

GEORGE KENT (MALAYSIA) BERHAD

(Company No. 1945-X)

BOARD CHARTER

1. Purpose of the Board Charter

- 1.1. This Board Charter sets out the principles for the operation of the Board of Directors (“the Board”) of George Kent (Malaysia) Berhad (“GKM” or “the Company”) and its subsidiaries (“the Group”) and describes the functions of the Board and those functions delegated to Management of the Company.

The Board has a primary responsibility to uphold the welfare of the Company for its Shareholders. The Board is also responsible for guiding and monitoring the businesses and affairs of the Company. The Company, in turn, recognises the importance of the Board in providing policy guidelines for a sound base for good corporate governance in the operations of the Company.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regards to the role of the Board and its committees. This Board Charter does not overrule or pre-empt statutory requirements and other relevant statutes. This Board Charter shall form an integral part of each Director’s duties and responsibilities.

2. Composition of the Board

- 2.1. The Board shall be of a size and composition with the benefit of diversity in perspectives and skills to understand and deal with the current and emerging issues of the business of the Company.
- 2.2. In accordance with Paragraph 15.02 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, the number of Independent Directors should make up at least two or one-third, whichever is higher, of the Board.
- 2.3. The appointment of a new member to the Board is only made after consultation with the Nominating Committee and it is paramount for the Board to ensure high levels of professional skills and appropriate personal qualities are pre-requisites for such a nominee.
- 2.4. The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Executive Director separate.
- 2.5. A Director shall inform the Board’s Chairman before he/she accepts any new directorships in other Public Listed Companies. The Board has fixed the maximum number of five (5) listed company board representations which any Director of the Company may hold at any one time.

- 2.6. The tenure of an Independent Director shall not exceed a cumulative term of nine years. The Board may, in exceptional cases and subject to the assessment of the Nominating Committee on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director subject to Shareholders' approval.

3. Role of the Board

- 3.1. The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in so doing effectively represent and promote the legitimate interests of the Company and its Shareholders. The Board, at all times, shall retain full and effective control over the Company and shall direct and supervise the business and affairs of the Company.
- 3.2. The Board shall ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks. The Board shall work with Senior Management as collaborators in advancing the interests of the Company.
- 3.3. The Board reserves a formal schedule of matters for its decision-making to ensure that the direction and control of the Group are firmly in its hands. This includes:
- Strategic issues and planning, including sustainability, annual budget, business continuity plan and business restructuring;
 - Material acquisitions and disposal of assets;
 - Capital expenditures above certain limits;
 - Authority levels;
 - Risk management policies and activities;
 - Approval of the Group's and Company's financial statements; and
 - Approval for financing and borrowings.
- 3.4. The Board shall delegate certain responsibilities to committees which operate in accordance with Charters approved by the Board and delegate the day-to-day management of the business of the Group to Management and the Executive Director, subject to agreed authority limits.
- 3.5. The principal responsibilities of the Board, including those adopted from the new Malaysian Code on Corporate Governance 2017 ("the Code"), are:
- reviewing and adopting a strategic plan, including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
 - overseeing the conduct of the Company's business and building sustainable value for Shareholders;

- reviewing procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- developing and implementing a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
- reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company's financial statements are true, fair and in conformance with the latest accounting standards;
- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethical and corporate behaviour.

3.6. In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework are established. Elements of this combined framework include the Business Plan, the budget, financial statements, divisional strategic performance reviews and risk management reports.

4. Role of the Chairman

The Chairman plays a leadership role in the conduct of the Board and its relations with Shareholders and other Stakeholders. The Chairman is primarily responsible for:

- leading the Board in the oversight of Management;
- long-range strategic planning for the Group;
- representing the Board to Shareholders and to chair and ensure the efficient organisation and conduct of the Board and/or meeting of Shareholders;
- ensuring the integrity of the governance process and issues;

- functioning as a facilitator at meetings of the Board to ensure that no member dominates the discussions, that appropriate discussions take place and that relevant opinions among members are forthcoming;
- ensuring that all Directors are enabled and encouraged to participate in Board activities;
- guiding and mediating Board actions with respect to organisational priorities and governance concerns; and
- performing other responsibilities assigned by the Board from time to time.

5. Role of Senior Independent Director

5.1 The main responsibilities of the Senior Independent Director are to ensure that the views of each Non-Executive Director are given due consideration and, where necessary, to act as an additional safeguard and to serve as a fall-back point of contact for investors and Shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

5.2 The Senior Independent Director is primarily responsible for:

- serving as a designated contact for consultation and direct communication with Shareholders on areas that cannot be resolved through normal channels of contact with the Chairman;
- serving as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- ensuring all Independent Directors have the opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively; and
- chairing meetings of the Board, in the absence of the Chairman or his abstention.

6. Board Processes

Board meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions.

