

**BOARD CHARTER  
REVISED TERMS OF REFERENCE**

*Approved by the Board of Directors on 18 December 2018*

**1.0 INTRODUCTION**

1.1 The Board of Directors of VELESTO ENERGY BERHAD (formerly known as UMW Oil & Gas Corporation Berhad) (“VELESTO” or “Company”) regard Corporate Governance as vitally important to the success of the business and are therefore committed in ensuring that the principles of good governance are applied in all Company’s dealings.

- The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company;
- All Board members shall act in a professional manner, upholding the core values of integrity and enterprise in discharging their fiduciary duties and responsibilities;
- All Board members are responsible for the Company in achieving a high level of good governance.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles and shall constitute and form an integral part of each Director’s duties and responsibilities.

**2.0 OBJECTIVES**

2.1 The objectives of this Board Charter include ensuring all Board members are aware of their respective duties and responsibilities as a Board member and the various legislation and regulations affecting his/her conduct and that the principles and practices of good Corporate Governance are applied in all his/her dealings in respect of and on behalf of the Company.

This Charter is also designed to provide guidance and clarity for the Directors and Senior Management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their role and in discharging their fiduciary duties towards the Company as well as the Board’s operating practices.

**3.0      THE BOARD****3.1      Role and Responsibility of a Director**

3.1.1      The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interests of the Company. The Directors, collectively and individually, are expected to be aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

3.1.2      The Directors understand that the responsibility for good Corporate Governance rests with them and therefore strive to apply the broad principles and specific recommendations on structures and processes as stated in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The Board is to include a narrative statement in the Annual Report of the Company on the extent of compliance with the principles and best practices in Corporate Governance, pursuant to the Main Market Listing Requirement and MCCG 2017.

3.1.3      The Company complies with various guidelines and recommendations issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Securities Commission ("SC"), Green Book on Enhancing Board Effectiveness ("Green Book") by the Putrajaya Committee on Government - Linked Companies ("GLC") High Performance and Corporate Governance Guide and MCCG 2017. The Board's roles, responsibilities and composition are also governed by its Constitution of the Company and the laws and regulations governing companies in Malaysia.

3.1.4      The Board meets in person at least once every quarter to facilitate the discharge of its responsibilities. Members of the management who are not Directors are invited to attend and speak at meetings on matters relating to their sphere of responsibility.

3.1.5      Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the management and monitoring the performance of the management.

3.1.6      Duties of the Board generally include the following:-

- (a)      provides guidance on the strategic direction, challenges assumption, priorities and options as put forward by the Management in the strategic plan and review the business plan and budget and sets

- targets for the Management;
- (b) reviews, approves and provides feedbacks on corporate key performance indicators (KPIs) and targets, and reviews results quarterly, discusses material variances, and ensures that corrective actions are taken if required;
- (c) selects and proactively plans the President succession and evaluates the President, endorses the development plan to those in pivotal positions, understands the pool of future leaders as well as reviewing the philosophy of the Company;
- (d) sets the Company's risk parameters, understands major risk exposure and ensures appropriate risk mitigation approach is in place and considers the risk factors in all major decisions;
- (e) ensures that all views of the shareholders are represented and shareholders are treated equally; and
- (f) balances and manages economic impact of stakeholders' interests on shareholders' values, and supports the Management in managing key stakeholders.

3.1.7 All Directors should objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company. Every Director is required to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:-

- (a) together with Senior Management, promote good corporate governance culture within the Company which will reinforce ethical, prudent and professional behaviour to be adopted;
- (b) review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management;
- (c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) supervise and assess the Management's performance to determine whether the business is being properly managed;
- (e) ensure there is a sound framework for internal controls and risk management;
- (f) understand the principal risks of the Company's business and recognise that business decisions will involve taking appropriate risks;
- (g) set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

- (h) ensure that Senior Management has the necessary skills and experiences and there are measures in place to provide for the orderly succession of the Board and Senior Management;
- (i) ensure that the Company has in place procedures to enable effective communication with stakeholders;
- (j) ensure the integrity of the Company's financial and non-financial reporting.

3.1.8 The Board has established written procedures in determining issues that require decisions of all Board members and issues that can be delegated to Board Committees or the Management. The Board may from time to time establishes Board Committees to assist in the discharge of its responsibilities.

3.1.9 The Board reserves full decision-making powers on the following matters:-

- (a) Material acquisitions and disposal of assets;
- (b) Investments in major projects;
- (c) Authority levels;
- (d) Treasury policies;
- (e) Risk Management policies;
- (f) Key human resource issues; and
- (g) Conflict of interest issues relating to a substantial shareholder or Director.

