



# **WASIYYAH SHOPPE BERHAD**

## **CHARTER OF THE BOARD OF DIRECTORS**

6 November 2019

## 1. INTRODUCTION & PURPOSE

The Board of Directors ("Board") is responsible for the proper of stewardship Wasiyyah Shoppe Berhad ("Company") and is entrusted with leading and overseeing the business of the Company, which includes optimizing long-term financial returns and shareholders wealth creation.

The Company was incorporated in Malaysia, under the Companies Act 2016 and is a Trust Company under Section 4 of the Trust Companies Act 1949.

The Charter aims to assist the Board to better appreciate their roles and responsibilities, provide guidance including appropriate performance framework for measuring performance of the Board as a whole as well as the contribution of each Director.

It is hoped that with an appropriate understanding of its role and a framework for measuring performance, the Board will be better equipped to meet its responsibility of ensuring the objectives of the Company are met.

The Board Charter is prepared in compliance with the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") which was issued by the Securities Commission Malaysia.

## 2. INTERPRETATION

In this Charter:

"Articles" means the Articles of Association of the Company;

"Alternate Director" means the alternate member of the Board;

"Board" means the Board of Directors of the Company;

"Board Committees" means the Audit & Risk Committee and Trust & Investment Committee and any other Board Committee as may be established by the Board from time to time as it may deem fit & necessary;

"Business" means the business of the Company;

"Chairman" means the Chairman of the Board and is used in gender-neutral sense;

"CEO" means Chief Executive Officer;

"Company Secretary" means the Board Secretary appointed by the Board;

"Director" means a member of the Board;

"Independent Director" is as defined in the Listing Requirements of Bursa Malaysia;

"Management" means the management personnel of the Company;

“MCCG 2017” means the Malaysian Code on Corporate Governance 2017;

“Shareholders” means the shareholders of the Company; and

“TOR” means Term of Reference.

### 3. BOARD RESPONSIBILITIES

The principal responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Company

The role of the Board is to review, challenge and approve management's proposal on a strategic plan of the Company, which includes overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan.

- Overseeing conduct of the Company's business

A basic function of the Board is to oversee conduct of the business and performance of management in order to determine whether the business is being properly managed.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board must understand principal risks of all aspects of the Company's business and ensure that there are systems in place which effectively monitor and manage these risks.

- Succession Planning

The Board should ensure that all candidates appointed to key management positions are of sufficient caliber and shall be responsible for appointing, training, fixing the remuneration of, and where appropriate, replacing the key management.

- Overseeing development & implementation of a shareholder communications policy for the Company

The responsibility of the Board is to ensure that the Company has in place a policy to enable effective communication with all shareholders of the Company.

- Reviewing adequacy and integrity of management information and internal controls system of the Company

The Board has to ensure that there is a sound framework of reporting on internal control system and regulatory compliance.

In executing principal responsibilities of the Board, each Director shall perform the followings:

- Attend all Board meetings but where attendance at meetings is not possible, ensure that appropriate steps are taken to obtain a leave of absence;
- Acquire knowledge about business of the Company, the statutory and regulatory requirements affecting the effective discharge of their duties to the Company, and be aware of the physical, political and social environment in which the Company operates;
- Study in advance all information and documentary materials provided and be prepared to discuss their contents at Board meetings;
- Assist the Chairman in providing the Company with effective leadership;
- Be able to advise management, as and when necessary;
- Participate actively and to effectively contribute to Board discussions towards meeting the duties and responsibilities of the Board as outlined herein and in the respective TOR of Board Committees (where applicable);
- Always be alert of potential conflicts of interest that may affect performance of his or her fiduciary duty towards the Company and seek to avoid these potential conflicts wherever possible;
- Any interest, actual or perceived (direct or indirect) should be declared to the Board as soon as possible;
- Act honestly, in good faith and in the best interest of the Company as a whole, using due care and diligence in fulfilling his or her responsibilities, and exercising the powers attached to that office; and
- Directors should consult the Chairman and / or the Company Secretary for any clarification on their responsibilities and duties and on any dealing from where a potential conflict of interest situation may arise.

#### **4. BOARD STRUCTURE**

##### **a. Board Balance & Composition**

- The composition of the Board is to reflect duties and responsibilities it has in discharging and performing its responsibilities.
- The composition of the Board shall reflect as much as possible or practicable, proportional representation of various stakeholders in the Company.
- A Director is not required to hold any share in the Company.

