



ZELAN BERHAD  
197601001688 (27676-V)

# BOARD POLICY MANUAL

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## **Table of Contents**

Section

1.	INTRODUCTION	2
2.	BOARD LEADERSHIP	2
3.	BOARD COMPOSITION	4
4.	DUTIES AND RESPONSIBILITIES OF THE BOARD	6
5.	BOARD COMMITTEES	7
6.	BOARD MEETINGS	8
7.	MATTERS RESERVED FOR THE BOARD	9
8.	BOARD EVALUATION AND PERFORMANCE	11
9.	BOARD DIVERSITY	11
10.	DIRECTORS' REMUNERATION	11
11.	DIRECTORS' TRAINING	12
12.	BOARD'S RELATIONSHIP WITH SHAREHOLDERS	12
13.	MANAGEMENT OF RISK	12
14.	COMPANY SECRETARY	13
15.	ACCESS TO INFORMATION AND INDEPENDENT ADVICE	14
16.	CODE OF ETHICS	14
17.	WHISTLEBLOWING POLICY	14
18.	REVIEW OF THE BOARD POLICY MANUAL	14



## **1.0 INTRODUCTION**

The Board of Directors (“Board”) of Zelan Berhad (“Zelan” or “Company”) recognises that developing a robust and sound framework of corporate governance and promoting a culture of integrity and transparency throughout Zelan and its subsidiary companies (“Zelan Group” or “Group”) is essential to the success of the Group. Over the years, Zelan Group has continued to integrate good and effective corporate governance practices in directing and managing the overall business of the Group, in compliance with the Malaysian Code of Corporate Governance (“Code”).

This Board Policy Manual would act as a source reference and primary induction literature to provide insights to prospective board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

This Board Policy Manual has been adopted by the Board and sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members who are acting on behalf of the Company are aware on their duties and responsibilities as Board members. All Board members are expected to act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

## **2.0 BOARD LEADERSHIP**

There are two (2) primary responsibilities, namely the running of the Board and the executive responsibility for the running of the Company's business. There should be a clear division of responsibilities between the Chairman and the Managing Director/Chief Executive Officer to ensure a check and balance of power and authority, so that no one individual has unfettered powers of decision making.

The Board should provide leadership and vision to the Company in a way that will not only enhance shareholders' value but also ensure long-term sustainable development and growth of the Company.

The roles of the Chairman and Managing Director/Chief Executive Officer in Zelan are separate, each with responsibilities clearly divided between them as follows:-



## 2.1 Chairman

The Chairman of the Board is appointed from a member of the Board who is a Non-Executive Director. The Chairman provides visionary leadership and guidance to the Board in governance aspects.

The responsibilities of the Chairman, amongst others, are as follows:-

- (a) Provides leadership for the Board so that the Board can perform its responsibilities effectively;
- (b) Sets the board agenda and ensure that board members receive complete and accurate information in a timely manner;
- (c) Leads board meetings and discussions;
- (d) Encourage active participation and allowing dissenting views to be freely expressed during the meeting;
- (e) Encourages active participation and allows dissenting views to be freely expressed;
- (f) Manages the interface between Board and Management;
- (g) Ensure proper committee structure, including assignments of members and committee chairman;
- (h) Conduct performance assessment of the Board, its committees and individual Directors;
- (i) Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- (j) Leads the Board in establishing and monitoring good corporate governance practices in the Company.

## 2.2 Managing Director/Chief Executive Officer

The Managing Director/Chief Executive Officer is responsible for the day-to-day management and operation of the Company with all powers, discretions and delegations authorised, from time to time, by the Board. The Managing Director/Chief Executive Officer may delegate certain aspects of his or her authority and power but remains accountable to the Board for the Company's overall performance. The Managing Director/Chief Executive Officer's financial authority is explicitly provided for in the Company's Limits of Authority approved by the Board.

