



BOARD CHARTER

MSM MALAYSIA HOLDINGS BERHAD



Board Charter
MSM Malaysia Holdings Berhad

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 Chairman of MSM Group

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1. INTRODUCTION

- 1.1 This Board Charter sets out the requirements of the Board of Directors of MSM Malaysia Holdings Berhad as at the date hereof.
- 1.2 Unless otherwise stated, the following shall apply:
 - 1.2.1 “The Company” and “MSM” refers to “MSM Malaysia Holdings Berhad”
 - 1.2.2 “The Group” or “MSM Group” refers to MSM Malaysia Holdings Berhad and its Group of Companies¹ and
 - 1.2.3 “The Board” refers to the Board of Directors of the Company
 - 1.2.4 “Chief Internal Auditor” and “Company Secretary” refers to FGV’s Chief Internal Auditor and Company Secretary.
- 1.3 Unless otherwise stated, in this Terms of Reference, “Top Management” refers to the direct reports of the Group President/Chief Executive Officer (“Group President/CEO”) which includes the Deputy Group Chief Executive Officer, Chief Financial Officer, Corporate Centre Heads and Subsidiary CEOs.
- 1.4 The Board Charter sets out the role, composition and responsibilities of the Board of Directors of MSM Malaysia Holdings Berhad
- 1.5 The Board Charter aims to guide MSM’s Board in its stewardship role of the Group based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”). In addition, the Board Charter also recognizes and aims to adopt related better practices and guidance from the following documents:
 - 1.5.1 The Malaysian Code on Corporate Governance 2012, (the “Code”), which provides Principles and Recommendations promulgating good corporate governance practices and accountability of companies and their Board of Directors; and
 - 1.5.2 The Corporate Governance Guide - Towards Boardroom Excellence, 2nd Edition (“the Guide”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in 2013 which is designed to help Directors understand their roles and duties to the Company and its stakeholders.

2. THE BOARD'S ROLES AND RESPONSIBILITIES

- 2.1 The Board is collectively responsible for the proper stewardship of the Group’s business and the creation of long term shareholder value, whilst taking into account interest of other stakeholders. The Board is responsible for establishing and maintaining of corporate governance standards, including but not limited to the standards prescribed by the applicable laws and regulations from time to time.

¹ MSM Group includes MSM’s subsidiaries in which MSM holds a controlling interest as established under the corporate structure of MSM Malaysia Holdings Berhad.



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2.2 The Board shall assume, among others, the following six (6) principal responsibilities:

2.2.1 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 for the Group, taking into account the sustainability of the Group's business, with attention given to the environmental, social and governance aspects of the business. The Board is also responsible for the following:

- i. Review the Group's (comprising the Company and its subsidiaries, jointly controlled entities and associates where relevant) strategical direction, including the approval of corporate exercises or restructuring plans; and
- ii. Monitor the implementation of the strategic plan by Management

2.2.2 Overseeing the conduct of the Group's business

A basic function of the Board is to oversee the performance of the Management to determine whether the business is being properly managed. The Board must ensure that there are measures in place against which Management's performance can be assured. In relation to the monitoring of financial performance of the Group's business, the Board is responsible for the following:

- i. Monitor financial performance against approved budget;
- ii. Determine Dividend Policy and the amount, nature and timing of dividends to be paid;
- iii. Conduct a review of the Group's funding requirements on a continuing basis, including significant treasury matters, approval of financing arrangements, cheques and other signatories; and
- iv. Ensure proper procedures are put in place and that the financial statements (including quarterly/year-end announcements to Bursa Securities) of the Group (comprising the Company and its subsidiaries) are reviewed for integrity and approved for timely lodgment with, and/or release to, the various authorities and market.