- The Articles of Association of the Company provide for a minimum of two (2) and a maximum of twelve (12) Directors.
- The Company is committed to ensure that at least 2 Directors or 1/3 of the Board, whichever is the higher, are Independent Directors.
- In accordance with Articles of Association of the Company, at each Annual General Meeting, 1/3 of the directors for the time being, or if their number is not a multiple of three, then the number nearest to 1/3 with a minimum of one, shall retire from office and an election of directors shall take place provided always that each director shall retire from office at least once in every 3 years but shall be eligible for re-election.
- The directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment.
- A retiring director shall be eligible for re-election.
- The Board shall have power at any time and from time to time to appoint any person to be a director either to fill a vacancy or as an additional director, provided that total number of directors shall not at any time exceed the maximum number of fixed by or in accordance with Articles of Association of the Company.
- Any director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- As recommended under the MCCG 2017, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years.
- The 9-years period can either be based on a consecutive service basis or a cumulative basis with intervals.
- In the event the Board wishes to maintain the directorate of an Independent Director beyond the 9-years limitation period, the Board must justify and seek specific Shareholders' approval on the matter at the Company's general meeting.
- If Shareholders' approval is not obtained, upon completion of the 9-years period, an Independent Director may still continue to serve on the Board but subject to him/her being re-designated as Non-Independent Director.
- The Board supports the gender boardroom diversity as recommended under the MCCG 2017.

- The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board.
- Apart from gender boardroom diversity, the Board supports diversity in age.
- The Board will review the appropriate proportion of the age of Board members at the time of considering appointment of new Directors to the Board.
- Directors shall not hold directorships in more than 5 public listed companies at any one time.
- Before accepting any new directorship, a Director shall first notify the Chairman of the Board and the notification shall include an indication of time that the said Director will spend vis-a-vis the new appointment.

**b. New Appointed Director**

- Newly appointed director shall be briefed on the terms of their appointment, their duties and responsibilities.
- Copies of the following shall be provided to the newly appointed Director:
  - this Board Charter;
  - the Company's Memorandum & Articles of Association;
  - Latest annual report and audited financial statement of the Company;
  - Latest Strategic Plan and Annual Management Plan of the Company; and
  - Organization Chart.
- A Board induction session shall be conducted by the Management to give the newly appointed Director an overview of the business and strategic plans of the Company.

**c. Role of Chairman**

- The roles of the Chairman and the CEO shall be separated.
- The Chairman is responsible for representing the Board to the Shareholders and is responsible for ensuring integrity and effectiveness of governance process of the Board.
- The Chairman shall maintain regular dialogues with the CEO over all operational matters and shall promptly consult with the Board over any matter that gives him or her any cause of concern pertaining to the Company.

- The Chairman shall act as a facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions at Board meetings.
- The Chairman shall ensure that appropriate discussions take place and relevant opinions among Directors are forthcoming.
- The Chairman shall ensure that discussions result in logical and understandable outcomes.
- The key roles & responsibilities of the Chairman include the followings:
  - Provide governance in matters requiring corporate justice and integrity;
  - Manage Board communication and Board effectiveness and effective supervision over Management;
  - Create conditions for good decision-making during Board and Shareholders' meetings;
  - Ensure Board proceedings are in compliance with good conduct and practices;
  - Protect the interest and provide for (if permissible) the information needs of various Stakeholders;
  - Maintain good contact and effective relationship with external parties, investing public, regulatory agencies and trade associations;
  - Ensure that quality information to facilitate decision-making is delivered to the Board by Management in a timely manner; and
  - Ensure compliance with all relevant regulations and legislations.

#### **d. Board Committees**

- The Board may delegate its responsibilities for specified matters to individual Directors or Board Committees.
- Each Board Committee must be provided with written Terms of Reference ("TOR") which clearly state the extent and limits of their responsibilities and authority and whether they can act on behalf of the Board, or to provide the necessary reporting to the Board.
- The Board Committees are as follows:
  - Audit & Risk Committee

- Trust & Investment Committee

The TOR of the Board Committees are subject to a review and revision, amendment or modification by the Board from time to time, in which case the most recently amended TOR of a Board Committee shall be the TOR that shall apply to the said Board Committees.

## 5. BOARD PROCEDURES

### a. Board Meeting

The Board shall meet at regular intervals throughout the year.

The quorum for a meeting shall be more than 50% of members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.