3.1.10 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

### **3.2 Composition and Board Balance**

3.2.1 The Board consists of a mix of qualified and experienced professionals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions by the Board members.

3.2.2 At any one time at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. If the number of Directors is not three (3) or multiple of three (3), then the number nearest one-third (1/3) shall be used for the purpose of determining the requisite number of Independent Directors.

3.2.3 The Constitution provides that the number of Directors including the Chief Executive shall not be less than two (2) nor more than fifteen (15). All Directors of the Company shall be natural persons.

- 3.2.4 The President is responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals as established by the Board.
- 3.2.5 The Non-Executive Directors do not participate and do not engage in the day-to-day management of the Company and do not engage in any business transaction or other relationships with the Company so as to ensure that they exercise independent judgments and act in the best interests of the Company.
- 3.2.6 The Board discloses in its Annual Report the Company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the Board must have at least 30% women Directors.

### **3.3 Independent Director**

- 3.3.1 For appointment of Independent Non-Executive Director, the Independent Test shall be conducted prior for the appointment, i.e. whether the candidate:-
- (a) is independent of the Management, free from any businesses or other relationships which may interfere with the exercise of independent judgment or ability to act in the best interest of the Company;
  - (b) within the last two (2) years, is not an officer of the Company or its related corporation;
  - (c) is not a major shareholder;
  - (d) is not a family member of the Executive Director, officer or major shareholders of the Company;
  - (e) is not a nominee of any Director or major shareholder; or
  - (f) has either been engaged as advisor by the Company nor is a Partner, Director or major shareholders of a firm/corporation which provides professional advisory services to the Company.
- 3.3.2 The Independent Directors fulfil a pivotal role in corporate accountability by providing independent view, advice and judgment to ensure a balanced and unbiased decision making process and objectivity without being subordinated to operational considerations. The views of the Independent Directors shall carry significant weight in the Board's decision-making process.
- 3.3.3 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

**3.4 Senior Independent Director**

3.4.1 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed to.

3.4.2 Senior Independent acts as :-

- (a) a sounding board for the Chairman;
- (b) an intermediary for other directors when necessary; and
- (c) the point of contact for shareholders and other stakeholders.

**3.5 Appointments**

3.5.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Board Nomination & Remuneration Committee ("BNRC"). In making these recommendations, the Board Nomination & Remuneration Committee will consider the required mix of skills, experiences, core competencies, other qualities and diversity in terms of gender, ethnicity and age, which the Directors bring to the Board.

3.5.2 The selection of candidates may come on recommendations by any existing Board members, Management or major shareholders. BNRC may also consider appointing an independent party or source out to third party in identifying suitably qualified candidates.

If the selection of candidate was made solely based on recommendations made by existing Board members, Management or major shareholders, BNRC shall explain why other sources were not used.

3.5.3 New Directors are expected to have such expertise so as to qualify them to make positive contributions to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.5.4 All Directors shall notify the Chairman before accepting any new external directorship in listed companies and the notification shall include the indication of time that will be spent on the new appointment.

3.5.5 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

- 3.5.6 The Company conducts an induction programme for newly-appointed Directors. The induction programme is aimed to provide the newly-appointed Directors with the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme.
- 3.5.7 The Company will identify relevant educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.5.8 In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia, 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. The Board will assess the training needs of the Directors and disclose in the Annual Report the training programmes attended by the Directors.
- 3.5.9 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies or such other numbers as may be set by the relevant authorities.
- 3.5.10 Executive Directors should not take on any non-executive directorships, except for directorships within the Group, unless permission is granted by the Board.
- 3.6 Re-election**
- 3.6.1 All Directors are subject to retirement by rotation in accordance with its Constitution and the Main Market Listing Requirements of Bursa Malaysia ("MMLR").
- 3.6.2 The Board has a policy which limits the tenure of its Independent Directors up to nine (9) years.

**3.7 Board Evaluation**

3.7.1 The Board, upon appropriate recommendation from the Board Nomination and Remuneration Committee (“BNRC”) shall undertake a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual Director, including Independent Non-Executive Directors, as well as the President. An annual assessment on individual directors should include an evaluation of their:-

- (a) will and ability to critically challenge and ask the right questions;
- (b) character and integrity in dealing with potential conflict of interest situations;
- (c) commitment to serve the company, due diligence and integrity; and
- (d) confidence to stand up for a point of view.

3.7.2 The Board may from time to time engages with independent experts periodically to facilitate objective and candid Board evaluations. The identification of the third party should be disclosed when an independent third party is used to carry out Board evaluation.