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

The Board must understand the principal risks of all aspects of the Group's business and recognise that business decisions involve the taking of appropriate risks. The Board must ensure that there are systems in place which effectively monitor and manage these risks. The Board is responsible for the following:



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- i. Determine the Group's overall risk appetite, level of risk tolerance and actively identifies, assesses and monitor key business risks to safeguard shareholders' investments and the Company's assets, and communicates the same to the Top Management;
- ii. Appraises the Group's major current and emerging risks and oversees that appropriate risk management and internal control procedures are in place;
- iii. Considers and approves the MSM Group's overall risk-reward strategy and frameworks for managing all categories of current and emerging risks relevant to the sustainability of the Group's businesses and wellbeing of the Group and its stakeholders, consistent with its level of risk tolerance. The risks include and are not limited to, credit, market, liquidity, equity, reputation and operational risks
- iv. Ensure proper implementation and review the Group's internal control system, which are the Group's current and emerging risks;
- v. Establishes an internal audit function which reports directly to the Audit Committee;
- vi. Selects, appoints and terminates the external auditor including associated recommendations to shareholders for approval;
- vii. Oversight of the Audit Committee's evaluation of auditor's performance and independence; and
- viii. Reviews relevant arrangements brought forth by the Audit Committee, by which employees may in confidence, raise concerns about possible improprieties in financial reporting or other matters and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action to be taken. This would include any whistleblower complaints and investigative reports relating to the Top Management of the Group.

2.2.4 Succession planning

The Board shall ensure that all candidates appointed to the Board and Top Management positions are of sufficient caliber. The Board shall satisfy itself that there are programmes in place to provide for the orderly succession of the Board and Top Management. The Board is responsible for the following:



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- i. Assume the responsibility of ensuring a succession plan is in place including appointing, training, fixing the compensation of and where appropriate, replacing, members of the Board, Board Committees, subsidiaries Boards and Top Management. The Board shall work with Nomination & Remuneration Committee on succession planning.
- ii. Selects, appoints and determines terms of appointment of the Group President/CEO
- iii. Approves the appointment of Board members, member of the Board Committees, Subsidiaries Boards and Top Management of the Group as recommended by the Nomination & Remuneration Committee and monitors their performance; and
- iv. Approves policies for appointment to the Board of MSM's subsidiaries and appoint Directors representing MSM in MSM's jointly controlled entities and associate companies.

2.2.5 Overseeing the development and implementation of a Shareholder Communication 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 its shareholders and other stakeholders. This policy shall include how feedback received from its stakeholders are considered by the Company when making business decision.

2.2.6 Reviewing the adequacy and integrity of management information and internal control systems of the Company

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

- 2.3 The Board shall ensure consistency and alignment of its policies, frameworks, structures and risk appetite with its holding company, Felda Global Venture Holdings Berhad.

3. FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

- 3.1 To ensure the direction and control of the Group are in the hands of the Board, the Board adopts a formal schedule of matters reserved for the Board's deliberation and decision.
- 3.2 The following summarises the list of matters reserved for the Board's deliberation and decision:

3.2.1 Board structure

- i. Appointment and recommendation for removal of MSM Directors;
- ii. Appointment and removal of the Company Secretary
- iii. Establishment of Board Committees including the Subsidiary Boards, their members and specific Term of Reference
- iv. Appointment, removal and replacement of Board Committees including recommendation for appointment, removal and replacement of the Director of Subsidiary Boards; and



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- v. Appointment and extension of contracts of the Group President/CEO, Executive Directors and the Group's Top Management.

3.2.2 Remuneration matters

- i. Approval of the Board Remunerations Policy including the remuneration packages for Non-Executive Directors of the Group, Board Committees and Subsidiary Boards;
- ii. Recommendation of Directors' fees for Non-Executive Directors, including fees for MSM's Non-Executive Directors appointed to the Company's Subsidiary Boards, to be approved by shareholders;
- iii. Approval of remuneration packages, including services contracts for the Group President/CEO, the Executive Directors, the Group's Top Management and any other person the Board determines;
- iv. Determination of the corporate goals and objectives relevant to the remuneration of the Group President/CEO and performance evaluation of the Group President/CEO in light of these objectives; and
- v. Determination of the size of bonus/incentive pools as part of the Group's annual plan based on consideration of pre-determined business performance indicators and financial soundness of the Group.

3.2.3 Company and Group Operations

- i. Review and approval of Company's and Group's strategic plans;
- ii. Approval of investment or divestment in a Company, business, property or undertakings;
- iii. Approval of investment or divestment of a capital project which represents a significant diversification from the Group's existing business activities;
- iv. Approval of major changes in the activities of the Group;
- v. Approval of policies and bank mandates of the Company and Group; and
- vi. Approval Discretionary Authority Limit (DAL) for the Company and Group and its revision therein



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3.2.4 Financial

Note: Specific Board approval authorities are sanctioned in the DAL, for detail reference.