The responsibilities of the Managing Director/Chief Executive Officer includes:-

- (a) meets regularly with the Board, with due notices of issues to be discussed;
- (b) develop and recommend to the Board, the annual business plan and budget that support the Group's long-term strategy and vision for the Group;



- (c) strive to achieve the Group's financial and operational goals and objectives;
- (d) oversee the implementation of major corporate policies, run the day-to-day business and implement the policies and strategies adopted by the Board;
- (e) ensure that the assets of the Group are adequately maintained and protected;
- (f) act within all specific authorities delegated by the Board;
- (g) foster a positive corporate culture that promotes ethical practices, encourage individual integrity and fulfils social responsibility to attract, retain and motivate diverse group of top-quality employees at all levels;
- (h) constructively challenge and contribute to the development strategy, in particular, providing an independent point of view;
- (i) monitor the performance of management in meeting to ensure that necessary financial and human resources are in place to enable the Group achieves the aforesaid objectives;
- (j) ensure the adequacy and integrity of financial and non-financial reporting to the Board and that the system of internal control and risk management are robust and defensible; and
- (k) promote the highest standards of corporate governance and seek compliance with the provisions of the Code.

### 2.3 Indemnification

Under the Directors' and Officers' Liability Insurance, the Group will provide Directors with insurance coverage whilst acting in their capacity as members of the Board. The Directors will be required to pay a portion of the premiums, the sum of which would be recommended by the Management.

### 3.0 BOARD COMPOSITION

Zelan's Board comprises Non-Independent Non-Executive Directors and Independent Non-Executive Directors, thus achieving the desired level of objectivity and independence in the Board's deliberation and decision-making.

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



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

The present Directors of Zelan provide relevant experiences and expertise drawn from various fields such as engineering, corporate finance, accounting, public services and legal. The composition of the Board with their wide experiences and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group and facilitates the making of informed and critical decisions.

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

### 3.1 *Appointment and re-election of Director*

The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination and Remuneration Committee (“NRC”). In evaluating candidates for appointment to the Board, the NRC will evaluate and match the criteria of the candidate based on experience, skill, competency, knowledge, potential contribution and boardroom diversity.

The Board members have no fixed term of appointment. Nevertheless, the Company's Constitution states that at each Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office. A Director retiring at general meeting shall hold office until the conclusion of that meeting. A newly appointed Director will only hold office until the next Annual General Meeting at which he/she will retire and become available for re-election.

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

All Directors shall notify the Board of any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

### 3.2 *Independent Director*

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



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

### 3.3 Senior Independent Director

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

### 3.4 Vacation of office by Director

The Company's Constitution and Paragraph 15.05 of the Listing Requirements provide the circumstances of which an office of a Director shall become vacant.

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

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

- (a) Overseeing and evaluating the Group's strategic business plans, policies and performance which promote sustainability of the Group;
- (b) Formulating succession plans for members of the Board and senior management to ensure business continuity;
- (c) Oversee and evaluate the conduct of business of the Company and the Group;
- (d) Ensuring the integrity and effectiveness of the governance process of the Company as set out in the Malaysian Code of Corporate Governance;
- (e) Ensuring that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- (f) Ensuring that there is in place an appropriate investor relations and communication policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagement with shareholders;
- (g) Review the adequacy and integrity of the management information and internal controls systems of the Company and the Group; and
- (h) Review and ensure that transaction entered into with related party is fair, reasonable and not to the detriment of minority shareholders.

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



The Directors shall always act within the limitations imposed by the Board on its activities. The Directors' responsibilities and limitations are primarily set out in the Company's Constitution, the Companies Act, the Listing Requirements, Capital Markets and Services Act 2007, the Board's and/or shareholders' resolutions or any other relevant Acts/Legislations.

## 5.0 **BOARD COMMITTEES**

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

Zelan Board has established two (2) standing committees i.e. the Audit Committee and the Nomination and Remuneration Committee, each operating within defined terms of reference, to assist the Board in discharging its responsibilities. The minutes of each committee's meetings are circulated to all Board members so that each Director is aware of the deliberations and resolutions made. The primary objectives of the committees are as follows:-

### 5.1 Audit Committee ("AC")

The primary objectives of the AC are as follows:-

- (a) to assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries ("Group") business, financial risk processes, accounting and financial reporting practices;
- (b) to determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, code of conduct and applicable legal and regulatory requirements;
- (c) serve as an independent party from management in the review of the financial information of the Group presented by management for the distribution to shareholders and the general public;
- (d) provide direction and oversight over the internal and external auditors of the Company to ensure their independence from management; and
- (e) to evaluate the quality of audit conducted by the internal and external auditors on the Group.

The full terms of reference of the AC is attached as *Appendix 1*.



