

## **BOARD CHARTER**

### **1. INTRODUCTION**

The Board of Directors (“the Board”) of Ipmuda Berhad (“the Company”) is ultimately accountable and responsible for the performance and affairs of the Company including achieving a high level of good governance. All Board Members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

### **2. PURPOSE**

The objectives of this Board Charter are to ensure that all Board Members are aware of their duties and responsibilities as Board Members.

This Board Charter sets out the role, functions, composition, operation and processes of the Board and will also assist the Board in the assessment of its own performance and of its individual Directors.

### **3. THE BOARD**

#### **3.1 Board Membership Guidelines**

##### **a. Composition**

The Board consists of qualified individuals with diverse experiences, backgrounds and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

The number of directors shall be not less than two (2) but not more than fifteen (15) as set out in the Company’s Articles of Association.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Berhad, the Company must ensure at any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent director. Otherwise the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the director as an independent director.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interest of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by the shareholders.

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

b. Appointment and Re-election

The appointment of a new director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee. 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.

In accordance with the Malaysian Code on Corporate Governance 2012 ("2012 Code"), the Directors are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

The 2012 Code has recommended for gender boardroom diversity. The Board through the NC will take note of this recommendation through the annual assessment of the Directors' performance.

The Articles of Association of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting (“AGM”). Further, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) shall retire from office and an election of Directors shall take place provided always that each Director shall retire once in every three (3) years but shall be eligible for re-election.

The Board shall be responsible for recommending its members for election by the shareholders.

**b. Independence of Directors**

The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board assessment.

**3.2 Role of the Board**

**a. Duties and Responsibilities**

The Board assumes, amongst others, the following duties and responsibilities:

1. reviewing and adopting the overall strategic plans and programmes for the Company and Group;
2. overseeing and evaluating the conduct of business of the Company and Group whether the business is being properly managed and sustained.
3. identifying principal risks and ensuring implementation of a proper risk management system to manage such risks under the guidance of the Risk Management Committee. This includes reviewing procedures to identify the main risks associated with the Group’s businesses and the implementation of appropriate systems to manage these risks;
4. establishing a succession plan.
5. reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
6. monitoring Board composition, processes and performance with the guidance of the Nomination Committee;

7. promote better investor relations and shareholders' communications.
8. ensure that the Group's core values, vision and mission and shareholders' interests are met.
9. establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
10. monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards;
11. ensure that the Group has the appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.
12. performs such other functions as are prescribed by law or are assigned to the Board.

b. Matters reserved for the Board

The following are matters which are specially reserved for the Board:

1. appointment of the Chairman;
2. appointment and recommendation for removal of Directors;
3. appointment and removal of Company Secretary;
4. establishment of Board committees, their membership and delegated authorities
5. approval of interim dividend and recommendation of final dividend for shareholders' approval;
6. approval of annual budgets including capital commitments;
7. approval of corporate plans and programmes;
8. approval of new ventures.
9. approval of material acquisitions and disposals of undertakings and properties.
10. approval of the limits of authority for the Company and Group.
11. approval of the year-end financial statements and quarterly results.
12. calling of meetings of shareholders.
13. review of corporate governance principles and policies.
14. review of whistle blowing reports;
15. any other specific matters nominated by the Board from time to time.

### **3.3 Role of Chairman, Managing Director/Chief Executive Officer**

#### a. Chairman

The Chairman represents the Board to the shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Chairman will act a facilitator at Board meetings and ensure no Board member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board members are forthcoming.

The key roles and accountabilities of the Chairman include:

1. Providing governance in matters requiring corporate justice and integrity;
2. Managing Board communications and Board effectiveness and effective supervision over management;
3. Creating conditions for good decision making during Board and Shareholders' meetings;
4. Ensuring Board proceedings are in compliance with good conduct and best practices;
5. Protecting the interest and provide for the information needs of various stakeholders;
6. Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
7. Ensuring the quality information to facilitate decision-making is delivered to the board on timely manner; and
8. Ensuring compliance with all relevant regulations and legislations.

#### b. Managing Director/Chief Executive Officer (“MD/CEO”)

The key role of the MD/CEO amongst others, include:

1. developing the strategic direction of the Company and its subsidiaries (“the Group”);
2. ensuring that the Group’s strategies and corporate policies are effectively implemented.
3. ensuring that Board decisions are implemented and Board directors adhered to;
4. providing directions in the implementation of short and long term business plans;

5. providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
6. keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to Board Members;
7. ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
8. ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
9. developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions;
10. ensuring the day-to-day business affairs of the Group are effectively managed;
11. assess business opportunities which are of potential benefit to the Group; and
12. bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

### **3.4 Board Committees**

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:

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

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

The Chairman of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings.