- i. Approval of annual budget of the Company and annual budget for the MSM Group (including capital expenditure budget)
- ii. Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a predetermined threshold given to Management;
- iii. Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia or the Securities Commission);
- iv. To determine Dividend Policy and the amount, nature and timing of dividends to be paid;
- v. Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval;
- vi. Adoption of accounting policies in line with the Malaysian Financial Reporting Standards; and
- vii. Approval of the review on adequacy and effectiveness of the Group's system of risk management and internal controls.

3.2.5 Others

- i. Granting of Power of Attorney (PA) by the Company;
- ii. Entering into any corporate guarantee and indemnity issued by the Company;
- iii. Recommendation for the changes in the Company's Memorandum and Articles of Association;
- iv. Changes in financial year end;
- v. Recommendation for purchase of own shares by the Company; and
- vi. Recommendation for issuance of debt instruments.

4. COMPOSITION

- 4.1. The size of the Board is determined by the Board based on, amongst others, the following considerations:
 - 4.1.1 The evolving circumstances of the Company and Group in terms of its size, scope or geography;
 - 4.1.2 The need to achieve an appropriate balance of Executive and Non-Executive Directors and the Independent elements of Non-Executive Directors. A Board with a balanced composition will ensure that no individual or small group of individuals will dominate decision-making;
 - 4.1.3 The establishment of Board Committees becomes impracticable with very small boards;
 - 4.1.4 Quorum requirements for Board meetings; and



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- 4.1.5 Other factors such as, representation of the interests of certain shareholders or groups of shareholders (e.g. state agencies, pension funds), the technical know-how or experience in the relevant industry sector, and the Board's diversity of professional experience, ethnicity, gender and age.
- 4.2 The Board members shall comprise of not more than twelve (12) members.
- 4.3 The Board shall comprise a majority of Independent Non-Executive Directors where the Chairman of the Board is not an Independent Non-Executive Director.
- 4.4 Collectively, the Board members shall have a broad range of financial and other skills, experience and knowledge necessary to guide the business of MSM Group.
- 4.5 The Board, with the assistance of the Nomination & Remuneration Committee, shall determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Company's Articles of Association and the terms served by existing Non-Executive Directors.
- 4.6 All Directors shall be appointed through a letter of appointment to be issued by the Chairman of the Board.

5. ROLE OF THE CHAIRMAN

- 5.1 The Chairman of the Board carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.
- 5.2 The position of the Chairman of the Board shall be held by a Non-Executive Director, who shall also be an individual different from the individual who holds the position of the Group President/CEO.
- 5.3 There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.
- 5.4 Inside the Boardroom, the roles of the Chairman of the Board are to:
 - 5.4.1 Establish the agenda for Board meetings in consultation with the Group President/CEO and the Company Secretary;
 - 5.4.2 Ensure that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
 - 5.4.3 Ensure that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
 - 5.4.4 Guide and mediate the Board's actions with respect to organisational priorities and governance concerns;



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- 5.4.5 With the assistance of MSM Company Secretary, undertake the primary responsibility for organising the information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis;
- 5.4.6 Chair the Board meetings;
- 5.4.7 Be clear on what the Board has to achieve, both in the long-term and short-term;
- 5.4.8 Provide guidance to other Board members about what is expected of them;
- 5.4.9 Ensure that Board meetings are effective in that:
 - i. the appropriate matters are considered during the meeting (for example, strategic and important issues);
 - ii. matters are considered carefully and thoroughly;
 - iii. all Directors are given the opportunity to effectively contribute; and
 - iv. the Board makes clear decisions and its resolutions are noted.
- 5.4.10 Ensure that the Board behaves in accordance with its Board Charter; and
- 5.4.11 Perform other responsibilities as assigned by the Board, from time to time.
- 5.5 Outside the Boardroom, the roles of the Chairman of the Board are to:
 - 5.5.1 Undertake appropriate public relations activities in conjunction with the Group President/CEO;
 - 5.5.2 Be the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures;
 - 5.5.3 Be the major point of contact between the Board and the Group President/CEO;
 - 5.5.4 Be kept fully informed of current events by the Group President/CEO on all matters which may be of interest to Directors;
 - 5.5.5 Regularly review with the Group President/CEO, and such other appropriate Top Management, progress on important initiatives and significant issues facing the Company and/or the Group;
 - 5.5.6 Provide mentoring for the Group President/CEO; and
 - 5.5.7 Initiate and oversee the annual Group President/CEO performance evaluation process.



