



# BOARD CHARTER

UZMA BERHAD

[Registration No. 200701011861 (769866-V)]

[Incorporated in Malaysia]

## 1. INTRODUCTION

The Board Charter sets out the composition, roles, responsibilities, and processes of the Board. The conduct of the Board is also governed by the Constitution of the Company, a copy of which is made available for reference on the Company's website at [www.uzmagroup.com](http://www.uzmagroup.com).

The Board Charter, which serves as strategic guidance and effective oversight of management, is also intended to provide a concise overview of:

- i. Clarification of the roles and responsibilities of the Board, individual directors, the chairman, the group chief executive officer, and management to facilitate their accountability to the Company and its shareholders;
- ii. Delegation of authority by the Board to various committees established to assist the Board in executing its duties and responsibilities; and
- iii. Board operating procedures and practices pertaining to meetings, training and development, the code of conduct, and declarations of conflicts of interest.

## 2. BOARD STRUCTURE

### A. Composition

The number of directors shall not be less than 2 nor more than fifteen (15) as set out in the Company's Constitution.

In accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company must ensure that at least 2 directors or 1/3 of the Board, whichever is higher, are independent directors. If the number of directors of the Company is not 3 or a multiple of 3, then the nearest to 1/3 must be used.

### B. Appointment and Re-election

The Board is responsible for determining the appropriate size of the Board, and the appointment of new directors is a matter for consideration and decision by the Board upon the recommendation from the Nomination and Remuneration Committee ("NRC"). The NRC will

consider the required mix of skills, experience, other qualities, and diversity, including gender, where appropriate, that the Director should bring to the Board.

The Board does not solely rely on recommendations from existing Board members, Management, or major shareholders in identifying candidates for appointment as directors. The Board utilizes a variety of independent sources to identify suitably qualified candidates.

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) of the Directors shall retire from office at each Annual General Meeting, provided that all Directors shall retire from office at least once every three (3) years. A retiring Director is eligible for re-appointment. It provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted on separately.

#### **C. Tenure of Directors**

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board may, in exceptional cases and subject to the assessment of the NRC on an annual basis, recommend that an Independent Director who has served a consecutive or cumulative term of nine (9) years remain as an Independent Director, subject to valid justifications and annual shareholders' approval.

If the Board continues to retain an Independent Director after the twelfth (12<sup>th</sup>) year, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

### **3. ROLES AND RESPONSIBILITIES**

#### **A. Responsibilities of the Board**

- i. Understanding shareholders' expectations and contributing to the development of strategies in their best interest to enhance shareholder value;
- ii. Balancing the interests of other stakeholders, where appropriate, in line with government policies and increasing shareholder value;

- iii. Ensuring the Company has procedures for effective communication with stakeholders;
- iv. Ensuring the statutory accounts of the Company are fairly stated and conform with relevant regulations, including acceptance accounting policies that result in balanced and understandable financial statements;
- v. Adopting performance measures to monitor the implementation and performance of the strategy, policies, plans, and legal and fiduciary obligations that affect the business;
- vi. Ensuring high standards of ethics and corporate behaviour in business conduct;
- vii. Governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, ensuring the sustainability of the Company, monitoring performance, and succession planning;
- viii. Understanding and implementing appropriate measures to manage key risk factors of the Company; and
- ix. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems.

#### **B. Responsibilities of Individual Directors**

Directors are accountable to shareholders and should use their best efforts to ensure that the Company and Group are properly managed and constantly improved to protect and enhance shareholder value, and to meet the Company's obligations to all parties with which the Company interacts, i.e., its stakeholders. Their responsibilities include, but are not limited to, the following:

- i. Acting in the interests of the Company, with legal responsibilities derived from trust law – the fiduciary duty to act in the interests of the Company, which includes the interests of the shareholders;
- ii. Exercising reasonable skill and care in the discharge of their functions;

- iii. Exercising the utmost good faith towards the Company in all their actions and acting honestly in the exercise of the powers and in the discharge of their duties;
- iv. Being actively involved not only in Board meetings but also in general meetings of shareholders;
- v. Acquiring knowledge about the business of the Company and Group, the statutory and regulatory requirements affecting the effective discharge of their duties, and being aware of the physical, political, and social environment in which the Company operates;
- vi. Assisting the Chairman in providing the Company and Group with effective leadership; and
- vii. Being available to advise management between Board meetings when necessary.