5.2 *Nomination and Remuneration Committee (“NRC”)*

The primary objectives of the NRC are as follows:-

- (a) to review and approve the appointment of the members of the Board of Directors (“Board”), members of Board Committees, Senior Independent Non-Executive Director, Chief Executive Officer and Group’s key management personnel;
- (b) to review and recommend to the Board the remuneration packages for the CEO and Group’s management personnel; and
- (c) to assess the performance of the Board, Board committees and Group’s management personnel.

The full terms of reference of the NRC is attached as *Appendix 2*.

**6.0 BOARD MEETINGS**

The Board meets every quarter with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings.

*Quorum*

The Company’s Constitution provides that the quorum for Board meetings shall be two (2) members.

*Agenda and meeting papers*

The agenda for each meeting shall be circulated to the Board members not less than five (5) days before each meeting, unless otherwise waived. Board meetings may be called at short notice for urgent matter(s) requiring the Board's immediate attention.

*Voting*

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



*Minutes of meeting*

The Company Secretary shall minute the proceedings and resolution of all Board and committees meetings. All resolutions are recorded and thereafter circulated to the Directors for comments before the minutes are finalized and confirmed. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. Minutes of each meeting shall be distributed to all members of the Board.

*Participation of Members*

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

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

*Conflicts of interest*

Board members are required to inform the Board of conflicts or potential conflicts of interests they may have in relation to particular items of business transacted by the Group.

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

**7.0 MATTERS RESERVED FOR THE BOARD**

The direction and control of the Group are in the hands of the Board. The Board adopts a formal schedule of matters reserved for its deliberation and decision. The following are summaries of matters reserved for Board's deliberation and decision:-

- (a) Board structure
- Appointment and recommendation for removal of directors including Senior Independent Director.
  - Appointment, resignation and removal of Company Secretary.
  - Establishment of Board Committees, their members and terms of reference.



- Appointment, resignation, removal and replacement of Board Committees.
  - Appointment and extension of contracts of Chief Executive Officer, Executive Directors (if any) and the Senior Management.
- (b) Remuneration matters
- Approval of the remuneration packages for Directors and Board Committees.
  - Recommendation of Directors' Fees for Directors including fees for Board Committees, to be approved by shareholders.
  - Approval of remuneration packages, including service contracts, for the Managing Director/CEO, Executive Director(s), Senior Management and any other person the Board determines.
  - Determine the size of incentive/bonus as part of the Group's annual plan based on the business performance of the Group.
- (c) Company and Group Operation
- Review and approve the Company's and Group's strategic plans.
  - Approval of material investment or divestment of the Company.
  - Approval of material changes in the activities of the Group and the Group's existing business activities.
  - Approval of Limits of Authority ("LOA") for the Group and its revision therein.
  - Any decision to cease operation of all or any material part of the Group's business.
  - Material changes to the Group's organisation structure.
- (d) Financial matters
- Approval of annual budget of the Company and the Group.
  - Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels.
  - Approval of financial statements and their release to Bursa Malaysia.
  - To determine Dividend Policy and the amount, nature and timing of dividends to be paid.
  - Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
  - Adoption of accounting policies in line with the Malaysian Financial Reporting Standards.
  - Approval of the review on adequacy and effectiveness of the Group's system of risk management and internal controls.



- Commitment to new material banking facilities, borrowings or bonds.

*Note: Specific Board approval authorities are sanctioned in the LOA.*

(e) Others

- Convening of general meetings.
- Granting of power of attorney by the Company.
- Entering of corporate guarantee and indemnity issued by the Company.
- Recommendation for the changes in the Company's Constitution.
- Changes in financial year end.

The above is not, however, exclusive and does not derogate from the Board's overall duties and responsibilities.

## **8.0 BOARD EVALUATION AND PERFORMANCE**

The NRC on an annual basis, undertakes a formal and transparent process in evaluating the effectiveness of individual Directors, the Board as a whole and its committees, as well as the performance of the Managing Director/CEO in respect of their respective skills and experience, pursuant to the annual assessment exercise.

A questionnaire will be circulated to all Board members of which the response will be collected and collated by the Company Secretary, on behalf of the NRC. The NRC, upon discussion of the results, will present the findings to the Board.

