 Amendment of Charter**

The Board will make any necessary amendments to ensure they remain consistent with the Board's objectives, current laws and governance practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's corporate website.

### **7.4 Publication of Charter**

This Board Charter was adopted by the Board and is published on the Company's Website for easy access and viewing and as required under the CG Code.



## Appendix A

### 1. Chairman

The Chairman primarily focus on

- Uphold the highest standards of integrity and probity.
- Lead the Board in establishing and monitoring good corporate governance practices and systems in the Company.
- Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate.
- Encourage active participation and dissenting views to be freely expressed. He also ensures Board decisions are made on a sound and well-informed basis;
- Ensure that they are fully informed about all issues on which the board will have to make a decision, through briefings with the Chief Executive, the company secretary, and members of the executive management as appropriate.
- Ensure clear structure for, and the effective running of, Board committees.
- Ensure effective implementation of board decisions.
- Promote effective relationships and open communication between executive and non-executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- Build an effective and complementary board, and with the NC, initiate change and plan succession in board appointments (except that of a successor as Chairman) subject to board and shareholder approval.
- With the assistance of the company secretary, promote the highest standards of corporate governance, seeking compliance with the Combined Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.
- Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
- Ensure the long-term sustainability of the business.
- Ensure the continual improvement in quality and calibre of the executives.
- Establish a close relationship of trust with the Chief Executive and Finance Director, providing support and advice while respecting executive responsibility.
- Provide coherent leadership of the company, including, in conjunction with the Chief Executive, representing the company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

#### **The Chairman is responsible for:**

##### ➤ **Meetings**

- Chairing board and general meetings.
- Running the board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
- Setting the board agenda, taking into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategic matters.
- Ensuring that there is appropriate delegation of authority from the board to executive management.



- Ensuring that the directors receive accurate, timely and clear information, including that on the company's current performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the company.
- Managing the board to allow enough time for discussion of complex or contentious issues. The Chairman should ensure that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.

## ➤ **Directors**

- providing leadership at the Board level in ensuring the Board is able to effectively discharge its responsibilities;
- setting the tone for the Company's values and standards to ensure the obligations to its shareholders and other stakeholders are understood and met;
- working together with the Board and based on the work of the Board Committees, determine the nature and extent of risk appetite of the Group;
- working with the Board in ensuring there is a proper selection, assessment and training programmes for the Directors;
- Facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the board.
- Ensuring constructive relations between the executive and non-executive directors.
- Holding meetings with the non-executive directors without the executives present.

## ➤ **Induction, development and performance evaluation**

- Ensuring that new directors participate in a full, formal and tailored induction programme, facilitated by the company secretary.
- Ensuring that the development needs of directors are identified and, with the company secretary having a key role, that these needs are met. The directors should be able to continually update their skills and the knowledge and familiarity with the company required to fulfil their role on the board and its committees.
- Identifying the development needs of the board as a whole to enhance its overall effectiveness as a team.
- Ensuring the performance of the board, its committees and individual directors is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the board. Where appropriate, through the NC, proposing that new members be appointed to the board or seeking the resignation of others.

## ➤ **Relations with shareholders**

- Ensuring effective communication with shareholders.
- Maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- Ensuring that the views of shareholders are communicated to the board as a whole so that all directors develop an understanding of their views.

## ➤ **AGM**

- Arranging for the Chairmen of board committees to be available to answer questions at the AGM and for all directors to attend.





## 2. Chief Executive Officer

### Chief-Executive

The Chief Executive is accountable and reports to the board and is responsible for running the group's business.

**The Chief Executive is responsible for the following, within the authority limits delegated to them by the Board:**

- **Business Strategy and Management**
  - Developing group objectives and strategy having regard to the group's responsibilities to its shareholders, customers, employees and other stakeholders.
  - The successful achievement of objectives and execution of strategy following presentation to, and approval by, the board.
  - Recommending to the board an annual budget and [5 year] financial plan and ensuring their achievement following board approval.
  - Optimising as far as is reasonably possible the use and adequacy of the group's resources.
- **Investment and Financing**
  - Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the group board of those which, in a group context, are material either by nature or cost.
  - Identifying and executing acquisitions and disposals, approving major proposals or bids.
  - Leading geographic diversification initiatives.
  - Identifying and executing new business opportunities outside the current core activities.
- **Risk Management and Controls**
  - Managing the group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the board.
  - Ensuring appropriate internal controls are in place.
- **Board Committees**
  - Making recommendations on remuneration policy, executive remuneration and terms of employment of the senior executive team, including the company secretary to the Remuneration Committee.
  - Making recommendations to the NC on the role and capabilities required in respect of the appointment of executive directors.
- **Communication**
  - Providing a means for timely and accurate disclosure of information, including an escalation route for issues.
  - Ensuring effective communication with shareholders.



➤ **Others**

- Setting group HR policies, including management development and succession planning for the senior executive team and approving the appointment and termination of employment of members of that team.