#### **C. Responsibilities of Independent Directors**

The role of Independent Directors is to constructively challenge and help develop proposals on strategy, including:

- i. Making an independent assessment of the information, reports, or statements, considering their knowledge, experience, and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging management's proposals at meetings;
- ii. Devoting sufficient time to update their knowledge and enhance their skills through appropriate continuing education programs, to keep abreast of industry issues, market development, and trends, and enable them to sustain their active participation in Board deliberations; and
- iii. Act as a channel of communication between management, shareholders, and other stakeholders, providing relevant checks and balances, focusing on the shareholders' and other stakeholders' interests, and ensuring that high standards of corporate governance are applied.

**D. Responsibilities of the Chairman**

The Chairman is elected by the Board members to provide leadership at the Board level and represent the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its committees. The Chairman is required, among other things, to:

- i. Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members, and senior management;
- ii. Ensure a balanced composition of skills, knowledge, and experience within the Board and an effective working, reporting, and communication mode;
- iii. Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and discussed effectively for Board decision-making;
- iv. Monitor the performance of the individual and collective roles of the directors and the Board;
- v. Ensure effective communication between the Group and its stakeholders;
- vi. Maintain a regular and constructive dialogue with the Group Managing Director and senior management in respect of all material matters affecting the Company and the Group, and consult with other Board members promptly and appropriately; and
- vii. Chair all meetings with the shareholders, i.e., Annual General Meetings and Extraordinary General Meetings.

**E. Responsibilities of the Group Chief Executive Officer**

The Group Chief Executive Officer (GCEO) provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives, and decisions of the Board within the framework of delegated authorities, values, and policies of the Company. The GCEO is appointed by the Board on the recommendation of the Nomination and Remuneration Committee. The GCEO is accountable to the Board for, among other things, the following:

- i. The GCEO has a direct reporting line to the Board, not to the shareholders of the Company, acting as the link between the Board and management of the Company;
- ii. Develop and recommend to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical performance targets;
- iii. Develop and recommend to the Board the annual business plans, budgets, action plans, and risk management policies that support the Company's long-term strategy and reflect current business environment and trends;
- iv. Ensure management of day-to-day business affairs, continuous improvement and development, maintenance, implementation, formulation, and achievement of corporate policies and strategies sanctioned by the Board;
- v. Ensure that the Company has an effective management team and structure, management development programs, and succession plans;
- vi. Ensure that effective internal Company and Group controls and governance measures are deployed; and
- vii. Serve as the chief spokesperson of the Company and Group.

#### **F. Responsibilities of the Management**

The responsibilities of the Management, in general, are:

- i. Developing and proposing, for the Board's approval, a strategic plan and annual budget for the Company to ensure the achievement of the objectives set by the Board;
- ii. Communicating the approved strategic plan and Board decisions to the staff to ensure that the Company's objectives approved by the Board are met;
- iii. Running and managing the operations of the Company properly and in accordance with the Board-approved strategic plan within the authority limits set by the Board;

- iv. Setting up appropriate and effective internal control measures and a risk management framework, including identifying, assessing, managing, and monitoring key risks;
- v. Assisting the Board in the establishment of Company or Group policies by developing such policies for the Board's review and approval, and implementing the approved policies;
- vi. Developing effective management information and internal control systems to ensure the integrity and adequacy of these systems;
- vii. Reporting to the Board periodically on the performance of the Group against the approved plan and budget, as well as on other matters under the Board's purview, to enable the Board to discharge its responsibilities effectively; and
- viii. Reporting to the Board on matters that require their decision/approval or are of significance to the Company and Group.

#### **G. Responsibilities of Board Committees**

The Board has established various Board committees with specific functions to assist in discharging its fiduciary duty. These committees do not make decisions on behalf of the Board and the Company. Each committee's duty is to review matters under its purview and make necessary recommendations to the Board for consideration and decision-making.

#### **Audit Committee**

The functions of the Audit Committee are to:

1. Review the following and report the same to the Board of Directors:
  - a. With the external auditors:
    - i. The external audit plan;
    - ii. The evaluation of the system of internal controls; and
    - iii. The external audit report.
  - b. Assistance provided by the Company's officers to the external auditors;



- c. Assess the adequacy of the scope, functions, and resources of the internal audit and ensure that the internal auditors have the necessary authority to carry out their work;
  - d. The internal audit program, processes, the results of the internal audit program and processes or investigation undertaken, and whether appropriate action is taken on the recommendations of the internal audit function;
  - e. The quarterly financial report and year-end financial statements, prior to approval by the board of directors, focusing particularly on:
    - i. Changes in or implementation of major accounting policy changes;
    - ii. Significant matters highlighted, including financial reporting issues, significant judgments made by management, and significant and unusual events or transactions, and how these matters are addressed; and
    - iii. Compliance with accounting standards and other legal requirements.
  - f. Any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure, or course of conduct that raises questions of management integrity;
  - g. Letter of resignation from the external auditors, if any; and
  - h. Determine whether there is any reason (supported by grounds) to believe that the external auditors are not suitable for reappointment.
2. Consider the nomination of external auditors.
  3. Review the assessment of the suitability and independence of external auditors.
  4. Review the provision of non-audit services by external auditors.
  5. Perform other functions as may be agreed to by the Audit Committee and the Board of Directors.

