

# **Ge-Shen Corporation Berhad**

## Board Charter

Updated as at 25 February 2016

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## 1. Objectives

The Board of Directors ("Board") is responsible for objective of this Board Charter is to ensure that all Directors are aware of their duties and responsibilities as Board members and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

## 2. Principal Responsibility of the Board

2.1 The Board shall collectively and individually exercise its fiduciary duties and use reasonable care, skill and diligence when exercising its duties.

2.2 The Board's principal focus is to:

- a. review and adopt an overall strategic plan of the company;
- b. overseeing that the Company is being properly managed and sufficient policies and procedures are in place;
- c. ensure that principal risks are identified and appropriate mitigation deployed via risk management and internal control procedures;
- d. monitor succession planning and human capital development to ensure continuity;
- e. overseeing an effective communications policy;
- f. reviewing the adequacy and integrity of Company's internal controls;
- g. ensure that the Company has appropriate corporate governance structures, has a culture of corporate responsibility and promotes sustainability within the aspects of environment, social and governance ("ESG").

2.3 In carrying out the principal responsibilities above, all Directors are to:

- a. Understand all the requirements to effectively discharge his/her duties as a Director, including all legal and statutory requirements.
- b. Acquire knowledge and understanding about the business including the macroeconomic, political, geographical and business environment;
- c. Study in advance all information and documents and be prepared to discuss and participate in discussions at Board Meetings;
- d. Attend all Board Meetings, and where attendance is not possible, take necessary and appropriate steps to obtain a leave of absence;
- e. Act honestly, in good faith, and in the best interest of the Company with due care, diligence and fulfilling his/her fiduciary duties.

## 3. Board Structure

3.1 Board Balance and Mix

- a. The number of Directors shall not be less than two (2) but not more than twelve (12) as set out in the Company's Articles of Association.
- b. The Board shall comprise of at least two (2) directors, of which one third (1/3) of the Board members, whichever is higher, are independent directors. If the number of directors is not three (3) or multiple of three (3), then the

number nearest to the one third (1/3) shall apply. In the event of any vacancies resulting in non-compliance with the independence requirement, the vacancy must be filled within three (3) months from the date of non-compliance.

- c. The Composition of the Board shall reflect the wide range of business, commercial, operational and financial expertise in order to provide a diversity of experiences and professionalism to the Company.
- d. Non-executive directors and/or independent directors should be persons of calibre, credibility and have the necessary skillsets to bring independent judgement, experience and objectivity into the Board decision making process.

### 3.2 Board Committees

- a. The Board has established Board Committees as part of its efforts to ensure the effective discharge of its duties and to allow specific issues to be discussed in depth by Directors with the appropriate and relevant skills, knowledge and insight.
- b. The appointment of any members to the Board Committees shall be determined and decided by the Board.
- c. The Committees established by the Board to assist the Board in the execution of its duties are as follows:
  - i. Audit Committee
  - ii. Nomination & Remuneration Committee
  - iii. Risk Committee
  - iv. ESOS Committee
- d. The Committees established by the Board to assist the Board in the execution of its duties The Chairman of the respective Board Committees will report to the Board on the outcome/key issues deliberated by the Board Committees at the Board meetings.
- e. Each of the respective Board Committees shall be governed by a Terms of Reference ("TOR") which shall set out their duties, responsibilities and criteria for membership. The respective TOR shall be periodically reviewed by the Board to ensure their appropriateness.

### 3.3 Role of Chairman - The Chairman should be appointed by the board with the primary role to preside over meetings of directors and ensure the smooth functioning of the board in the interest of good governance. The Chairman shall be responsible for:

- a. Leadership of the Board, setting agenda for each board meeting and ensuring that accurate, timely and clear information is provided to all other directors;
- b. Overseeing the effective discharge of the Board's key responsibilities, while promoting a culture of openness and constructive debate amongst board members and between the board and senior management;
- c. Acting as a spokesperson for the Board and representing the company at shareholder's meeting and on other occasions when actions are taken or statements are made in the name of the Company.

- 3.4 Role of Managing Director - The Managing Director is responsible for:
- a. the strategic direction of the business, and setting of management plans and budgets and policies of the Company;
  - b. ensure that the senior management team conducts are in accordance with all powers, discretion and limits of authority provided by the Board
  - c. Escalating material information to the attention of the Board in an accurate and timely manner.
- 3.5 The Board and the Management has clear division of power, and hence the Board adopts a Limits of Authority ("LOA") to delegate certain authorities and discretion to the management along with appropriate Financial Policies.

## 4. Board Processes

### 4.1 Board Meetings

- a. The Board meets at least four (4) times a year and the calendar is to be set in advance by the Company Secretary. The timing of these board meetings should be synchronized with the quarterly financial reporting requirement.
- b. Proceeding of all meetings and decisions are to be recorded in a minutes of meeting. The minutes are to be circulated to all Board members for review and approved by the Board at the subsequent meeting.
- c. Materials for discussion should be provided in advance for the Board members to evaluate the subject matter and to subsequently make effective decisions. The materials should ideally be circulated at least seven (7) days in advance.
- d. The Board (or any Board Committees) may invite the management and/or external parties such as auditors, solicitors, or consultants to be present in the meetings when the need arises.

### 4.2 Access to information

- a. All Directors shall have unrestricted access to the Company Secretary, or the management within the Company.
- b. In furtherance of the Board's duties, the Board may obtain professional advice at the Company's expense.
- c. The Directors acknowledge that confidential information received during the course of discharging their duties remains the property of the Company and further agrees that it shall not disclose any information to any third party.

4.3 Board Orientation: The Board shall maintain an orientation programme for new directors to be conducted by the MD and/or management of the Company.

4.4 Continuing Education Programme: All directors are to have attended a Mandatory Accreditation Programme as required by Bursa Securities. The Board shall evaluate and determine the training needs of its Directors on an ongoing basis.

- 4.5 Board Evaluation: The Board shall evaluate its performance annually and shall determine the necessity to arrange for the development or improvement of board processes and organizing training programmes for board, its committees and directors.

## 5. Company Secretary

- 5.1 The Board should ensure that it is supported by a suitably qualified and competent Company Secretary.
- 5.2 The Company Secretary's should be accountable to the Board through the Chairman of the Board and its Committees on all governance matters. The Company Secretary is the central source of information and advice to the Board and its Committees on issues relating to Corporate Governance and he/she should assist the Board and the Chairman on the implementation and monitoring of compliances and ensuring highest standards of governance by keeping abreast with the latest development in corporate governance.
- 5.3 Furthermore, the Company Secretary is to ensure compliance with the procedure for conducting meetings, including supporting the board and the chairman, and the compliance with filing and administrative requirements.

## 6. Review of Board Charter

- 6.1 The Board shall review the Board Charter from time to time and amend it as it deems appropriate.