**The duties to fulfil these responsibilities include:**

- Leading the executive directors and the senior executive team in the day to day running of the group's business, including chairing the Executive Committee and communicating its decisions/recommendations to the board.
- Ensuring effective implementation of board decisions.
- Regularly reviewing the operational performance and strategic direction of the Company's business.
- Regularly reviewing the group's organisational structure and recommending changes as appropriate.
- Formalising the roles and responsibilities of the senior executive team, including clear delegation of authorities.
- Supervising the activities of subsidiary companies' most senior executives.
- Developing senior teams within subsidiaries and ensuring succession planning.
- Developing the following policies for board approval and then implementing them.
- Formulating and establishing Codes of ethics and sound business practices
- Formulating and establishing a Health and safety policy, risks and procedures (to be reviewed annually)
- Formulating and establishing an Investor Relations and Communications policy (including procedures for the release of price sensitive information)
- Formulating and establishing a Corporate sustainability policy
- Ensuring that all group policies and procedures are observed and conform to the best practice standards.
- Together with the Chairman, providing coherent leadership of the Company, including, representing the Group to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the public.
- Keeping the Chairman informed on all important matters.

### **3. Non-Executive and Independent Directors**

The Non-Executive ("NE") and Independent Directors are responsible for the following, within the authority limits delegated to them by the Board:

- Review, approve, or disapprove Management's corporate strategy proposal. 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's proposal concerning strategic or business plans, they need to evaluate elements, which should be taken into account in the process of creating the strategic plan for the Company. They are also responsible in monitoring Management's success in implementing the strategy.
- Oversee the conduct of the Company's business and to evaluate whether the business is properly managed. In this respect, they must ensure that there are objectives in place against which Management's performance can be measured.
- Develop position descriptions for the Board and for the CEO together with the CEO and the full Board, involving definition of the limits to Management's responsibilities. In addition, the NE Directors should approve, or develop with the CEO, the corporate objectives, which the CEO is responsible for meeting.



- Ensure the highest calibre of Senior Management when appointing, training, assessing and providing for succession. The key to the effective discharge of this particular task is to provide for the best CEO for the job.
- Represent their interests on the Board in the case of NE Directors representing substantial shareholders and to provide a balanced and independent view to the Board. Independent Non-Executive Directors (“INED”) however should bring independence of judgement and objectivity to Board deliberations.
- Acquire and provide the necessary skill and experience to bring an independent judgement to bear on the issues of strategies, performance and resources including key appointments and standards of conduct.
- Keep abreast of issues relating to the Company between meetings.
- Meet regularly with the Board, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The NE Directors and INEDs should be required to disclose the number of Board meetings held in a year and the details of attendance of each individual Director in respect of meetings held to enable shareholders to evaluate the commitment of a particular Director to the affairs of the Company.
- Committed to a collective decision-making process.
- Ensure that at the notice of meetings state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board committees and the fact that a particular director is independent in the case of re-election of Directors.
- Appoint as the Company Secretary someone who is capable of carrying out the duties to which the post entails and their removal should be a matter for the Board as a whole.
- Acknowledge the recommendations for improving the quality of Annual General Meetings as set forth by the Code, the NE Director and INED should ensure that each item of special business included in the notice must be accompanied by a full explanation of the effects of a proposed resolution.
- Maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally. This policy must effectively interpret the operations of the Company to the shareholders and must accommodate feedback from shareholders, which should be factored into the Company’s business decisions. The NE Director, INED and/or Management should also conduct a business presentation with a question and answer session.

Outline rules to determine the materiality of any transaction and should establish clearly which transactions require multiple Board signatures. Board should also agree on the procedures to be followed especially when decisions are required between Board meetings. In addition, provide a formal schedule of matters specifically reserved to the Board should be maintained for its decision to ensure that the direction and control of the Company is firmly in its hands.



## **Appendix B**

### **Company Secretary**

The role of a Company Secretary includes:

- (i) Corporate governance advisory
  - (a) ensuring that adequate processes and procedures are in place and adhered to for the effective functioning of the Board;
  - (b) advising the Board on various matters including Directors' duties, disclosure obligations, compliance with companies and securities laws, regulatory requirements and corporate governance developments;
  - (c) assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
  - (d) facilitating training programme for Directors and induction programme for new Directors;
- (ii) Compliance advisory
  - (a) providing updates and assist the Board and management with reviewing regulatory requirements related to company and securities regulations and listing requirements as well as analysis of status of compliance and action plans;
  - (b) advising the Board on disclosure requirements relating to material information to shareholders and regulators in a timely manner;
  - (c) notifying the Board of any possible non-compliance issues;
  - (d) establishing guidelines on dealing in shares pursuant to MMLR;
- (iii) Information flows and meetings
  - (a) setting the agenda, convening, facilitating proper conduct and recording proceedings and decisions of the Board and Board Committees;
  - (b) ensuring an appropriate level of communication between the Board and its committees and between senior management and the Non-Executive Directors;
- (iv) Regulatory compliance
  - (a) ensuring statutory and meeting records of the Company are properly maintained;
  - (b) ensuring relevant disclosures, submissions and filings are made in a timely manner to the regulators on behalf of the Company and the Board;
- (v) Stakeholder communication
  - (a) managing processes pertaining to the annual shareholder meeting; and
  - (b) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.