**Nomination and Remuneration Committee**

The Nomination Committee and Remuneration Committee were merged into a new committee, known as the Nomination and Remuneration Committee, effective 28 May 2019.

The functions of the Nomination and Remuneration Committee are to:

1. Recommend to the Board of Directors the nomination of a person or persons to be a Board member(s) by the shareholder(s) or Director(s);
2. Recommend to the Board, directors to fill the seats on board committees;
3. Assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each existing individual director and thereafter, recommend its findings to the Board;
4. Review the required mix of skills and experience and other qualities, including core competencies, which non-executive directors should bring to the Board and thereafter, recommend its findings to the Board;
5. Review on an annual basis the terms of office and performance of the audit committee and each of its members;
6. Review the remuneration packages of executive directors and non-executive directors; and
7. Review the remuneration of the senior management having a salary of RM30,000.00 per month and above.

**Company Secretary**

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognizes that the Company Secretary should be suitably qualified, competent, and capable of carrying out the duties required of the post.

The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

Other primary responsibilities of the Company Secretary shall include:

1. Preparing agendas for Board and Board Committee meetings in consultation with the respective Chairman;
2. Ensuring that Board procedures and applicable rules are observed;
3. Preparing comprehensive minutes to document meeting proceedings and ensuring conclusions are accurately recorded;
4. Assisting communications between the Board and Management, and advising the Board on its roles and responsibilities;
5. Facilitating the orientation of new directors and assisting in director training and development;
6. Advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
7. Managing processes pertaining to the annual shareholder meeting;
8. Monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
9. Serving as a focal point for stakeholders' communication and engagement on corporate governance issues; and
10. Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

#### 4. BOARD PROCESSES

##### A. Processes and Procedures for Convening Board Meetings

###### Scheduling of Board Meetings

The Board meets at least 4 times every year based on a schedule set on a yearly basis. Apart from the pre-scheduled meetings, the Board may, for the purpose of urgent matters, convene ad-hoc meetings at any time during the year.

###### Agenda Items for Board Meetings

The agenda of the meeting is decided upon focusing on matters that require the Board's decisions, approvals, directions, and on items that are truly the Board's responsibility. Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issuance of securities, business restructuring, disposal and acquisition of assets/investments, and any other strategic matters requiring the Board's decisions.

The Secretary shall discuss with the Group Chief Financial Officer the agenda items. The final agenda for the meeting would be given to the Managing Director/Group Chief Executive Officer for approval and clearance.

Any Director may request the inclusion of any matter in the agenda for a particular Board meeting. The request must be sent at least 7 days before the meeting for the Managing Director/Group Chief Executive Officer's approval.

###### Distribution of Board Meeting Materials in Advance

The Group Chief Financial Officer will inform/remind the relevant head of department to submit their report/materials on presentation to the Secretary at least 7 days before the meeting. All meeting materials/reports/papers, as well as the notice and agenda, will be compiled in a meeting file and distributed to all the Directors within an appropriate timeline for perusal. In cases where the subject matter/agenda item is price-sensitive, confidential, or in a state of flux, the presentation is made directly at the meeting.

**Convening a Board Meeting**

The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time. Unless so fixed, the quorum shall comprise two (2) Directors. Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote. In case of an equality of votes, the Chairman shall have a second or casting vote, except when only two Directors are present and form a quorum, or only two are competent to vote on the question at issue. In such cases, the Chairman shall not have a casting vote.

**Board and Directors' Professional Development**

The Board is required to stay up-to-date with current business, industry, regulatory, and legislative developments and trends that will affect the Company and Group's business operations. The Board and its Directors' professional development includes:

1. Newly appointed Board members must attend the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment;
2. Newly appointed Board members, upon taking office, must be fully briefed on the terms of their appointment, duties, and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates;
3. Formal training, continuous education programs, and workshops for the directors encompassing topics on directorship, business, industry, regulatory, and legislative matters; and
4. Informal sessions and discussion forums for the directors to share experiences and engage in constructive deliberations.