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6. DIRECTORS & GROUP PRESIDENT/CEO

- 6.1 Each MSM Director is required to be aware of the legal parameters that define his/her duties. Broadly, these include:
- 6.1.1 Duty to act in good faith and must act honestly in line with the Group's interests;
 - 6.1.2 Duty to exercise power for a proper purpose;
 - 6.1.3 Duty to exercise discretion properly and cannot fetter these powers by abdicating an independent exercise of such discretion and merely doing what is wanted by another person; and
 - 6.1.4 Duty to avoid conflict of interest and self-dealing through improper use of the Company and Group property, position, corporate opportunity or competing with any of the Company within the Group by a Director or an officer of the Group unless consent or ratification is obtained in a general meeting.
- 6.2 Directors shall exercise reasonable care, skill and diligence according to the knowledge, skill and experience which may be reasonably expected of him/her having the same responsibilities, based on facts, any additional knowledge, skill and experience which he/she has and may be guided as follows:
- 6.2.1 Refrain from rushing into decision-making, provide adequate time for deliberation and evaluation of transactional and financial matters;
 - 6.2.2 Require sufficient notice and distribution of board papers and explanatory appendices in advance of meetings;
 - 6.2.3 Convene supplemental meetings in response to request for further information before the final decision;
 - 6.2.4 Make informed decisions based on the information, analysis and recommendations by the Company's independent professional advisers;
 - 6.2.5 Ensure that there is no undue pressure from dominant personalities or nominees of significant shareholders;
 - 6.2.6 Base reliance on others where there is sound basis for doing so; and
 - 6.2.7 Make appropriate enquiries to satisfy themselves on the integrity and soundness of the internal controls and risk management systems.



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6.3 The role of Executive and Non-Executive Directors

- 6.3.1 Executive Directors are, as employees, involved in the day-to-day management of the Company and the Group
- 6.3.2 Non-Executive Directors are further classified as:
 - i) Those who have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their "permitted" holdings of shares in the Company, i.e. Independent Non-Executive Directors; and/or
 - ii) Those who are not employees of the Company or the Group affiliated with it in any other way and are not involved in the day –to-day running of the business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect , i.e. Non – Executive Directors.
- 6.3.3 Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders. They provide the relevant check and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
- 6.3.4 Letters of appointment for Non-Executive Directors do not set a fixed time commitment for board duties as the Board believes that the time required by the Non-Executive Directors may fluctuate depending on demands of the business and other events. Nevertheless, it is expected that Non-Executive Directors shall allocate sufficient time to the Company to perform their duties effectively.

6.4 The role of an Independent Non-Executive Directors

- 6.4.1 Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company and the Group by bringing in the quality of detached impartiality
- 6.4.2 The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each Director in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements and the MCCG 2012.
- 6.4.3 The Listing Requirements emphasize that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01, both the Directors and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Non-Executive Director. There must be conscious application of the appropriate test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company and the Group.
- 6.4.4 The attributes of collegial yet independent decision-making that must be vested in the independent Non-Executive Director will be determined in part by the character of the individual and that of the whole ethos of the Board.



