

United Malacca Berhad

(Company No. 1319-V)

BOARD CHARTER

1. **INTRODUCTION**

The Board of Directors (“**Board**”) of UNITED MALACCA BERHAD (“**UMB**”) recognises corporate governance as being vital to the success of UMB and its Group of Companies. The Board is committed to ensuring good governance is practised in all its business dealings in the Company and is collectively responsible for the delivery of sustainable value to its shareholders and stakeholders, including:

- being ultimately accountable and responsible for the performance of the Group as the Board is the focal point of the Company’s corporate governance system; and
- acting in a professional manner, upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities as directors (“**Directors**”) of the Company.

As part of the Company’s corporate governance framework, the Board has formalised this Board Charter (“**Charter**”) which shall form an integral part of each Director’s duties and responsibilities within the Company.

2. **PURPOSE**

This Charter sets out the roles and responsibilities of the Board in performing their duties, as well as the composition and operating processes of the Board.

This Charter provides guidance for Directors and the management team (“**Management**”) and their duties in accordance with the Companies Act 2016 (“**CA 2016**”), Bursa Malaysia Main Market Listing Requirements (“**Main Market LR**”), Malaysian Code of Corporate Governance (“**MCCG**”), UMB’s Constitution or any statutory modification, amendment or re-enactment for the time being in force and every other law in force affecting UMB. Provisions contained in this Charter neither replace nor supersede any applicable laws or regulatory framework in Malaysia.

3. BOARD STRUCTURE

3.1 Board Size and Composition

UMB's Constitution provides for a minimum of two (2) Directors and a maximum of nine (9) Directors.

In compliance with the Main Market LR, at least two (2) or one-third (1/3), of the Board members whichever is higher must be independent directors ("**Independent Directors**") with 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 UMB.

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

The Board shall appoint a Senior Independent Director to act as an intermediary and point of contact to whom employees may convey their concerns.

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 and Remuneration Committee ("**NRC**") based on objective, criteria and with due regard for diversity in skills, experience, age, cultural background and gender.

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 (3) consecutive years, in accordance with UMB's Constitution and Main Market LR; and

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 shall notify the Chairperson of the Board (“**Chairperson**”) before accepting any other or new directorship. The notification shall include an indication of the time that will be spent on the new appointment. Any Director of UMB shall not hold more than five (5) directorships in companies listed on the stock exchange.

The Chairperson 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, the Board shall recommend and provide strong justification to shareholders and seek their approval at the 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 builds sustainable value for shareholders in accordance with the duties and obligations imposed on the Board by law and UMB's Constitution.

4.2 Matters Reserved for the Board

The following are matters specifically reserved for the Board:-

- Appoint Chairperson;
- Appoint Directors to fill a vacancy or the appointment of an additional Director;
- Establish Board Committees, their membership and their delegated authority (Please see Section 4.5 below for further details on Board Committees);
- Appoint Chief Executive Officer;
- Assess performance of Board and Board Committees;
- Recommend Directors' fees to the shareholders for approval at the general meeting;
- Approve the remuneration structure and key performance indicators (KPIs) for Chief Executive Officer based on the recommendations of the Nomination and Remuneration Committee;
- Approve interim dividend and recommendation of final dividend, if any, for shareholders' approval;
- Review corporate governance principles and policies as well as oversee implementation of corporate governance best practices;
- Approve annual business plans and budgets, including major capital commitments;

- Approve corporate plans and programmes;
- Approve material acquisitions and disposal of undertakings and properties;
- Approve new ventures; and
- Change management and control structure within UMB including key policies and delegated authority limits.

4.3 Principal Responsibilities of the Board

- To review and adopt a strategic plan to ensure UMB's sustainability;
- To oversee the conduct of UMB's businesses and evaluate whether the business is being properly managed;
- To identify principal business risks faced by UMB and ensure appropriate systems are instituted to manage these risks. In overseeing the conduct of UMB's businesses, the Board shall ensure an appropriate financial planning, operating and reporting framework is established setting the risk appetite for UMB and ensure UMB 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 and shareholder communications policy;
- To review the adequacy and integrity of UMB'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 UMB, with the individuals concerned abstaining from discussions of their own remuneration.

4.4 Chairperson and Chief Executive Officer (“CEO”)

The Board aims to ensure a balance of power and authority between the Chairperson and the CEO with clear separation of the positions and division of responsibilities between the Board and the executives.