In the absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be chairman of the meeting

The agenda for each meeting shall be circulated at least seven (7) working days before each meeting

At each scheduled meeting, the Board shall consider, where applicable:

- Operational report(s), the financial results and cash flow projections;
- Review the reports and recommendations of the Audit & Risk Committee ("ARC") and other Board Committee;
- Approve the monthly / quarterly financial statement;
- Schedule of Matters which are reserved for the Board's collective decision;
- Capital expenditure and acquisitions as defined by LOA;
- Disposal of the Company assets as defined by LOA;
- Major issues or opportunities;
- Committee minutes/Board Circular Resolutions for notation;
- Changes in directorships and disclosure of interests;
- Disclosure of dealings by Directors; and
- Any other matters requiring the Board's approval.

In addition, the Board shall, at periodic intervals of not more than one year:

- Review the Company's objectives and goals;
- Review the strategies for achieving the stated goals;
- Approve the operational plan and budget;
- Consider and, if deem appropriate, declare or recommend payment(s) of dividends; and

- Review / approve reports and recommendations from the ARC and other Board Committees.

Any matter to be voted upon shall be decided by a majority of the votes cast on the question.

**b. Meeting Papers**

In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the Board, Board papers, relevant information and agenda items are to be circulated at least 3 (three) working days before each meeting to the Directors.

**c. Access to Independent Professional Advice**

In discharging Directors' duties, each Director is entitled to obtain independent professional advice at the cost of the Company.

**d. Access to Management & Information**

The Directors shall have unrestricted access to Management and to information pertaining to the Company, including from the Company's auditors and consultants.

The Directors must use proper judgment to ensure that any contact made with Management does not distract the business operations of the Company and Management's function.

Such contacts must be made through the CEO.

## **6. THE COMPANY SECRETARY**

The appointment or removal of the Company Secretary shall be the prerogative of the Board as a whole.

The specific responsibilities of the Company Secretary are as follows:

- Advise the Board and Management on governance issues;
- Ensure compliance with related statutory obligations;
- Attend Board, Board Committees and general meetings, and ensure proper recording of minutes of meeting(s);
- Ensure proper upkeep of statutory registers and records;
- Assist the Chairman in the preparation for and conduct of meetings; and
- Continuously update the Board on changes to related legislations and regulations.

## **7. RELATIONSHIP OF THE BOARD WITH STAKEHOLDERS**

Although the primary duty of the Board is to provide accountability to its Shareholders, a wide range of stakeholders have begun to look to the Board to provide information about the Company's standing.

This includes the regulators for statutory disclosure, creditors and lenders for confirmation on financial status, and customers for continuation of service and behavior.

In meeting these accountability responsibilities, the Board shall use its best endeavors to familiarize itself with the issues which are of concern to the Shareholders and stakeholders.

## **8. DIRECTORS' TRAINING**

Directors are required to attend relevant training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as on technical matters; for example, on financial reporting standards, tax budgets, Corporate Governance, and others.

## **9. DIRECTORS' REMUNERATION**

The Board will determine the level of remuneration to be paid to the Executive Directors.

In addition, determination of the remuneration packages of non-executive directors, including non-executive Chairman, shall be decided by the Board.

Non-executive Directors will be paid a basic fee as an ordinary remuneration and will be paid a sum based on their responsibilities in the Board Committees and for their attendances at meetings.

The fee which shall be fixed in sum and not by a commission or percentage of profits / turnover.

## **10. DIRECTORS' EVALUATION**

The MCCG2017 stipulates that the Board should implement a process, to be executed on an annual basis, to assess effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director.

The Board should take into consideration the Directors' character, experience, integrity, competency and time to effectively discharge his/her role as a Director of the Company.

The Board shall also ensure that all assessments and evaluations executed in the discharge of this function are properly documented.

## 11. ALTERNATE DIRECTOR

A Director may from time to time nominate a person, not being a Director, to act as his alternate and his discretion to remove such alternate Director but the appointment shall not take effect until approved by a majority of the other Directors.

An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his/her appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid, he/she shall not in respect of such appointment be entitled to receive any remuneration from the Company.

The alternate Director shall be entitled to receive notices of all meetings and to attend, speak and vote at any such meetings of Directors at which his appointor is not personally present.

Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation shall be affected by a notice in writing to be delivered to the Company Secretary.

An alternate Director shall cease to be an alternate Director if his appointor for any reason ceases to be a Director.

## 12. DIRECTORS' CODE OF CONDUCT

The Board shall discharge its duties professionally, with due diligence and efficiency and to the best of their abilities.