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- 6.4.5 Independent Non-Executive Directors shall observe the following criteria and measures:
- i. An Independent Non-Executive Director is a person who is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company and the Group;
 - ii. The independent and objective judgment of an Independent Non-Executive Director must not be compromised by, amongst others, familiarity or close relationship with other Board members;
 - iii. The Board, assisted by the Nomination & Remuneration Committee undertakes to carry out annual assessment of the independence of its Independent Non-Executive Directors and focuses beyond the Independent Non-Executive Director's background, economic and family relationships and considers whether the Independent Non-Executive Directors can continue to bring independent and objective judgment to Board deliberations;
 - iv. The tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of nine (9) years;
 - v. Upon completion of nine (9) years, an Independent Non-Executive Director may continue to serve the Board subject to the director's re-designation as a Non-Independent Non-Executive Director and assessment of the Nomination & Remuneration Committee; and
 - vi. Alternatively, the Board must justify and seek shareholders' approval in the event it retains an Independent Non-Executive Director who has served in that capacity for more than nine (9) years.
- 6.4.6 A Senior Independent Non-Executive Director may be defined in several ways. The main roles of the Senior Independent Non-Executive Director shall be as follow:
- i. Acting as a point of contact concerning the shareholders or any other party;
 - ii. Acting as the independent channel for whistleblowers to direct reports/complaints, as identified in the Company's Whistleblowing Policy; and
 - iii. Representing the other Non-Executive Directors and to provide leadership and advice to the Board.
- 6.4.7 The Board shall assess the independence of Directors upon appointment and annually through a self-declaration process undertaken by each Independent Non-Executive Director.



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6.5 The role of Group President/CEO

- 6.5.1 The Group President/CEO is responsible for implementing the programme to achieve the Company's and Group's goals and vision for the future, in accordance with the strategies, risk appetite, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.
- 6.5.2 The Group President/CEO's primary objective is to seek to achieve the ongoing success of the Group through being responsible for all aspects of the management and development of the Group. The Group President/CEO is of critical importance to the Group in guiding the Group to develop new and imaginative ways of winning and conducting a well-governed business and must possess industry knowledge and credibility to fulfill the requirements of the role.
- 6.5.3 The Group President/CEO's specific responsibilities include:
- i. Developing the strategic direction of the Group and provide directions in the implementation of short-term and long-term strategies and plans;
 - ii. Overseeing and ensuring the day-to-day smooth operations, developing the strategic direction of the Group and provide directions in the implementation of short-term and long-term strategies and plans;
 - iii. Directing and controlling all aspects of the business operations in a cost-effective manner
 - iv. Communicating the Group's mission, vision and values to all employees;
 - v. Submitting the following to the Board
 - a. summary reports on the performance and activities of the Group, in relation to the corporate strategies and risk appetite of the Group, and specific proposals for capital expenditure acquisitions and disposals; and
 - b. such assurances which the Board considers necessary to confirm that the Management's limits are being observed.
 - vi. Acting within all specific authorities delegated to him/her by the Board;
 - vii. Managing the Group's business, covering, inter - alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
 - viii. Overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Top Management



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- personnel and issues pertaining to discipline of all employees;
- ix. Representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
 - x. Providing assistance to members of Board Committees, as required, in discharging their duties;
 - xi. Assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis;
 - xii. Assessing of business opportunities of potential benefits to the Company and Group;
 - xiii. Proposing major capital expenditure to ensure alignment with corporate strategy and justification on economic grounds; and
 - xiv. Discharging the above responsibilities and appropriate functions to any Executive Director of the Board.

7. APPOINTMENT, RE-ELECTION/RE-APPOINTMENT AND REMOVAL OF OFFICE

- 7.1 The Board shall consider and decide on the appointment of a new director upon appropriate recommendation from the Nomination & Remuneration Committee. Details on conduct and evaluation are provided for in the Terms of Reference of the Nomination & Remuneration Committee.
- 7.2 For the assessment and selection of Directors, the Nomination & Remuneration Committee shall consider the prospective Directors' following factors:
 - 7.2.1 Skills, knowledge, expertise and experience;
 - 7.2.2 Contribution and performance;
 - 7.2.3 Character, professionalism and integrity;
 - 7.2.4 Number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution; and
 - 7.2.5 Ability to discharge such responsibilities/functions as expected from Independent Directors.