3.7.3 The following information should be disclosed in the Annual Report:-

- (a) How the evaluation was conducted, the criteria used such as the assessment of fit and properness, contribution and performance, caliber and personality of Directors;
- (b) Whether an independent expert was engaged, or was it internally facilitated;
- (c) Key strengths and/or weaknesses that were identified from the evaluations; and
- (d) Steps or enhancements proposed to be undertaken to mitigate or address the weaknesses identified.

3.7.4 The Board, upon appropriate recommendation from the BNRC shall review the term of office and performance of the Board Audit Committee (“BAC”) and each of its members annually to determine whether the BAC and members have carried out their duties pursuant to the Terms of Reference.

**3.8 Supply of Information**

3.8.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively. All Directors have the same right of access to information, whether they are Executive or Non-Executive Directors.



- 3.8.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible shall respond as fully and promptly as possible.
- 3.8.3 To facilitate robust board discussions, the Chairman together with the Company Secretary should ensure that Directors are provided with sufficient information and time to prepare for Board meetings. The meeting materials should be circulated at least five business days in advance of the Board meeting.
- 3.8.4 The Board records its deliberations, in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities. All decisions made including all issues discussed in arriving at decisions are to be properly recorded to provide a historical record and insight into those decisions.
- 3.8.5 Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director.
- 3.8.6 All Board members should ensure that the minutes of meetings to accurately reflect the deliberations and decisions of the Board, including whether any Director was abstained from voting or deliberating on a particular matter.

#### **4.0 CHAIRMAN AND PRESIDENT**

- 4.1 The Company aims to ensure a balance of power and authority between the Chairman and the President with a clear division of responsibility between the running of the Board and the Company's business, respectively.
- 4.2 Separation of the positions of the Chairman and President promotes accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence Board's discussions and decision-making. The responsibilities of the Chairman should include leading the Board in its collective oversight of the management of the Company.

#### **4.3 Chairman**

- 4.3.1 Key responsibilities of the Chairman include:-
- (a) providing leadership for the Board for that the Board can perform its responsibilities effectively;
  - (b) setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;

- (c) leading Board meetings and discussions;
- (d) encouraging active participation and allowing dissenting views to be freely expressed;
- (e) managing the interface between the Board and Management;
- (f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (g) leading the Board in establishing and monitoring good corporate governance practices in the Company.

4.3.2 The Chairman, in consultation with the President and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

4.3.3 The Chairman is responsible for managing the business of the Board to ensure that:-

- (a) all Directors are properly briefed on issues arising at Board meetings;
- (b) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussions; and
- (c) the issues discussed are forward looking and concentrates on strategy plannings.

4.3.4 Questions arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes the Chairman shall have a second or casting vote except in cases where a unanimous vote is required under the Constitution or the decision in question is regulated by any special agreement.

4.3.5 Provided that at a meeting of the Directors where two Directors form a quorum and only such quorum is present, or at a meeting of the Directors at which only two Directors are competent to vote on the question at issue, the Chairman of such meeting shall not have a casting vote.

#### **4.4 President**

4.4.1 The President is the conduit between the Board and the Management in ensuring that the management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.

4.4.2 The President has the executive responsibility for the day-to-day operations

of the Company's business.

4.4.3 The President is responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board. The views of the Management are represented at meetings of the Board by the presence of Senior Executives when required.

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

## **5.0 BOARD COMMITTEES**

5.1 The Board may from time to time establish Board Committees to assist the Board in the discharge of its responsibilities. In this regard, the Board has established the following Board Committees from amongst the Board Members to ensure good governance in the decision making process:-

- Board Audit Committee ("BAC");
- Board Nomination & Remuneration Committee ("BNRC");
- Board Executive Committee ("EXCO");
- Board Risk Management Committee ("BRMC"); and
- Board Whistle-Blowing Committee ("BWBC")

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

5.3 These Board Committees are tasked to examine specific areas and issues and report to the Board on their deliberations together with recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

5.4 The roles and responsibilities of the abovementioned Board Committees are provided in the Terms of Reference of each of the respective Board Committees, details of which are set out in the link to the 'Board Charter' on VELESTO's website.

## **6.0 REMUNERATION LEVELS OF DIRECTORS**

6.1 The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management, which takes into

account the demands, complexities and performance of the company as well as skills and experiences required. The policies and procedures are periodically reviewed and made available on the Company's website.