In discharging their duties, member of the Board shall at all times abide by and confirm to the following Code of Conduct:

### **CORPORATE GOVERNANCE**

- Have a clear understanding of aim and purpose, capability and capacity of the Company;
- Devote time and effort to attend meetings and to know what is required of the Board, and to discharge those functions effectively;
- Ensure at all times that the Company is properly and effectively managed and at all times act in the best interest of the Company;
- Stay abreast of affairs of the Company and be kept informed of the Company's compliance with relevant laws, rules and regulations;

- Insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- Notwithstanding the limit allowed under the relevant regulations or rules, to limit his/her directorship of companies to a number in which he can best devote his /her time and effectiveness;
- Exercise his/her powers for purposes that were conferred to him/her by the Board and act in good faith for the benefit of the Company;
- Not divert to his /her own advantage and/or to the advantage of his/her connected persons any business opportunity that the Company is pursuing, and shall not use confidential information obtained by reason of his/her office for his/her own advantage or that of his/her connected persons and/ or other third parties;
- At all times act with utmost good faith and integrity towards the Company in any transaction and to act honestly and responsibly in exercise of his/her powers in discharging his/her duties;
- Willing to exercise independent judgment and, if necessary, to openly oppose if interest of the Company is at stake;
- Maintain confidentiality of all Company information which are sensitive in nature and which are not already in public domain; and
- Avoid any conflict of interest with fiduciary duty as follows:
  - To not have any self-dealing and/or conduct any private business or personal services with the Company except in accordance with the duly approved policies, processes and procedures to ensure openness, competitive opportunity and equal access to information.
  - To abstain himself or herself from voting and deliberating on any matter which involves his/her interest and/or involves a conflict of interest with his/her fiduciary duty.
  - To not use his/her position to obtain employment for himself/herself or his/her connected persons.
  - To immediately and regularly disclose his/her involvement with any organization, vendor, or association that might result in a situation of conflict.
  - A Director should immediately and regularly declare to the Board, their interest, actual or perceived (direct or indirect) and/or any changes to their personal particulars as soon as possible either verbally or in writing.

- Exercise his/her authority over the Company as explicitly set forth in the Board Charter and/or the Limits of Authority and/or as authorized by the Board.

#### **RELATIONSHIP WITH SHAREHOLDERS, EMPLOYEES, CREDITORS & CUSTOMERS**

- Be conscious of the interest of all shareholders, employees, creditors and customers of the Company;
- Promote professionalism and improve competency of management and employees; and
- Ensure adequate safety measures and provide proper protection to employees at the workplace.

#### **SOCIAL RESPONSIBILITIES & ENVIRONMENT**

- Adopt an objective and positive attitude and give the utmost cooperation for a common goal when dealing with government authorities or regulatory bodies;
- Ensure effective use of resources and improve quality of life by promoting corporate social responsibilities;
- Be more proactive to needs of community and assist in society-related program in line with the Corporate Social Responsibility Policy of the Company; and
- Ensure that activities and operations of the Company do not harm interest and well-being of the society at large.

### **13. MATTERS FOR BOARD'S DECISION**

The list of matters reserved for decision of the Board are as specified below, which may be varied, or amended from time to time as may be determined and approved by the Board.

#### **CONDUCT OF THE BOARD**

- Appointment and removal of directors and subject to relevant laws and regulations;
- Appointment and removal of Company Secretary;
- Establishment and / or dissolution of Board Committees; and appointment and/or cessation of members of the Board Committees;
- Terms of Reference of Board Committees and amendments to such terms; and
- Appointment and removal of key management positions, as per the Company's Limits of Authority.

**REMUNERATION**

- Remuneration structure packages and policy for the CEO and Executive Directors;
- Fee for Non-Executive Directors;
- New employees' share option scheme and/or amendments to the scheme, subject to other approvals that may be required by law or regulation; and
- Allocation and share grants in employees' share schemes.

**OPERATIONAL, PLANNING & INVESTMENT**

- Business strategy, management plan and annual budget;
- Mid-term annual review of the Company performance against business strategy and/or the Company annual management plan;
- Capital expenditure exceeding Management's authority or amounts under the Company's Limits of Authority;
- Write-off of bad debts and assets exceeding Management's authority or amount under the Company's Limits of Authority;
- Investments or divestments in a Company /business/property/undertaking as per the LOA;
- Investments or divestments of a capital project which represent a significant diversification from the existing business activities as per the LOA;
- Changes in the major activities of the Company; and
- Limits of Authority for the Company and any amendment thereto.

**FINANCIAL**

- Monthly, quarterly and annual financial statements based on recommendation of the ARC;
- Annual Directors' Report and Statutory Accounts;
- Declaration of interim dividends, recommendation of final dividends and the making of any distribution;
- Adoption of accounting policies;
- Approval of treasury policies; and
- Effectiveness of the Company's system of internal control, whereby this function is delegated to the ARC, which will in turn report to the Board on its findings.