6.1. Frequency

6.1.1. The Board shall meet regularly, at least on a quarterly basis. Special Board meetings shall be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.

- 6.1.2. Board members are required to attend the Board meetings and the attendance of each individual Director in the meetings held in a financial year must be disclosed in the Annual Report.
- 6.1.3. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 6.1.4. Additional formal business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well as other electronic meetings allowed under the laws or the Company's Constitution.

6.2. Agenda

- 6.2.1. The notice of a Directors' meeting shall be given in writing at least five (5) business days prior to the meeting.
- 6.2.2. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

6.3. Meeting Papers

- 6.3.1. Board papers and agenda items are to be circulated at least five (5) business days prior to the meeting.
- 6.3.2. The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting. The draft minutes shall be circulated to Directors for their review and comments. If any Director requests his comment to be noted in the minutes, the Company Secretary shall comply with the request.

6.4. Access to Information and Independent Professional Advice

- 6.4.1. All Directors have the right of access to relevant information within the Group in furtherance of their duties and responsibilities as Directors of the Company.
- 6.4.2. All Directors shall have access to the advice and services of the Company Secretary. The Board shall recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- 6.4.3. The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain independent professional advice at the Company's expense through procedures that are laid down formally.

7. Assessment of the Board's Effectiveness

- 7.1 The Board has entrusted the Nominating Committee with the responsibility of for carrying out the annual assessment of Board, Committees and individual directors.
- 7.2 The Board's effectiveness is assessed in the areas of composition, administration, accountability, responsibility and conduct as well as the performance of the Chairman. The Nominating Committee examines the respective Board Committees to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference.
- 7.3 Through the Directors' self and peer assessment, the Nominating Committee evaluates the mix of skills, experience and other relevant qualities the Directors bring to the Board, and takes into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The self and peer assessment process also examines the ability of each Board and Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process.

8. Company Secretary

- 8.1. The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.
- 8.2. The key responsibilities of the Company Secretary shall include:
 - providing unhindered advice and services to the Directors, as and when the need arises;
 - enhancing the effective functioning of the Board;
 - ensuring regulatory compliance;
 - preparing agendas and coordinating the preparation of Board papers in a timely and effective manner;
 - ensuring that Board procedures and applicable rules are observed;
 - maintaining records of the Board and ensuring effective management of organisational records;
 - preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
 - facilitating communications between the Board and Management; and
 - providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

9. Board Committees

- 9.1. The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities.

9.2. Where a Committee is formed, specific terms of reference of the Committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the Committee.

9.3. A number of standing Committees with written terms of reference has been established, namely the following:

a) **Audit Committee**

The Audit Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. The Audit Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

b) **Nominating Committee**

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill Board vacancies, and nominating them for approval by the Board.

c) **Remuneration Committee**

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration package and terms of employment of Directors.

d) **Risk Management Committee**

The Risk Management Committee oversees the identification, monitoring and control of all risks faced by the business carried out by the companies. It provides assurance to the Board that risk control measures and mitigation actions are in existence and continually reviewed.

10. The Board's Relationship with Shareholders and Stakeholders

10.1. The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its Shareholders, Stakeholders and the general public.

10.2. It is the role of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serve as a crucial mechanism in

shareholder communications. This would include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM.

10.3. The Board will focus on the following best practices to enhance the effectiveness of General Meetings:

- ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
- encourage poll voting on substantive resolutions and make an announcement of the detailed results showing the number of votes cast for and against each resolution;
- for the re-election of Directors, ensure that the notice of meeting states which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, independence, list of directorships, date of appointment to the Board, and details of participation in Board Committee(s);
- ensure that the Chairman provides reasonable time for discussion. Where appropriate and if required, the Chairman will also undertake to provide written answers to any significant questions which cannot be answered immediately; and
- conduct a business presentation with a question-and-answer session, where appropriate and if required.

10.4. The Chairman shall take responsibility for addressing queries from Shareholders, Stakeholders and analysts.

11. Induction Process

11.1. The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as to keep them abreast of developments in the marketplace pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

11.2. Induction of Directors may include, but not be limited to, the following:

- furnishing a copy of the previous Board minutes for at least the past six (6) months; the Business/Strategic Plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of Board responsibilities;

- visits to key sites; and
- a formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

12. Directors' External Commitments and Conflict of Interest

- 12.1. The Company's Articles of Association stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act, 2016. The Director concerned shall not participate in deliberations and shall abstain from casting his votes in any matter arising thereof unless otherwise provided for in the Articles of the Company.
- 12.2. Shall there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 12.3. An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board, provided that full disclosure of the interest has been made in good faith and with due honesty.

13. Representation of the Company

- 13.1. The Board appoints the Chairman to speak on behalf of the Group and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.

14. Review

This Charter and all Board Committee Charters and Policies shall be reviewed annually by the Board.

Date: 19 March 2018