

United Malacca Berhad

(Company No. 1319-V)

BOARD CHARTER

1. **INTRODUCTION**

The Board of Directors (“Board”) of UNITED MALACCA BERHAD (“UMB” or “the Company”) recognises Corporate Governance as being vital to the success of UMB and its Group of Companies (“Group”). The Board is committed to ensuring good governance is practised in all its business dealings with shareholders and stakeholders:

- Ultimately accountable and responsible for the performance of the Group, the Board is the focal point of the Company’s corporate governance system.
- All Board members are expected to act in a professional manner, uphold the core values of integrity and enterprise with regard to their fiduciary duties and responsibilities.

As part of the Company’s corporate governance framework, the Board has formalised the Board Charter. This Board Charter shall form an integral part of each Director’s duties and responsibilities.

2. **PURPOSE**

The Board Charter sets out the roles and responsibilities as well as composition and operating processes of the Board.

This Charter provides guidance and clarity for Directors and Management in their stewardship of the Company and their duties.

3. **BOARD STRUCTURE**

3.1 Board Size and Composition

The Company’s Articles of Association provide for a minimum of two (2) Directors and a maximum of nine (9) Directors.

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main Market LR”), at least two (2) or one-third (1/3), of the Board members whichever is higher are Independent Directors. Independent Directors possess a broader perspective and judgement to the Board’s decision making.

The Board shall consist of qualified individuals with diverse skills, experience and expertise necessary to govern the Company.

To ensure its appropriateness, the composition and size of the Board shall be reviewed from time to time.

The Board shall appoint a Senior Independent Director to whom employee concerns may be conveyed.

3.2 Appointments and Re-election

The appointment of a new Director should be considered and decided by the full Board, upon the recommendation from the Nomination Committee (“NC”). The NC will consider the required mix of skills, experiences, other qualities and diversity, including gender which a potential Director can bring to the Board.

The term of office for Directors shall be as follows:

- New Directors shall hold office only until the next Annual General Meeting at which they will retire and be available for re-appointment.
- All Directors are subject to retirement by rotation and re-election by shareholders at least once in every three years, consistent with the Company’s Articles of Association and Main Market LR.
- All Directors above seventy (70) years old are subject to re-appointment by shareholders annually in accordance to the Companies Act, 1965.

3.3 Independence of Director

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

3.4 New Directorship

All Board members, including the chairman, shall notify the Chairman of the Board before accepting any other or new directorship. The notification shall include an indication of the time that will be spent on the new appointment.

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

3.5 Tenure of Independent Directors

- The tenure for an Independent Director to serve on the Board is nine (9) years on a cumulative basis.
- An Independent Director, who has served the Company for nine (9) cumulative years may continue to serve the Company in the capacity of a Non-Independent Director.
- Should the Board decide to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, it shall recommend and provide strong justification to Shareholders and seek their approval at General Meeting. Such justification shall be made following an evaluation process of the Director's independence. Shareholders' approval shall be sought on a yearly basis for the independent Director in question.

4. ROLE AND RESPONSIBILITIES

4.1 Role of the Board

The Board's role is to represent the interests of shareholders in overseeing and evaluating the Company's strategies, policies and performance.

The Board monitors management's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Memorandum and Articles of Association.

4.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-

- Appointment of Chairman;
- Appointment of Directors to fill a vacancy or the appointment of an additional Director;
- Establishment of Board Committees, their membership and delegated authorities;
- Appointment of Chief Executive Officer;
- Assessment of performance of Board and Board Committees;
- Recommendation of Directors' fees to the Shareholders for approval at the General Meeting;
- Approval of the remuneration structure and policy for Chief Executive Officer based on the recommendations of the Remuneration Committee;
- Approval of interim dividend and recommendation of final dividend, if any, for shareholders' approval;
- Review of corporate governance principles and policies and implementation of corporate governance best practices;
- Approval of annual business plans and budgets, including major capital commitments;
- Approval of corporate plans and programmes;
- Approval of material acquisitions and disposal of undertakings and properties;
- Approval of new ventures; and
- Changes to the management and control structure within the Group including key policies and delegated authority limits.