**OTHER MATTERS**

- Granting of powers of attorney by the Company;
- Providing indemnities or guarantees;
- Recommendation for alteration of the Company's Memorandum and Articles of Association;
- Change of the Company's name, financial year end and registered office;
- Issuance of debt instruments;
- Charitable contributions as per the Company's Limits of Authority;
- Scheme of reconstruction or restructuring;
- Any other significant business decision;
- Any other matters requiring the convening of a general meeting of Shareholders or any class of Shareholders;
- Any other matters which may require approval of the Board as stipulated under any relevant law, rule, regulation, or guideline, circular or directive of any relevant authority; and
- Any other matters requiring the Board's approval under the Limits of Authority of the Company. In the event of any inconsistency between any of the reserved matters herein and the Company's Limits of Authority, the Board Charter shall prevail.

**14. CHARTER REVIEW**

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level committee charter, if applicable;
- Perform any other activities consistent with this charter, the Company's bylaws, and governing laws that the board or its committees determines are necessary or appropriate;
- Submit the charter to the board for approval.

## **TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE**

### **1. CONSTITUTION**

The ARC shall be formed by the Board and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of the ARC extends to the Company and all its subsidiaries as well as joint ventures and associate companies where management responsibility is vested on the Company.

### **2. OBJECTIVES**

The objectives for the formation of the ARC are as follows:

- To ensure openness, integrity and accountability in the Company's activities so as to safeguard rights and interests of the Shareholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Company's business efficiency, quality of accounting and audit function and strengthening of public's confidence in the Company's reported results;
- To maintain, through regularly scheduled meetings, a direct line of communication between the Board, the External Auditors and Internal Auditors;
- To enhance independence of the External Auditors and Internal Audit Function;
- To create a climate of discipline and control to minimize or eliminate fraud;
- To review and to deliberate on the Company's risks (whether financial and non-financial) which are identified and assessed by the Risk Management Function; and
- To report and to make necessary recommendations to the Board to mitigate identified risks including risks relating to non-compliance of laws, rules, regulations, policies, processes and procedures.

### **3. AUTHORITY**

The ARC has the authority to execute functions as stated in its Terms of Reference and report to the Board with recommendations.

The ARC shall have authority to provide objective and independent views on any specific risks and also on overall effectiveness of internal control environment & risk management framework of the Company.

The ARC wherever necessary and reasonable for performance of its duties, shall in accordance with same procedures adopted by the Board and at costs of the Company:

- Have authority to investigate any activity within its Term of Reference;
- Have resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Company.

All documents of the Company shall be made accessible to the ARC and all employees are directed to co-operate with the request made by the ARC;

- Have full support of the Internal Audit Function and Risk Management Function, and any other units/departments/divisions/companies/associates within the Company as it may deem necessary;
- Have direct communication channels with the external auditors and person(s) executing internal audit function or activity for the Company; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of other 3rd parties with relevant experience and expertise if it considers necessary.

#### **4. MEMBERSHIP**

Members of the ARC shall be appointed by the Board.

The ARC shall comprise at least 3 members, all of whom shall be Independent Non-Executive Directors.

The ARC shall elect amongst its members as its Chairman.

If the membership for any reason falls below three (3) members, the Board shall, within 3 months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The appointment of ARC member terminates when the member ceases to be a Director, or as determined by the Board.

At least 1 member of the ARC must meet the criteria set as follows:

- Must be a member of the Malaysian Institute of Accountants; or
- If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years' working experience and:

- a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- b) (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- No alternate directors shall be appointed to the ARC.
- In compliance to the MCCG2017, the cooling-off period of 2 years before a former key audit partner of the Company could be appointed as a member of the ARC, shall be observed.
- Similar requirement shall be extended to 3<sup>rd</sup> parties inclusive of professional who have business dealings with the Company.
- The ARC members shall collectively:
  - Have knowledge of the industries in which the Company's operates;
  - Have the ability to understand key business and financial risks and related controls and control processes; and
  - All members of the ARC shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company's balance sheet, income statement, statement of cash flow and key performance indicators.

