



## **BOARD CHARTER**

### **1.0.0 INTRODUCTION**

1.1.0 The Board of Directors (“**the Board**”) of UNITED MALACCA BERHAD (“**UMB**”) recognises corporate governance as being vital to the success of UMB and its Group of Companies. (“**UMB Group**”). The Board is committed to ensuring good governance is practised in all business dealings of UMB Group 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 UMB’s corporate governance system; and
- acting professionally, upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities as UMB Directors (“**the Directors**”).

1.2.0 As part of UMB’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 UMB Group.

### **2.0.0 INTERPRETATION**

In this Charter

“Act” means the Companies Act, 2016.

“Board” means the Board of Directors of UMB.

“Bursa Malaysia” means Bursa Malaysia Securities Berhad.

“Chairperson” means the Chairperson of UMB Board and is used in a gender neutral sense.

“NRC” means the Nomination and Remuneration Committee.

“ED” means the Executive Director of UMB.

“MCCG” means the Malaysian Code on Corporate Governance.

“Company Secretary” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary.

“Independent Director” is defined according to Rule 1.01 of the Main Market Listing Requirements of Bursa Securities.

“Listing Requirements” means the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

“Management” means the Management team of UMB.

“CEO” means the Chief Executive Officer of UMB.

Words importing masculine shall include the feminine and neuter genders and vice versa.

### 3.0.0 **PURPOSE**

3.1.0 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.

3.2.0 This Charter provides guidance for Directors and the Management and their duties in accordance with the Companies Act 2016, the Bursa Malaysia Main Market Listing Requirements, Malaysian Code of Corporate Governance, 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.

### 4.0.0 **BOARD STRUCTURE**

#### 4.1.0 **Board Size and Composition**

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

4.1.2 In compliance with the Listing Requirements, at least two (2) or one-third (1/3), of the Board members whichever is higher must be

independent directors with a broader perspective and judgement to the Board's decision making.

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

4.1.4 The Board's composition and size shall be reviewed from time to time to ensure its appropriateness.

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

#### 4.2.0 **Appointments and Re-election**

4.2.1 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.

4.2.2 The term of office for Directors shall be as follows:-

- (a) New Directors shall hold office only until the next annual general meeting at which they will retire and be available for re-appointment.
- (b) All Directors are subject to retirement by rotation and re-election by shareholders at least once every three (3) consecutive years, in accordance with UMB's Constitution and the Listing Requirements.
- (c) In the event of any vacancy in the Board, resulting in non-compliance with the LR, the Board must ensure that the vacancy is filled within three (3) months.
- (d) No active politician shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director. A person is considered an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.
- (e) The criteria for the recruitment or appointment (including election/re-election) of Director are guided by fit and proper assessment by the NRC.

#### **4.3.0 Independence of Director**

4.3.1 The Board assesses the independence of Directors annually by considering 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.

#### **4.4.0 New Directorship**

4.4.1 All Board members shall notify the 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 UMB Director shall not hold more than five (5) directorships in companies listed on the stock exchange.

4.4.2 The Chairperson shall also notify the Board if he or she has any new significant commitments outside UMB.

#### **4.5.0 Tenure of Independent Directors**

4.5.1 An Independent Director shall be a person who is not, and has not been within the last 3 years, a UMB officer (except as an independent director) of the said Corporation. For this purpose, “officer” has the meaning given in Section 2 of the Act.

4.5.2 The maximum tenure for an Independent Director to serve on the Board is twelve (12) years on a cumulative basis.

4.5.3 Upon reaching the maximum tenure, the Independent Director may continue to serve UMB but shall be re-designated as Non-Independent Director.

4.5.4 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. The Board shall seek shareholders' approval for the said Independent Director annually.

## 5.0.0 **ROLE AND RESPONSIBILITIES**

### 5.1.0 **Role of the Board**

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

5.1.2 The Board monitors the performance of the Executive Director and Management and builds sustainable value for shareholders in accordance with the duties and obligations imposed on the Board by law and UMB's Constitution.

### 5.2.0 **Matters Reserved for the Board**

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

- (a) Appoint Chairperson
- (b) Appoint Directors to fill a vacancy or the appointment of an additional Director.
- (c) Establish Board Committees, their membership and their delegated authority (Please see Paragraph 5.9.0 below for further details on Board Committees).
- (d) Appoint Executive Director.
- (e) Appoint Chief Executive Officer.
- (f) Assess the performance of Board and Board Committees.
- (g) Recommend Directors' fees to the shareholders for approval at the general meeting.
- (h) Approve the remuneration structure and key performance indicators (KPIs) for Chief Executive Officer based on the recommendations of the NRC.
- (i) Approve interim dividend and recommend final dividend (if any) for shareholders' approval.
- (j) Review corporate governance principles and policies as well as oversee implementation of corporate governance best practices.