## **9.0 BOARD DIVERSITY**

The Board aims to maintain a diversity of expertise, skills and attributes among the Directors. In addition, the Board is also committed in pursuing gender, age and ethnicity diversity across the Group as a combination of personalities that provides a comprehensive range of perspectives and experiences resulting in improved quality of decision making.

## **10.0 DIRECTORS' REMUNERATION**

The Board will determine the level of remuneration paid to Directors, taking into consideration the recommendations of the NRC.



The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully. Directors will be paid directors' fee. A Managing Director shall receive no fees but shall be paid as a fulltime employee of the Company.

The Board should report to the shareholders on the Directors' remuneration and this should be included in the annual report of the Company. The fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director, shall be approved at a general meeting.

#### **11.0 DIRECTORS' TRAINING**

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia, 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 his/her duties and promote active participation in the Board's deliberation. The Board through the NRC shall assess the training needs of the Directors from time to time.

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

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

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

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

#### **13.0 MANAGEMENT OF RISK**

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



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

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

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

#### **14.0 COMPANY SECRETARY**

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The primary responsibilities of Company Secretary are outlined below:

- (a) Advise the Board on its roles and responsibilities;
- (b) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations (e.g. advising directors to abstain from decision making in conflict of interest situations);
- (c) Ensure adherence to the Board's and Board committees' policies and procedures;
- (d) Facilitate the orientation of new Directors and assist in Directors' training and development;
- (e) Provide updates and assist the Board with interpreting regulatory requirements related to Company and securities regulations as well as Listing Requirements;
- (f) Advise the Board on its obligatory requirements to disclose material information to shareholders and financial markets in a timely manner;
- (g) Notify the Chairman of any possible violations of regulatory requirements;
- (h) Manage Board and Board committee meeting logistics, attend and record minutes of Board and Board committee meetings as well as facilitate Board communications;
- (i) Ensure that the decisions of the Board and Board committees are relayed to Management to act upon;
- (j) Manage processes pertaining to the general meetings;
- (k) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues;



- (l) The Company Secretary must keep abreast of, and inform, the Board of current developments in the regulatory framework and governance practices; and
- (m) The Board members have unlimited access to the services of the Company Secretary.

#### **15.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board, each individual Director, or a Committee has the right to seek independent advice in relation to any Board matter, at the Company's expense. Prior to any engagement, consent is to be sought from the Chairman or Committee Chairman, as the case may be.

The Chairman or a Committee Chairman, as the case may be, may determine that any external advice received by an individual Director be circulated to the remainder of the Board.

#### **16.0 CODE OF ETHICS**

The Board had established the Code of Ethics and Conduct ("the Code") of the Group to create a corporate culture within the Group to operate the business in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code of the Group which sets out the principles and standards of business ethics and conduct is applicable to all employees and Directors of the Group irrespective of their seniority or designations.

#### **17.0 WHISTLEBLOWING POLICY**

The Board has established and together with Management has implemented appropriate policies and procedures on whistleblowing. The oversight of the whistleblowing function is under the purview of the Internal Audit and Board, who shall ensure that all reported violations are properly investigated. They are also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

#### **18.0 REVIEW OF THE BOARD POLICY MANUAL**

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

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**1.0 Primary Purpose**

1.1 The Audit Committee (“AC”) is established as a committee of the Board of Directors (“Board”) of Zelan Berhad (“Company”). The primary objectives of the AC are as follows:-

- (a) to assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries’ (“Group”) management of business, financial risk processes, accounting and financial reporting practices;
- (b) to determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- (c) serve as an independent and objective party from Management in the review of the financial information of the Group presented by Management for the distribution to shareholders and the general public;
- (d) provide direction and oversight over the Internal and External Auditors of the Company to ensure their independence from Management; and
- (e) to evaluate the quality of audits conducted by the Internal and External Auditors on the Group.

**2.0 Membership**

2.1 The AC shall compose of not less than three (3) members, and comprise solely of Independent Directors. An Alternate Director must not be appointed as a member of the AC.

2.2 At least one (1) member of the AC must be a member of the Malaysian Institute of Accountants or if he is not, then he must comply with Paragraph 15.09(1) (c) (ii) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

- 2.3 The Chairman of the AC shall be an Independent Non-Executive Director elected by the AC from amongst its members, and is not the Chairman of the Board.
- 2.4 In the event of any vacancy in the AC, the Board shall, within three (3) months of that event, appoint such number of new members to ensure compliance with Listing Requirements.
- 2.5 Any former audit key partner whom has served the Group would have to observe a cooling-off period of two (2) years prior to being appointed as a member of the AC.
- 2.6 The AC shall have no executive powers.