## 5. FUNCTIONS & DUTIES

The ARC shall execute the following functions and duties:

### a. Financial Statements

- Review month & quarterly financial results and annual financial statements of the Company prior to the approval by the Board, focusing particularly on the following:
  - any changes in or implementation of major accounting policy changes;
  - major judgmental areas, significant and unusual events;
  - significant adjustments resulting from audit;
  - Going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- Review, with the Company's Counsel, on any legal matter that could have a significant impact on the Company's financial statements (as and when necessary).

b. Internal Control

- Assess quality and effectiveness of system of internal control and efficiency of the Company's operations, particularly those relating to areas of significant risks.
- Evaluate process the Company has in place for assessing and continuously improving internal control.
- Assess internal process for determining and managing key risks other than those that are dealt with by other specific Board Committees.
- Review evaluation by internal and external auditors of the Company's internal control system and thereafter report the same to the Board.
- Review External Audit reports and Management's response and ensure that appropriate action is taken in respect of these reports and ARC's resolution.

c. Internal Audit

- Approve Internal Audit Charter and review adequacy of scope, function, competency and resources of Internal Audit Function, and whether it has necessary authority to execute its work.
- Review internal audit program and results of internal audit process and, where necessary, ensure that appropriate actions are taken on recommendations of the Internal Audit Function and of the ARC and thereafter report the same to the Board.  
Where actions are not taken within an adequate timeframe by the Management, the ARC shall also report the same to the Board for its further action.
- Consider major findings of internal audit and management's responses, monitor implementation of any recommendations made therein and ensure effective coordination between the internal and external auditors.
- Where appropriate, supervise any special project or investigation considered necessary, to be executed by Internal Audit Function, as and when necessary and consider the major findings of the internal investigations and Management's response.
- Approve any appointment or termination of key members of Internal Audit Function.
- Review appraisals or assessments of performance of Internal Audit Function.
- Take cognizance of resignations of member of Internal Audit Function and provide the resigning member an opportunity to submit his reasons for resigning.

d. External Audit

- Recommend nomination of external auditors, audit fees & any question of resignation or dismissal of external auditors and report the same to the Board.
- Review & discuss with the external auditors, before the audit commences, the nature and scope of the audit, and discuss any significant problems that may be foreseen with the external auditors before the audit commences, and ensure that the audit is executed effectively and efficiently for the Company;
- Discuss problems & reservations arising from interim & final audits, including assistance given by employees and any matters the auditors may wish to discuss, in absence of Management or Executive Directors where necessary; and
- Review the external auditor's management letter and management's response including the status of the previous audit recommendations.

e. Related Parties Transactions

Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course that raises questions of management integrity.

f. Compliance

- Review effectiveness of system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory authorities.
- Obtain regular updates from Management and the Company's legal counsel regarding regulatory compliance matters.
- Review and consider any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity.

g. Risk Management

- Provide oversight, guidance & direction to the risk management functions and processes.
- Recommend the Company's risk management policies, strategies & risk tolerance levels, & any proposed changes for the Board's consideration and approval.
- Ensure that the Management integrates the necessary risk management processes into all business processes of the Company.

- Evaluate effectiveness of the Risk Management framework, processes and supports system to identify, assess, monitor and manage the Company's key risks.
- Review risk identification and management process developed by the Management to confirm it is consistent with the Company's strategy and business plan.
- Review the Management's assessment of risk on a frequent basis and to provide updates to the Board.
- Enquire Management and the independent auditor about exposure to such risks in relation to significant business, political, financial and control risks.
- Assess steps/actions the Management has implemented or wish to implement to manage and mitigate identifiable risk, including the use of hedging and insurance.
- Deliberate on compliance related matters of the Company and review the effectiveness of systems for monitoring compliance with laws and regulations.
- Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Company.
- Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices.
- Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the ARC.

h. Other Matters

- To review periodic reports from the Management, the external auditors and the internal auditors to assess impact of significant regulatory changes and accounting or reporting developments proposed by accounting and other bodies, or any significant matter that may have a bearing on the annual examination.
- To discuss problems and reservations arising from the internal audit, interim and final audits, and on matters that the internal and external auditors may wish to discuss, in absence of the Management where necessary.
- To report to the Board at least once a year, the activities of the ARC, including number of meetings held during the year and details of attendance of each member in respect of the meetings and a summary of the activities of the internal audit function & risk management function.

- Where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of laws & regulations, the ARC must promptly report such matter to the relevant authority.
- To execute any other functions that may be mutually agreed by the ARC and the Board.