- 6.2 To ensure that a strong link is maintained between the level of remuneration and individual performance against the performance of the Group and the achievement of the organisation's targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of the Managing Director.
- 6.3 To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.
- 6.4 The Board is also guided by the market and industry practices in determining the amount of compensation to be paid to the President and to other Directors.
- 6.5 No Director other than the President shall have a service contract with the Company.
- 6.6 A review of the Directors' remuneration is undertaken once every two (2) years.
- 6.7 There is detailed disclosure on named basis for the remuneration of individual Directors. The remuneration breakdown of individual Directors includes fees, salary, bonus, benefits in-kind and other emoluments.

## **7.0 FINANCIAL REPORTING**

### **7.1 Transparency**

- 7.1.1 An effective BAC can bring transparency, focus and independent judgement needed to oversee the financial reporting process. However, the ultimate responsibility for the Company's financial reporting process rests with the full Board.
- 7.1.2 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.3 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with approved accounting standards.

7.1.4 The Company is to announce to Bursa Malaysia of its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period or any period as may be set by the relevant authorities in the future.

7.1.5 The Auditors Report shall contain a statement from the Company's external auditors (Company Auditors) explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.

## **7.2 Company's Auditors**

7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's Auditors through the BAC.

7.2.2 The BAC also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company's Auditors. The Company ensures that the Company's Auditors do not supply a substantial volume of non-audit services to the Company.

7.2.3 Appointment of the Company's Auditors is subject to the approval of shareholders at General Meetings. The Company's Auditors shall retire during the Annual General Meeting ("AGM") every year and may be re-appointed by the shareholders for the ensuing year.

## **7.3 Internal Controls and Risk Management**

7.3.1 The Board should determine the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investment and the Company's assets. Internal controls are important for risk management and the Board should be committed to articulating, implementing and reviewing the Company's internal control framework.

7.3.2 The Board should, in its disclosure include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability are evaluated and the controls in place to mitigate or manage those risks. In addition, it should state if the risk management framework as adopted by the Company is based on an internationally recognised risk management framework.

7.3.3 The Board should also disclose whether it has conducted an annual review and periodic testing of the Company's internal control and the risk

management framework. This should include any insights it has gained from the review and any changes made to its internal control and the risk management framework arising from the review. Where information is commercially sensitive and may give rise to competitive risks, disclosure in general terms is acceptable.

- 7.3.4 The BAC receives reports regarding the outcome of such reviews on a regular basis.

## **7.5 Non-Financial Reporting**

- 7.5.1 Non-Financial Reporting by the Board is carried out through the Performance Review, Corporate Responsibility and Corporate Governance sections in the Annual Report as well as other announcements by the Company on its website or press statements.

## **8.0 GENERAL MEETINGS**

### **8.1 Annual General Meeting ("AGM")**

- 8.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 8.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the Company's shareholders.
- 8.1.3 Notice for an AGM shall be given to the shareholders at least 28 days prior to the meeting.
- 8.1.4 The Chairman encourages active participation by the shareholders during the AGM.
- 8.1.5 The Chairman and, where appropriate, the President to respond to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.
- 8.1.6 The Board should take proactive measures to ensure that shareholders are able to participate at General Meetings. In facilitating greater shareholder participation, it is important for the company to consider leveraging technology to facilitate electronic voting and remote shareholder participation.

**8.2      Extraordinary General Meeting (“EGM”)**

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

**9.0      DIRECTOR’S CODE OF ETHICS**

9.1      The Board establishes a Code of Conduct and Ethics for the Company, and together with the Management, implements its policies and procedures, which include managing conflicts of interests, preventing the abuse of power, corruption, insider trading and money laundering.

9.2      The Board has the responsibility to set the tone and standards of the Company through the Code of Conduct and Ethics. The Code of Conduct and Ethics shall articulate acceptable practices and guide the behaviour of the Directors, Management and employees. The policies of the Code of Conduct and Ethics shall be integrated into company-wide management practices and shall be periodically reviewed.

9.3      The Code of Conduct and Ethics should describe measures put in place to :-

- (a)      handle actual or potential conflict of interests;
- (b)      prevent corrupt practices which include the offering and acceptance of gifts and other form of benefits;
- (c)      encourage the reporting of unlawful or unethical behaviour;
- (d)      protect and ensure the proper usage of the Company’s assets; and
- (e)      ensure compliance with laws, rules and regulations.