### **3.5 Board Meetings**

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary.

All Board members will be provided with the performance reports and any other reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including specific matters or complicated issues, would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. Where necessary, the services of other senior management or external consultants or advisers will be arranged to brief and help the Directors clear any doubt or concern.

### **3.6 Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balance and understandable assessment of the Group's position and prospects.

The Board ensures that the financial statements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Group and the Company.

### **3.7 Directors' Remuneration**

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee.

Non-executive Board Members will be paid a basic fee as ordinary remuneration and they will also be paid a sum for their attendance at meetings. The fee to the non-executive Board Members which is subject to the approval of the shareholders, shall be fixed in sum and not by a commission or on percentage of profits or turnover.

### **3.8 Directors' Training and Continuing Education**

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

**4. COMPANY SECRETARY**

The Company Secretary plays an important advisory role, and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretary shall be the prerogative of the Board as a whole. The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board.

All Directors have a right of access to the Company Secretary.

**5. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATON**

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

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

The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

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

The Annual General Meeting ("AGM") is 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. The Chairman encourages shareholders to participate in the question and answer session at the AGM.

**6. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.



**7. DIRECTORS' CODE OF CONDUCT AND ETHICS**

- D) Board members are required to observe the Directors' Code of Conduct and Ethics ("the Code") as follows:
1. Compliance at all times comply with the Code and the Board Charter;
  2. Observe high standards of corporate governance at all times;
  3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
  4. Will act honestly, in good faith and in the best interests of the Company and Group;
  5. Owe a fiduciary duty to the Company and Group as a whole;
  6. Have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
  7. Will undertake diligent analysis of proposals placed before the Board;
  8. Will act with a level of skill expected from Directors of a public listed company;
  9. Will use the powers of office for a proper purpose, in the best interests of the Company and Group as a whole;
  10. Will demonstrate commercial reasonableness in decision making;
  11. Will not make improper use of information acquired as Directors;
  12. Will not disclose non-public information except where disclosure is authorised by the Board or legally mandated;
  13. Will not use price sensitive non-public information, which can affect the prices of the securities of the Company and/or related listed companies when it becomes publicly known ("Inside Information"), for personal benefit. Will not trade in securities or provide information to others to trade in securities of the Company and/or related listed companies until the Inside Information is publicly released.

14. Will also not trade in securities in any other companies where they have Inside Information which they obtain in the performance of their duties.
15. Will keep confidential, information received in the course of the exercise of their duties and recognize that such information remains the property of the Company and Group and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law;
16. Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company and Group;
17. Will not take advantage of the Company or Group's property or use such property for personal gain or to compete with the Company and Group;
18. Will protect and ensure the efficient use of the Company or Group's assets for legitimate business purposes;
19. Will disclose to the Board any interests which conflict with the interests of the Company and Group and will comply with the guidelines set out in the Section II entitled "Declaration of Interests" below in the event of any conflict;
20. Will make reasonable enquiries as to whether the Company and Group is operating efficiently, effectively and legally towards achieving its goals;
21. Will not engage in conduct likely to bring discredit upon the Company and Group;
22. Make available their specific expertise as required from time to time to the Company and Group;
23. Will encourage fair dealing by all employees with the Company and Group's customers, suppliers, competitors and other employees;
24. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;
25. Should at all times promote professionalism and improve the competency of management and employees of the Company and Group;

26. Should be more proactive to the needs of the community and to assist in society-related programmes;
27. Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Charter;

II) Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, Board Members are required to notify the Company Secretary changes in the following:

1. Shareholding in the Company and its related corporations, whether direct or indirect; and
2. Directorships or interests in other corporations.

In addition to the above, a Board member who has a material interest, either directly or indirectly, in matters considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly.

Relevant Interests in this context are as follows:

1. Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company and Group;
2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company and Group.

III) Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

IV) New Directorships

Board Members should notify the Chairman before accepting any new directorships in any public listed or private companies which include an indication of time that will be spend on the new appointment.

V) Membership of Committees

Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

**8. REVIEW OF THE BOARD CHARTER**

The Board Charter will be reviewed periodically by the Board to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.