## **6. MEETING**

- Meetings of the ARC shall be held at least once in every financial year of the Company.
- Upon the request of any member of the ARC, the Chairman of the ARC shall convene a meeting of the ARC to consider any matters brought up by the members.
- The quorum for a meeting of the ARC shall be 2 members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- In absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be chairman of the meeting.
- The meeting of the ARC shall be governed by the provisions contained in the Memorandum and Articles of Association of the Company in regulating meetings and proceedings of Directors unless otherwise provided for in this Terms of Reference.
- The meetings of the ARC shall be attended by the Chief Executive Officer, at invitation, which in his absence, shall be replaced by the Chief Financial Officer and shall be attended by Head of Internal Audit and a representative of the External Auditors (as and when necessary).
- Other Directors and employees who attend any particular ARC meeting shall attend only at the ARC's invitation, specific to the relevant agenda of meeting and they shall not have any voting rights.
- The ARC may request other Directors, members of Management, counsels and consultants as applicable to participate in the meetings, as and when necessary.
- The ARC shall meet the External Auditors without the presence of Executive Director at least once a year.
- A Committee member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member.

- Where this cause insufficient directors to make up a quorum, the ARC has the right to appoint another director(s) which meets the membership criteria.
- Meeting agendas shall be the responsibility of the ARC Chairman with input from the ARC members.
- The Chairman may also ask Management and others to participate in process of drafting the agenda.
- Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least seven (7) working days before each meeting, to the ARC members and all those who are required to attend the meeting.
- In order to allow sufficient time for members to consider and better deliberate on matters that are tabled to the ARC, the papers, relevant information and agenda items are to be circulated at least 3 (three) working days before each meeting to the members of the meeting.
- Written materials including information requested by the ARC from the Management, internal auditors (from the Company) and external auditors shall be received together with the agenda for the meetings or in a separate later addendum prior to the meeting.
- Any matter to be voted upon shall be decided by a majority of the votes cast on the question.
- The Secretary of the ARC shall be the Secretary of the Company or any other person as the Committee may decide.
- The ARC shall cause minutes to be duly entered in the books provided for purpose of all resolutions and proceedings of all meetings of the ARC.
- Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- The minutes of the ARC meeting shall be available to all Board members through the Secretary of the Company.
- The ARC, through its Chairman, shall report matters that are deliberated at ARC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.

## **7. DISSOLUTION**

The composition of ARC shall be dissolved upon recommendation and decision of the Board.

## **TERMS OF REFERENCE FOR TRUST & INVESTMENT COMMITTEE**

### **1. INTRODUCTION**

The primary purpose of the Committee is to recommend to the Board and review all significant investments made and to be made by the Company, as well as related to the trust activities.

It includes and is not limited to merger & acquisitions, new partnerships, divestments and large capital expenditure projects.

### **2. AUTHORITY**

- Establish, review and recommend to the Board the overall investment policies, guidelines and portfolio requirements of the Company.
- Recommend to the Board the fund-raising activities of the Company.
- Recommend to the Board the new investments and disposals of significant value for the Board's approval, as per the LOA.
- To approve use of funds for investments, mergers & acquisitions and other related matters, as per the LOA.
- The Committee may seek advice or obtain independent professional assistance from any person or firm who has the relevant experience and required expertise, if the Committee so requires, to assist the Committee with its deliberation.

### **3. MEMBERSHIP**

- The Committee shall consist at least three (3) members with 1 (one) independent non-executive director, which shall be a chairman, all of whom shall be duly appointed by the Board.
- The Board may also appoint any other persons with relevant qualifications and experience as the Board thinks appropriate to be a member of the Committee.
- In event the number of the committee members is reduced to less than three (3) due to any reason whatsoever, the Board will appoint a new member within three (3) months thereof.
- The Company Secretary shall be the Secretary of the Committee, and shall have the following responsibilities:
  - Ensure meetings are arranged and held accordingly;
  - Assist the Chairman in planning the Committee's activities;

- Draw up meeting agendas in consultation with the Chairman;
- maintain the minutes;
- Ensure structured communication between the Board and the Committee; and
- Ensure the Committee recommendations presented to the Board are supported by papers, including Report of the Committee or minutes that explains the rationale for the Committee's recommendations.

#### **4. MEETING**

- The Committee shall meet as and when the circumstances dictate.
- At least two (2) members must be present during each meeting to form a quorum necessary to transact any business of the Committee.
- If the Chairman of the Committee is not present at the Meeting, the members present shall elect a Chairman from among themselves.
- Agenda of Meeting will be distributed to the Committee members at least seven (7) days prior to the scheduled meeting and the Chairman of the Committee shall ensure that a proper agenda is prepared for the meeting.
- The Secretary will distribute minutes of meeting to all members of the Committee.
- The minutes of meeting shall be tabled to Board for information.
- The minutes of meeting and conclusions of the Committee meeting should be minute and the minutes shall be kept in the Minutes Register by the Company Secretary of the Company.
- Reproduction of any part of the minutes of meetings can only be through / by the Secretary.
- The Committee may invite any persons, including but not limited to other members of the Board and key management personnel, to attend any of its meetings as the Committee deem fit and necessary,
- Any matter to be voted upon shall be decided by a majority of the votes cast on the question.