4.3 Principal Responsibilities of the Board

- To review and adopt a strategic plan to ensure the Group's sustainability;
- To oversee the conduct of the Group's businesses and evaluate whether the business is being properly managed;
- To identify principal business risks faced by the Group and ensure appropriate systems are instituted to manage these risks. In overseeing the conduct of the Group's businesses, the Board shall ensure an appropriate financial planning, operating and reporting framework is established setting the risk appetite for the Group and ensure the Group has appropriate risk management/regulatory compliance policies in place;
- To consider and implement succession planning, including appointing, training, determine the compensation, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors;
- To develop and implement an investor relations programme or shareholder communications policy for the Company;
- To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, directives and guidelines; and
- To determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration.

4.4 Chairman and Chief Executive Officer (CEO)

The Board aims to ensure a balance of power and authority between the Chairman and the CEO with clear division of responsibility between the running of the Board and the executive responsibility for the running of the Company's business.

The respective roles of the Chairman and the CEO are clearly defined. The Chairman is responsible for the conduct, governance and effectiveness of the Board while the CEO is responsible for the development and implementation of strategy and managing the day-to-day operations of the Group.

4.4.1 Responsibilities of the Chairman

The Chairman of the Board shall be a Non-Executive Member of the Board.

The Chairperson is responsible for:

- a) Taking the lead in setting the values and standards of the Company;
- b) Establishing a close relationship of trust with the CEO, providing support and advice while respecting executive responsibility;
- c) Ensuring accurate and timely information, in particular, about the performance of the Company is furnished to Board members;
- d) Ensuring effective communication with shareholders and stakeholders;
- e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- f) Facilitating the contribution of Non- Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
- g) Enhancing the opportunities for the attendance of directors at seminars and conferences.

The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings.

The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure:

- a) All Directors are properly briefed on issues at Board meetings.

- b) Sufficient time is allowed to discuss complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
- c) Identification of issues likely to impact group's future performance.

The Chairman ensures that every Board resolution is put to a vote.

Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

4.4.2 Responsibilities of Chief Executive Officer

- a) The CEO is responsible for the day-to day operations;
- b) The CEO is the link between the Board and the Management in ensuring the success of the Company's governance and management functions.
- c) Authority conferred on Management is delegated through the CEO and the CEO will be accountable to the Board.

The key role of the CEO includes:

- a) Developing and recommending to the Board the long-term strategy of the Group and determining quantified key performance targets.
- b) Propose to the Board the annual business plans, budgets, actions plans and risk management policies that reflect current business environment and trends and support the group's long-term objectives.
- c) Manage day-to-day operations, continually improve, develop, maintain implementation, and formulate policies and strategies to ensure profitability and output.
- d) Ensure the Company has an effective management team and structure as well as develop management skills and putting place succession plans.
- e) Ensure that effective internal controls for the Company and Group are instituted.

4.5 Responsibilities of Board Committees

The Board may from time to time establish appropriate Committees to assist in discharging its fiduciary duties. Board Committees operate under clearly defined terms of reference and are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and minutes of these meetings are circulated to the full Board.

The following Committees have been established:-

- Audit Committee
- Nomination and Remuneration Committee
- Executive Committee

5. BOARD MEETINGS

The Board shall meet at least four (4) times annually scheduled in advance to facilitate time planning. Additional meetings are convened as and when deemed necessary.

Prior to Board meetings, all Directors shall receive the Board papers at least 10 working days in advance.

If necessary, senior management and external consultants will be invited to brief and assist the Directors.

6. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors have full access to all information and records of the Company, collectively or individually. They can seek independent professional advice when necessary and at the expense of the Company.

7. BOARD EVALUATION AND PERFORMANCE

The Nomination Committee evaluates the performance of members of the Board and Board Committees annually. This shall be effected through a Self-Assessment Form.

8. DIRECTORS' TRAINING & 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 attending conferences, workshops and field trips.

The Board will continually assess the training needs of the Directors.

9. CODE OF ETHICS AND CONDUCT

In discharging its role, the Board is guided by the Companies Commission of Malaysia's Code of Ethics. The Code of Ethics requires high ethical business standards, and good corporate governance. Directors are required to act in good faith in the best interests of the Company and its shareholders.

The Directors' Code of Ethics is available for reference on Appendix 1.

10. ENFORCEMENT AND REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board on 31 July 2013. Any subsequent amendment to the Charter must be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and in compliance with any new regulations.