### **3.0 Meetings and minutes**

- 3.1 Meetings shall be held not less than four (4) times a year, and additional meetings shall be scheduled as and when considered necessary. The AC may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 3.2 Unless otherwise agreed by the AC members, notice of each meeting confirming the venue, time and date together with an agenda of items to be deliberated and AC papers, shall be forwarded to each members of the AC at least five (5) days prior to the date of the meeting.
- 3.3 The AC may request other Directors, Senior Management, Internal Auditors and External Auditors, as applicable, to participate in the AC meeting, as necessary to carry out the AC's responsibilities. Either the Internal or the External Auditors may, at any time, request a meeting with the AC with or without Management's attendance.
- 3.3 Minutes of each meeting shall be kept and distributed to each member of the AC and of the Board. The Chairman of the AC shall report on each meeting to the Board.
- 3.4 A resolution in writing signed by a majority of members shall be valid and effectual as if it had been passed at a meeting of the AC. Resolution may consist of several documents in like form, each signed by one (1) or more members. The expressions "in writing" or

“signed” include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

3.5 At least twice (2) a year the AC shall meet with the External Auditor without Management being present.

#### **4.0 Quorum**

4.1 The quorum shall be two (2) members present, with the majority of members present must be an Independent Non-Executive Directors.

#### **5.0 Secretary**

5.1 The Company Secretary shall be the Secretary of the AC.

#### **6.0 Authority**

6.1 The AC wherever necessary and reasonable for the performance of its duties, shall have the following authority as empowered by the Board:

- (a) to have authority to investigate any matters within its Terms of Reference;
- (b) to have the resources which are required to perform its duties and responsibilities as set out in the Terms of Reference;
- (c) to have full and unrestricted access to any information, records, properties and personnel of the Group;
- (d) to have direct communication channels with the Internal and External Auditors and person(s) carrying out the Internal Audit function or activity;
- (e) to be able to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
- (f) to be able to convene meetings with the External Auditors, without the attendance of Management, whenever deemed necessary.

#### **7.0 Duties and Responsibilities**

7.1 The AC shall undertake the following responsibilities:

- (a) Consider the appointment and re-appointment of the External Auditors, the audit fee and any questions of resignation or dismissal, and enquire into the independence, resources and competency of the External Auditors in performing their work;

- (b) Discuss the nature and scope of the audit and any significant problems that may be foreseen with the External Auditors before the audit commences and ensure that the audit is carry out effectively and efficiently for the Group;
- (c) Discuss the impact of any proposed changes in accounting policies on future financial statements with the Management and External Auditors;
- (d) Review the quarterly interim financial information and year-end financial statements before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments and unusual transactions;
  - the going concern assumptions;
  - compliance with accounting standards; and
  - compliance with regulatory requirements.
- (e) Discuss problems and reservations arising from the interim and final audits, and any other matters that the External Auditors may wish to discuss (in the absence of Management where necessary);
- (f) Review the External Auditors' Management letter and Management response and monitor the implementation of any recommendation thereon;
- (g) Review the adequacy of the scope, functions and resources of the Internal Audit function and that it has the necessary authority to carry out its works;
- (h) Review the Internal Audit programme, consider the major findings of Internal Audit investigations and Management's response and ensure effective co-ordination between the Internal and External Auditors;
- (i) Review any appraisal or assessment of the performance of members of the Internal Audit function, to approve any appointment or termination of senior staff members of the Internal Audit function and to take cognisance of resignations of Internal Audit staff members and to provide the resigning staff member an opportunity to submit his reasons for resigning, if applicable;
- (j) Review any related party transactions that may arise within the Group;
- (k) Review procedures established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations;

- (l) Report promptly to Bursa Malaysia on matters reported by the AC to the Board which have not been satisfactorily resolved, resulting in a breach of the Listing Requirements;
- (m) Review the annual Statement on Internal Control and Risk Management to be published in the Annual Report;
- (n) Disclose details of the activities of AC, the number of AC meetings held in a financial year, details of attendance of each AC members in respect of AC meetings and details of relevant training attended by each AC members;
- (o) Review and approve any non-audit services to be rendered and the appropriateness of the level of fees, if any, provided by the External Auditors to ensure that the nature and extent of such services will not compromise the independence and objectivity of the External Auditors; and
- (p) To carry out such other assignments as prescribed by the Board.