9.4      The Board should encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.

9.5      The Board should ensure that its whistle-blowing policies set out avenues where legitimate concerns can be objectively investigated and addressed. Individuals shall be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

**10.0     INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

10.1      Ongoing engagement and communication with stakeholders are to build trust and understanding between the Company and its stakeholders. It provides stakeholders a better appreciation of the Company’s objectives

and the quality of its management. This in turn will assist stakeholders in evaluating the Company and facilitate shareholders to determine how their votes should be exercised. From the Company's perspective, it provides an avenue for invaluable feedback that can be used to understand stakeholders' expectations and develop business strategies.

- 10.2 Dialogue with stakeholders is a necessary and beneficial process as it enables companies to understand the stakeholders' concerns and to take these concerns into account when making decisions.

Communication with the stakeholders can be achieved through various means. This includes:-

- (a) establishing an investor relations functions;
- (b) conducting engagement forums;
- (c) organising investor, analyst and media briefings; and
- (d) use of electronic means (website, social media, etc).

- 10.3 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

- 10.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman or President will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases are coordinated with the Company Secretary to ensure that information that has yet to be released to Bursa Malaysia is not released to the press.

- 10.5 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

- 10.6 An integrated report is the main point report from which all other detailed information flows; such as annual financial statements, governance and sustainability reports. It is concise communication about how a company's strategy, performance, governance and prospects lead to value creation. An integrated report improves the quality of information available to investors and promotes greater transparency and accountability on the part of the Company.

The preparation of this report requires integrated thinking of the relationship between its various operating and functional units, thus breaking down internal silos and reducing duplication.



**11.0**      **RELATIONSHIP WITH OTHER STAKEHOLDERS**

11.1      In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders values alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

**12.0**      **EMPLOYEES**

12.1      The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

12.2      The Company adopts comprehensive and documented policies and procedures with respect to the following:-

- (a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees;
- (b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace; and
- (c) Fair practices in respect of its employees.

**13.0**      **ENVIRONMENT**

13.1      The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

13.2      The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

13.3      The Company supports initiatives on environmental issues.

**14.0**      **SOCIAL RESPONSIBILITY**

14.1      The Board acknowledges that the Company should play an important role in contributing towards the welfare of the community in which it operates.

14.2      The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

14.3      The Company supports charitable causes and initiatives on community development and welfare projects.

**15.0**      **COMPANY SECRETARY**

- 15.1      The responsibility of the modern day Company Secretary has evolved from merely advising on administrative matters to now advising Boards on governance matters. The Company Secretary through the Chairman plays an important role in good governance by helping the Board and its Committees to function effectively and in accordance with their Terms of Reference and best practices.
- 15.2      The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 15.3      The roles and responsibilities of a Company Secretary include, but are not limited to the following:-
- (a)      Manage all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communication;
  - (b)      Advise the Board on its roles and responsibilities;
  - (c)      Facilitate the orientation of new Directors and assist in Director training and development;
  - (d)      Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
  - (e)      Manage processes pertaining to the annual shareholder meeting;
  - (f)      Monitor corporate governance development and assist the Board in applying governance practices to meet the board's needs and stakeholders' expectations; and
  - (g)      Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.
- 15.4      The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 15.5      The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

- 15.6 The Board members have unlimited access to the professional advice and services of the Company Secretary, which should include advice on:-
- (a) disclosure of interest in securities;
  - (b) disclosure of any conflict of interest in a transaction involving the Company;
  - (c) prohibition on dealing in securities; and
  - (d) restrictions on disclosure of price-sensitive information.

- 15.7 The Company Secretary must keep abreast of, and inform the Board of current governance practices.

- 15.8 A suitably qualified Company Secretary possesses the knowledge and experiences to carry out his functions. These may include knowledge in company and securities law, finance, governance, company secretaryship and other areas of compliance such as the listing requirements. The Company Secretary should undertake continuous professional development.

#### **16.0 CIRCULAR RESOLUTION**

- 16.1 The Board may deal with matters by way of circular resolutions in lieu of formally convening a meeting.

- 16.2 A resolution in writing signed or approved by letter, telefax or other electronic communications by the majority of the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Secretary and shall be recorded by the Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

#### **17.0 APPLICATION**

- 17.1 The principles set out in this Board Charter are:-
- (a) to be periodically reviewed to suit to the needs of the Company;
  - (b) to be updated and in line with new developments and guidelines concerning Corporate Governance practices as issued by relevant regulatory authorities;
  - (c) to be applied in practice having regard to their spirit and general principles rather than to the latter alone; and
  - (d) the principles are summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

- 17.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 17.3 At any one time, should the Listing Requirement or Companies Act be amended for any reason whatsoever, the amendment of which affected the contents of this Charter, the amended Listing Requirement or Companies Act shall take precedent over the Charter.