- (k) Approve annual business plans and budgets, including major capital commitments.
- (l) Approve corporate plans and programmes.
- (m) Approve material acquisitions and disposal of undertakings and properties.
- (n) Approve new ventures.
- (o) Determine management and control structure within UMB including key policies and delegated authority limits.
- (p) Approve financial statements encompassing annual audited financial statements and quarterly reports.
- (q) Ensure effective risk management, compliance and control systems (including legal compliance) are in place.

### 5.3.0 **Principal Responsibilities of the Board**

- (a) Review and adopt a strategic plan to ensure UMB's sustainability.
- (b) Oversee the conduct of UMB's businesses and evaluate whether the business is being properly managed.
- (c) Together with Management, promote good corporate governance culture within UMB Group to reinforce ethical, prudent and professional behaviour.
- (d) 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 an appropriate risk management framework/regulatory compliance policies in place to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
- (e) 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.

- (f) Ensure all UMB Directors are able to understand financial statements and form a view on the information presented.
- (g) Ensure the integrity of UMB's financial and non-financial reporting.
- (h) 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.
- (i) Determine the remuneration of executive directors and non-executive directors of UMB, with the individuals concerned abstaining from discussions of their respective remuneration.
- (j) Develop and implement an investor relations' programme and shareholder communications policy.

#### 5.4.0 **Chairperson, Executive Director and Chief Executive Officer ("CEO")**

5.4.1 The Board aims to ensure a balance of power and authority of the Chairperson, Executive Director and the CEO with clear separation of the roles and responsibilities for the Chairperson, the Executive Director and the CEO.

5.4.2 The respective roles and responsibilities of the Chairperson, the Executive Director and the CEO are clearly defined in this Charter.

#### 5.5.0 **Responsibilities of the Chairperson**

5.5.1 The Chairperson of the Board shall be a non-executive member of the Board.

5.5.2 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) Leading the Board in adopting and implementing good corporate governance practices in UMB.
- (d) Ensuring accurate and timely information to Board members, in particular, regarding the performance of UMB.

- (e) Ensuring the Board Committee meetings are conducted separately from the Board meeting to enable objective and independent discussion.
  - (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 between Executive and Non-Executive Directors are maintained.
  - (h) Establishing a close relationship of trust with the CEO, providing support and advice, and delineating executive responsibility.
  - (i) Enhancing the opportunities for Directors' participation in seminars and conferences.
  - (j) Ensuring general meetings support meaningful engagement between the Board, Senior Management, and shareholders.
- 5.5.3 The Chairperson, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings.
- 5.5.4 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 adequately briefed on issues raised at Board meetings.
  - (b) Sufficient time is allowed to discuss complex or contentious issues and, where appropriate, arrange for informal meetings beforehand to prepare thoroughly for the Board's discussion.
  - (c) Identifying issues that are likely to impact UMB's future performance.
- 5.5.5 The Chairperson ensures that every Board resolution is put to the vote.
- 5.5.6 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 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.

#### 5.6.0 **Responsibilities of Executive Director**

5.6.1 The Board shall appoint a board representative in the form of an Executive Director (ED)

5.6.2 The ED is the link between the CEO and the Board to facilitate faster operational decision making.

5.6.3 The ED is responsible to:-

- (a) Developing the strategic direction of the Company and its subsidiaries ("the Group").
- (b) Providing directions in implementing short-term and long-term business plans.
- (c) Providing strong leadership, i.e., effectively communicating employees' vision, management philosophy, and business strategy.
- (d) Ensuring high performance for top management motivation, performance management, and professional development.
- (e) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance.
- (f) Developing effective relations with significant external agencies such as regulatory bodies, government agencies, the investing public, and other trade associations and institutions.
- (g) Appraise business opportunities that are of potential benefit to the Group.
- (h) Ensuring the Group's strategies and corporate policies are effectively implemented.
- (i) Ensuring that Board decisions are implemented, and directions are followed.
- (j) Keeping the Board fully informed of all important aspects of the Group's operation and ensuring sufficient information is distributed to Board Members.

- (k) Ensure any other relevant information or matters are brought to the attention of the Board in an accurate and timely manner.

#### 5.7.0 **Responsibilities of CEO**

5.7.1 The CEO heads the Management team and is the link between the ED and Management to ensure the success of UMB's governance and management functions.

5.7.2 Authority conferred on Management is delegated through the CEO while the CEO is accountable to the ED.

5.7.3 The responsibilities of the CEO includes:-

- (a) Developing and recommending to the ED the long-term strategy of UMB and determine quantified key performance indicators (KPIs).
- (b) Proposing to the ED the annual business plan, budget, actions, plans and risk management policies that reflect the current business environment and trends and support the UMB long-term objectives.
- (c) Managing day-to-day operations, continually improve, develop, implements, and formulate policies and strategies to ensure profitability and output.
- (d) Ensuring UMB has an effective management team and structure, develop management skills and implement succession plans.
- (e) Ensuring effective internal controls for UMB are instituted.
- (f) Ensuring UMB Group's Financial Reports present an accurate and fair view of UMB Group's financial condition and operational results follow the relevant accounting standards.
- (g) Ensuring compliance with governmental procedures and regulations and business relationships.