This Terms of Reference of Audit Committee is dated 26 November 2018.



**TERMS OF REFERENCE**

**1.0 Primary Purpose**

- 1.1 The primary objectives of the Nomination and Remuneration Committee (“NRC”) of the Board of Directors (“Board”) are:
- (a) to review and recommend the appointments of the members of the Board, members of Board Committees, Senior Independent Non-Executive Director, Chief Executive Officer (“CEO”) and Group’s key management personnel;
  - (b) to review and recommend to the Board the remuneration packages for the CEO and Group’s management personnel; and
  - (c) to assess the performance of the Board, Board Committees and Group’s key management personnel.

**2.0 Membership**

- 2.1 The NRC shall consist of not less than three (3) members, including the Chairman, a majority of whom shall be Independent Non-Executive Director.
- 2.2 The Chairman of the Board should not be a member of the Audit Committee and Nomination and Remuneration Committee. In the absence of the Chairman, other members shall elect, from among themselves, a Chairman for the said NRC meeting.
- 2.3 All members of NRC, including the Chairman, shall hold office so long as they serve as Directors of the Company.
- 2.4 Members of NRC may relinquish their membership in NRC with prior written notice to the Chairman/Company Secretary.
- 2.5 Individual member of the NRC may be removed from office by the affirmed vote from majority of the members of the Board.
- 2.6 If a member of the NRC resigns, dies or for any reason ceases to be a member resulting in the non-compliance with the above paragraph, the Board shall within three (3) months from such event, appoint a new member as required to fill up the quorum.



## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### **3.0 Meetings and Minutes**

- 3.1 The meetings shall be held at least twice a year or as and when required.
- 3.2 Unless otherwise agreed by the NRC members, notice of each meeting confirming the venue, time and date together with agenda of items to be deliberated and board papers, shall be forwarded to each member of the NRC at least five (5) business days prior to the date of the meeting.
- 3.3 Minutes of each meeting shall be kept and distributed to each member of the NRC and the Board. The Chairman of the NRC shall report on each meeting to the Board.
- 3.4 A resolution in writing signed by a majority of members shall be valid and effectual as if it had been passed at a meeting of the NRC. Any such resolution may consist of several documents in like form, each signed by one (1) or more members. The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

#### **4.0 Quorum**

- 4.1 The quorum for meeting shall be two (2) members, with the majority of members present must be an Independent Non-Executive Directors.

#### **5.0 Secretary**

- 5.1 The Company Secretary shall be the Secretary of the NRC.

#### **6.0 Authority**

- 6.1 The NRC within the scope of its assigned duties, is authorised to seek any information it requires from employees and external parties.
- 6.2 The NRC may engage external consultants and other advisers or otherwise obtain such independent legal or other professional services it requires, at the expense of the Company.
- 6.3 The Board will provide the NRC with sufficient resources to undertake its duties.



## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 7.0 Duties and Responsibilities

7.1 Specific responsibilities in relation to *nomination* matters:-

- (a) Review the structure, size, tenure, and composition (including the skills, knowledge, experience and diversity) of the Board, the Board Committees, and all directorships in the Group with a view to determine the impact of the number of Directors on the Board's, Board Committee's and the Group's effectiveness and recommend to the Board on any improvements to be made.

The tenure of an independent director does not exceed a term limit of nine years. If the Board intends to retain the Independent Director beyond nine years, the Board should provide justification and seek annual shareholders' approval.

Independent Directors are limited to a maximum of 12 cumulative years of service. Director who has served as an independent director for a cumulative period of more than 12 years may resign or continue to serve on the board as a Non-Independent Director.