The respective roles of the Chairperson and the CEO are clearly defined. The Chairperson 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 UMB.

4.4.1 Responsibilities of the Chairperson

The Chairperson 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) Leading the Board in its collective oversight of the management of UMB;
- c) Establishing a close relationship of trust with the CEO, providing support and advice and delineating executive responsibility;
- d) Ensuring accurate and timely information, in particular, about the performance of UMB is furnished to Board members;
- e) Ensuring effective communication with shareholders and stakeholders;
- f) Arranging regular evaluation of the performance of the Board, the Board Committees and individual Directors;
- g) Facilitating the contribution of non-executive directors and ensuring constructive relations are maintained between executive and non-executive directors; and
- h) Enhancing the opportunities for the attendance of Directors at seminars and conferences.

The Chairperson, in consultation with the CEO and the company secretary, sets the agenda for Board meetings.

The Chairperson, together with the company secretary, ensures orderly conduct and proceedings of the Board meetings and general meetings and is responsible for managing the business of the Board to ensure:

- a) All Directors are properly briefed on issues raised at Board meetings;
- b) Sufficient time is allowed to discuss complex or contentious issues and where appropriate, arranges for informal meetings beforehand to enable thorough preparation for the Board's discussion; and
- c) Identifying issues which are likely to impact UMB's future performance.

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

Should the Chairperson be absent from a meeting, the members of the Board present at the meeting, may choose one (1) of their number to chair the said meeting. All Board members shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

4.4.2 Responsibilities of Chief Executive Officer

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

The key role of the CEO includes to:

- a) Develop and recommend to the Board the long-term strategy of UMB and determining quantified key performance indicators (KPIs);
- b) Propose to the Board the annual business plan, budget,

actions, plan and risk management policies that reflect the current business environment and trends and support the UMB long-term objectives;

- c) Manage day-to-day operations, continually improve, develop, implements, and formulate policies and strategies to ensure profitability and output;
- d) Ensure UMB has an effective management team and structure as well as develop management skills and putting place succession plans; and
- e) Ensure that effective internal controls for UMB 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**”). Board Committees should 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 Chairperson of the respective Committees reports to the Board on the outcome of the Committees’ meetings and minutes of these meetings are circulated to the full Board.

While the Board may delegate its authority to Board Committees, the Board does not abdicate its responsibility and at all times exercises collective oversight of Board Committees. The Board is prohibited from delegating matters to Board Committees to an extent that would significantly hinder or reduce the Board’s ability to discharge its functions. Where the Board delegates any of its responsibilities to the Board Committees, it will document the delegation of authority. Regular review of the division of responsibilities is conducted by the Board to ensure UMB is able to adapt to any changing business circumstances.

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 management. Additional meetings are convened as and when deemed necessary.

Prior to Board meetings, all Directors shall receive the Board papers at least ten (10) working days in advance. All Directors are provided with sufficient information and time to prepare for Board meetings.

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 UMB, collectively or individually. They can seek independent professional advice when necessary and at the expense of UMB.

7. BOARD EVALUATION AND PERFORMANCE

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

The chair of the NRC must be an Independent Director or senior Independent Director is responsible to:

- lead the succession planning and appointment of the Board members, including the future Chairperson and the CEO; and
- lead the annual review of the Board effectiveness, ensuring that the performance of each individual Director is independently assessed.

8. DIRECTORS' TRAINING & CONTINUING EDUCATION

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, 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 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 ("**Directors' Code of Ethics**"). The Directors' Code of Ethics requires high ethical business standards and good corporate governance in UMB. All Directors are required to act in good faith and in the best interests of UMB and its shareholders.

The Directors' Code of Ethics is available for reference on UMB's website.

The Board has established a whistleblowing policy ("**Policy**") that sets out avenues where concerns can be objectively investigated and addressed. The objectives of this Policy is to enable employees to report allegations of misconduct, wrongdoing, corruption, fraud, waste of resources or abuse of rules and regulations within UMB. Employees are able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. The Policy is integrated into the Company-wide management practices and is published on UMB's website.

10. ENFORCEMENT AND REVIEW OF THE BOARD CHARTER

This Charter has been adopted by the Board on 13 July 2013. Any subsequent amendment to this Charter must be approved by the Board.

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