#### 5.8.0 **Role of Independent Directors**

The Independent Directors shall:-

- (a) Help bring an independent judgment to bear on the Board's deliberations, especially on strategy, performance, risk management, resources, key appointments, and standards of conduct.

- (b) Bring an objective view in evaluating of the performance of board and management.
- (c) Satisfy themselves with the integrity of financial information and that financial controls and risk management systems are robust and defensible.
- (d) Safeguard the interests of all stakeholders, particularly the minority shareholders.
- (e) Balance the conflicting interest of the stakeholders.
- (f) Moderate and arbitrate in the interest of the company as a whole in situations of conflict between management and shareholder's interest.

### 5.9.0 **Role of Senior Independent Director**

5.9.1 The role of a Senior Independent Director includes, amongst others:-

- (a) Act as a sounding board to the Chairperson.
- (b) Serve as an intermediary for other Directors when necessary.
- (c) Act as a point of contact for shareholders and other stakeholders, mainly on concerns that cannot be resolved through the usual channels of the Chairperson and/or CEO.
- (d) Provide leadership support and advice to the Board if the Board is undergoing a period of stress.
- (e) Lead the succession planning and appointment of Directors, and oversee the development of a diverse pipeline for board and management succession.
- (f) Lead the annual review of board effectiveness, ensuring that the performance of each Director and the Chairperson are assessed objectively and holistically.

### 6.0.0 **Responsibilities of Board Committees**

6.1.1 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 authorised 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 shall report to the Board regarding the outcome of the Committees' meetings, and minutes of these meetings shall be circulated to the Board.

6.1.2 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 the 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. The Board conducts regular review of the division of responsibilities to ensure UMB can adapt to changing business circumstances.

6.1.3 The following committees have been established:-

(a) Audit Committee ("AC")

(b) Nomination and Remuneration Committee ("NRC")

6.1.4 Each committee has clear terms of reference that clarify the role, purpose, and responsibilities. The Board approved the respective committees' Terms of Reference and regularly reviewed them. The AC and NRC's Terms of Reference are available on the Company's website at [www.unitedmalacca.com.my](http://www.unitedmalacca.com.my).

## 7.0.0 **BOARD MEETINGS**

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

7.2.0 All Directors shall receive the Board papers at least five (5) working days before Board meetings. All Directors are provided with sufficient information and time to prepare for Board meetings.

7.3.0 Senior management and external consultants will be invited to brief and assist the Directors if necessary.

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

8.1.0 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.

## 9.0.0 **BOARD EVALUATION AND PERFORMANCE**

9.1.0 The NRC evaluates the performance of Board members and the Board Committees annually by reviewing the assessment forms for Board Performance Assessment, Board Committees Assessment, and Board of Director's Self-Assessment. The NRC also reviews the Independent Directors' Self-Assessment Checklist to assess the Directors' Independence annually.

9.2.0 The NRC Chairperson must be an Independent Director or Senior Independent Director, and shall:-

- (a) Lead the succession planning and appointment of the Board members, including the future Chairperson, the ED and CEO.
- (b) Lead the annual review of the Board effectiveness, ensuring that the performance of each individual Director is independently assessed.

## 10.0.0 **DIRECTORS' TRAINING & CONTINUING EDUCATION**

10.1.0 In addition to the Mandatory Accreditation Programme required by Bursa Malaysia Securities Berhad, Directors shall continue to update their knowledge and enhance their skills by attending conferences, workshops, and field trips. The Board will continually assess the training needs of Directors.

## 11.0.0. **CODE OF ETHICS AND CONDUCT**

11.1.0 In discharging its role, the Board follows 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 must act in good faith and the best interests of UMB and its shareholders.

11.2.0 The Directors' Code of Ethics is available on the Company's website at [www.unitedmalacca.com.my](http://www.unitedmalacca.com.my).

## 12.0.0 **WHISTLEBLOWING POLICY**

12.1.0 The Board has established a whistleblowing policy ("Policy") that identifies avenues for concerns to be objectively investigated and addressed. The objective 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

can 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 available on the Company's website at [www.unitedmalacca.com.my](http://www.unitedmalacca.com.my).

#### 13.0.0 **ANTI-BRIBERY POLICY**

13.1.0 The Board has established an Anti-Bribery Policy and is committed to supporting an anti-bribery programme by providing oversight and assigning adequate resources to implement the programme.

#### 14.0.0 **ENFORCEMENT AND REVIEW OF THE BOARD CHARTER**

14.1.0 This Charter was adopted by the Board on 31 July 2013. The Board must approve any subsequent amendment to this Charter.

14.2.0 This Charter will be periodically reviewed and updated according to the needs of UMB and compliance with new regulatory requirements.

14.3.0 The Board Charter is available on UMB's website at [www.unitedmalacca.com.my](http://www.unitedmalacca.com.my).