**Code of Conduct and Ethics**

The Board commits itself and its Directors to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly:

1. Directors must represent unconflicted loyalty to the interests of the Company and Group. This accountability supersedes any conflicting loyalty, such as that to advocacy or interest groups, membership on other boards, or staff. It also supersedes the personal interest of any Board member acting as a consumer of the Group's services;
2. Directors may not attempt to exercise individual authority over the Company and Group except as explicitly set forth in the Constitution and any group policy and procedure manual in existence. This curtails interaction with the Managing Director/Group Chief Executive Officer, management, public, press, and other entities;
3. Directors will respect the confidentiality appropriate to issues of a sensitive nature;
4. Directors must avoid conflicts of interest with respect to their fiduciary responsibility;
5. Directors should have a clear understanding of the aims and purpose, capabilities, and capacity of the Company;
6. Directors should devote time and effort to attend meetings, understand what is required of the Board and each of its directors, and discharge those functions;
7. Directors should ensure at all times that the Company is properly managed and effectively controlled;
8. Directors should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
9. Directors should insist on being informed about all matters of importance to the Company to be effective in corporate management;
10. Directors should limit their directorships to a number they can manage effectively. Each director should judge their own abilities and manage their time effectively. Directors shall notify the Board Chairman before accepting new directorships, including an indication of the time to be spent on the new appointment;
11. Directors should have access to the advice and services of the Secretary, who is responsible to the Board to ensure proper procedures, rules, and regulations are complied with;
12. Directors should have access to independent advisers and seek independent professional advice at the expense of the Company. A director intending to seek such advice shall notify the Secretary, who will forward the request to the Board Chairman for approval. Upon

obtaining approval, the director shall engage the adviser. All advice and opinions from the advisers shall be reported to the Board of Directors;

13. Directors should always exercise their powers for the purposes conferred, for the benefit and prosperity of the Company;
14. Directors should disclose immediately all contractual interests, whether directly or indirectly, with the Company;
15. Directors should not divert to their own advantage any business opportunity that the Company is pursuing, nor use confidential information obtained by reason of their office for their own advantage or that of others;
16. Directors should always act with the utmost good faith towards the Company in any transaction and act honestly and responsibly in the exercise of their powers in discharging their duties;
17. Directors should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake;
18. On Relationship with Shareholders, Employees, Creditors, and Customers:
  - a. Directors should be conscious of the interests of the shareholders, employees, creditors, and customers of the company;
  - b. Directors should always promote professionalism and improve the competency of management and employees; and
  - c. Directors should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
19. On Social Responsibilities and the Environment
  - a. Directors should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
  - b. Directors should ensure the effective use of natural resources and improve the quality of life by promoting corporate social responsibility;
  - c. Directors should be more proactive to the needs of the community and assist in society-related programs in line with the aspirations of the concept of a 'Caring Society' in Vision 2020;

- d. Directors should ensure that the activities and operations of the Company do not harm the interests and well-being of society at large and assist in the fight against inflation; and
- e. Directors should ensure that necessary steps are taken in accordance with the law to properly wind up or strike off the company register if the Company has not commenced business, has ceased to carry on business, and is not likely to commence or resume business in the future, as the case may be.

#### **B. Disclosure and Conflict of Interest**

The Constitution of the Company stipulates that every Director shall comply with the provisions of sections 219 and 221 of the Companies Act 2016 in connection with the disclosure of the following:

1. Interest in shares, debentures, participatory interests, rights, options; and
2. Interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on conflict of interest are, among others, as follows:

1. Directors must act in good faith at all times, believing it to be in the best interest of the Company. The definition of "interest" shall bear the meaning provided in Section 8 of the Companies Act 2016.
2. Directors have a general duty to disclose, by giving written notice within a stipulated period, to the Company any events or matters relating to themselves as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements.
3. No director may vote in respect of any contract or proposed contract or arrangement in which they are interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which they are interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.



## 5. GENERAL MEETINGS

The Company regards general meetings as the principal forum for dialogue with shareholders and aims to ensure that they provide an important opportunity for effective communication and constructive feedback from the Company's shareholders.

General meetings provide avenues for shareholders to exercise their ownership rights. The Board shall facilitate the exercise of these rights and take reasonable steps to encourage shareholder participation at general meetings. The Board shall disclose all relevant information to shareholders to enable them to exercise their voting rights appropriately at these meetings.

All members of the Board and the Chairman of each of the Board Committees shall attend all general meetings.

## 6. REVIEW OF BOARD CHARTER

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may impact the discharge of the Board's responsibilities.

The Board Charter is available for reference on the Company's website at [www.uzmagroup.com](http://www.uzmagroup.com).

This Board Charter was reviewed and approved by the Board on 16 October 2019.