## 5. FUNCTIONS & DUTIES

- The main function of the Committee is to assist the Board of Directors in performing its duties and discharging its responsibilities in evaluating the Company's investment proposals.
- The scope and functions of the Committee are defined below:
  - To review and to propose annual business plans and budgets for recommendation to the Board.
  - To evaluate proposals on new investments and divestments of as per LOA to ensure consistency with the Company's strategy and returns in excess of a hurdle rate adjusted for risk and performance premium.
  - To review financial investment portfolios of the Company, which includes and is not limited to existing and new merger & acquisitions, new partnerships, divestments and large capital expenditure projects, which shall be in accordance to LOA.
  - To oversee current and future capital and financial resource requirements.
  - To review the fund-raising activities of the Company.
  - To conduct annual performance evaluation of the Company's investment activities.
  - To review and to recommend to the Board of Directors the foreign exchange and hedging policies and procedures.
  - To implement other necessary duties as mutually agreed by the Committee and the Board of Directors or any other authorities which is empowered by law or regulated by any Government Authority.

## 6. DISSOLUTION

The composition of the Committee shall be dissolved upon recommendation and decision of the Board.

## **TERMS OF REFERENCE FOR INDEPENDENT SHARIAH PANEL**

### **1. INTRODUCTION**

Independent Shariah Panel ("ISP") plays a critical role in ensuring comprehensive compliance with Shariah rules and principles at all times and in all aspects of the Company's business operations and activities.

The ISP shall be formed by the Board and the panel members shall be appointed by the Board.

### **2. AUTHORITY**

The ISP has the authority to execute functions as stated in its Terms of Reference and report to the Board with recommendations.

The authorities are as follows:

- Authority to decide on Shariah related matters by taking into consideration of the published rulings by regulators and other relevant authorities;
- Authority to decide on Shariah related matters without undue influence that would hamper the ISP from exercising objective judgment in deliberating issues brought before them;
- Authority to ensure that decision made by the ISP in relation to Shariah are duly observed and implemented by the Company;
- Decisions made by the ISP in related to shariah should not be set aside or modified without its consent;
- Access to accurate, timely and complete information from the management including but not limited to all relevant records, transactions, or manuals as required by them in performing their duties; and
- If the information provided is insufficient, the ISP may request for additional information which shall be duly provided by the Company.

### **3. MEMBERSHIP**

- Chairman and members of the ISP shall be appointed by the Board, which not consist of the members of the Board.
- The composition of ISP shall be changed upon recommendation and decision of Board.

4. Experts from relevant backgrounds such as finance and law, which could support the depth and breadth of deliberations, may also be appointed as a member of ISP.

## 5. MEETING

- The ISP meetings shall be held at a minimum of 3 meetings in a year.
- The quorum for a meeting of the ISP shall be more than 50% of members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- In absence of the Chairman, the members present shall elect from amongst the members present to be chairman of the meeting.
- Agenda for the meeting shall be circulated at least seven (7) working days before each meeting, to the ISP members and all those who are required to attend the meeting.
- In order to allow sufficient time for members to consider and better deliberate on matters that are tabled to the ISP, the papers, relevant information and agenda items are to be circulated at least 3 (three) working days before each meeting to the members of the meeting.

## 6. FUNCTIONS & DUTIES

The primary duties and responsibilities of the ISP are to:

- a. Perform an oversight role on Shariah matters related to the Company's business operations and activities including oversight requirements;
- b. Advise the Board and Management on Shariah related matters in order for the Company to comply with Shariah rules and principles at all times.
- c. ISP members are responsible and accountable for all Shariah decisions, opinions and views provided by them.
- d. Endorse Shariah related policies and guidelines.
- e. Approve products and services to ensure compliance with Shariah rules and principles which include:
  - i. validating the terms and conditions contained in the forms, contracts, agreements or legal documents used in executing the transactions; and
  - ii. validating the product manuals, marketing advertisements, sales illustrations and brochures used to describe the product and services.

- f. Assess work executed by Shariah review and Shariah audit which forms part of the ISP duties in providing assessment of Shariah compliance.
  - g. Advise related parties such as clients, legal counsels, auditors or consultants on Shariah matters upon request.
  - h. Provide written Shariah opinions in circumstances where the Company submits application for new product approval.
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