- (b) Develop, review and recommend to the Board the Policy on Board Composition (once developed), having regard to the mix of skills, knowledge, experience, expertise, independence and diversity (including gender, ethnicity and age) and other qualities required to facilitate effective and efficient functioning of the Board, including core competencies which Non-Executive Directors should bring to the Board and to annually review the above.
- (c) Recommend to the Board for its approval, candidates for the CEO and Senior Management of the Group by considering the prospective candidates' character, experience, competence and integrity as prescribed by Paragraph 2.20A of the Listing Requirements.
- (d) Review and recommend the extension of contract of the CEO, the Group's Senior Management and any other person the Board may be determines.
- (e) Review and recommend to the Board any matters relating to the continuation in office including the suspension or termination of service of the CEO, the Group's Senior Management and any other person the Board determines subject to the provision of the law and their service contracts.



## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

- (f) Develop, maintain and keep under review the criteria to be used in the appointment/recruitment process of the Board, the Board Committees, all directorships in the Group, CEO and recommend to the Board for its approval.
- (g) Recommend to the Board for its approval, candidates for the Board, the Senior Independent Non-Executive Director, the Board Committees and all directorships in the Group.
- (h) The NRC shall also consider the prospective Director's character, experience, competence, integrity and time commitment, as prescribed by Paragraph 2.20A of the Listing Requirements, the Policy on Board Composition as well as the following factors:
  - (i) skills, knowledge, expertise and experience;
  - (ii) contribution and performance;
  - (iii) character, professionalism and integrity;
  - (iv) number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution; and
  - (v) in the case of candidates for the position of Independent Director, the NRC shall also evaluate the candidates' ability to discharge such responsibilities / functions as are expected from Independent Directors.
- (i) Prior to the appointment, the prospective Director shall be required to disclose any other business interest that may result in a conflict of interest.
- (j) Upon the recommendation of the NRC, the Chairman is given the mandate to finalise and recommend nominee directors of the Company to the respective boards of its subsidiaries and/or associates of the Company.
- (k) Review the re-appointment/re-election/retirement process of Directors having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience based on the annual Board assessment.
- (l) Make recommendations to the Board for its approval on the re-appointment/re-election/retirement of the Directors of the Company.
- (m) Set out and communicate the expectations of Directors regarding the level of contribution and time commitment.



## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

- (n) Recommend to the Board and facilitate appropriate induction programmes for new Directors and facilitate appropriate education programmes for newly appointed Directors and existing Directors.
- (o) Ensure that prior to new Board appointments, a full assessment of the candidate is undertaken based on Policy on Board Composition to assess the necessary and desirable core competencies of the candidate so that an appropriate balance of skills, experience, expertise and diversity are maintained, and that the Board is able to discharge its responsibilities effectively.
- (p) Assess, on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board Committees and the contribution of each individual Director, the performance evaluation of the CEO and the Senior Management and to maintain proper documentation of such assessment.
- (q) Review, on an annual basis, the independence of Independent Directors with reference to the definition of “Independent Director” as stipulated by Paragraph 1.01 of the Listing Requirements.
- (r) To review and recommend to the Board the succession planning framework for the Senior Management of the Company.
- (s) To consider and recommend any other measures to upgrade the effectiveness of the Board, its NRC and Boards of subsidiaries.

#### 7.2 Specific responsibilities in relation to **remuneration** matters:-

- (a) To review and recommend the general remuneration policy for the following :-
  - (i) of the Company and the Group;
  - (ii) for Directors, CEO and Senior Management of the Company.
- (b) Develop a remuneration framework for formal and transparent remuneration policies and procedures, taking into consideration the best practices, views of industry experts, obtaining and analyzing the available data, stakeholders and the market at large, to attract and retain Directors of the Company and Senior Management of the Group.



## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

- (c) Design, formulate and recommend to the Board for its approval, and maintain under review, the remuneration packages for Non-Executive Directors of the Group and Board Committees and ensure the remuneration level is sufficient to attract, retain and motivate high calibre individuals with the required qualification, skills, talent and experience.
- (d) To establish an equitable remuneration structure as well as to recommend suitable combination of remuneration types, e.g. fees, allowances, performance share plans, long-term and short-term performance incentives, benefits-in-kind and pension rights (if necessary) for Directors of the Group and the Senior Management of the Company.
- (e) Determine and agree with the Board an appropriate performance framework, endorse its application in setting performance targets for the remuneration of the CEO of the Company.
- (f) To carry out other actions and such other matters as may be referred to it from time to time by the Board.

This Terms of Reference for Nomination and Remuneration Committee is dated 10 November 2025.

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