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- 7.3 One-third (1/3) of the Board members are required to retire at every Annual General Meeting and be subjected to re-election by shareholders.
- 7.4 Newly appointed Directors shall hold office until the next Annual General Meeting and shall be subjected to re-election by the shareholders.
- 7.5 All Directors shall retire once every three (3) years but shall be eligible for re-election.
- 7.6 Directors over seventy (70) years of age are required to submit themselves for re-appointment by the shareholders annually in accordance with the Companies Act, 1965. The resolution must be passed by a majority of not less than 3/4 of such members of the Company present and voting who, being entitled to do so, vote in person or by proxy at the General Meeting of the Company.
- 7.7 Upon the appointment of a Director, the said Director shall provide to Bursa Malaysia an undertaking prescribed by Bursa immediately and in any event not later than fourteen (14) days.
- 7.8 Any Director of MSM shall not be considered fit for directorship if the Director has been:
 - 7.8.1 Convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or Management of a Company;
 - 7.8.2 Convicted by a court of law, involving fraud or dishonesty where the conviction involved a finding that the Director acted fraudulently or dishonestly; and/or
 - 7.8.3 Convicted by a court of law of an offence under the securities laws of Malaysia or the Companies Act, 1965, within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.
- 7.9 The office of Director shall, ipso facto, be vacated if the Director:
 - 7.9.1 Attains the age of seventy (70) years, subject to annual re-election;
 - 7.9.2 Ceases to be a Director by virtue of the Companies Act, 1965;
 - 7.9.3 Becomes bankrupt or makes any arrangement or composition with his/her creditors generally during his/her term of office;
 - 7.9.4 Becomes prohibited from being a Director by reason of any order made under the Companies Act, 1965 or contravenes Section 130 of the Companies Act, 1965;
 - 7.9.5 Becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his/her term of office;
 - 7.9.6 Resigns his/her office by notice in writing to the Company;



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- 7.9.7 Is removed from his/her office of Director by resolution of the Company in General Meeting of which special notice has been given; and
- 7.9.8 Is absent from more than 50% of the total Board meetings held during a financial year unless approval is sought or obtained from Bursa Malaysia.
- 7.10 Where a Director is removed from office, MSM must forward to Bursa Malaysia a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/Management of MSM under Section 128(3)(b) of the Companies Act, 1965.

8. COMPANY SECRETARY

- 8.1 The Board shall ensure it is supported by a suitably qualified and competent Company Secretary, who shall, at a minimum, meet the requirements of the Companies Act, 1965.
- 8.2 The Board shall appoint a Company Secretary which is the same as FGV Company Secretary. Appointment and removal of the Company Secretary shall be subject to the Board's approval. The Company Secretary shall also be the Company Secretary of MSM Group.
- 8.3 The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings. Dissemination and observance of the Board process must accord to Section 16 of this Board Charter.
- 8.4 All Directors shall have direct access to the Company Secretary. The Company Secretary is expected to provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 8.5 The primary responsibilities of the Company Secretary include:
 - 8.5.1 Ensuring that Board procedures and applicable rules are observed;
 - 8.5.2 Maintaining records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;
 - 8.5.3 Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
 - 8.5.4 Disseminating of information in a timely manner relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
 - 8.5.5 Carrying out other functions as deemed appropriate by the Board from time to time;



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8.5.6 Assisting the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and

8.5.7 Advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.

9. AUTHORITY

The Board shall have the following authority to:

9.1.1 Investigate any activity or matter within its Board Charter;

9.1.2 Acquire the resources which are required to perform its duties;

9.1.3 Have full and unrestricted access to anyone in the Company or Group in order to conduct any investigation and to obtain any information pertaining to the Company or Group, including access to the Company auditors and consultants, relevant to the furtherance of the Board's duties and responsibilities;

9.1.4 Obtain independent professional or other advice to assist the Board in performing its responsibilities and duties, at the expense of the Company; and

9.1.5 Meet exclusively amongst itself, whenever deemed necessary

9.2 Where independent professional or other advice is considered necessary for the discharge of his/her duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss the matter with the Chairman and, having done so, shall be free to proceed, as appropriate.

10. ROLE AND DELEGATION TO MANAGEMENT

10.1 The Board is responsible for the approval of strategic objectives for the business, as developed by the Group President/CEO, and the Group President/CEO is responsible for the achievement of the planned results for the MSM Group.

10.2 Management of the MSM Group's day-to-day operation is undertaken by the Group President/CEO, subject to the specified delegations of authority as approved by the Board.

10.3 Any matters or transactions beyond the delegation of authority of the Group President/CEO must be referred to the MSM Board for approval.



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11. BOARD COMMITTEES

- 11.1 The Board has established Committees to assist the Board in exercising its roles and responsibilities.
- 11.2 The standing Board Committees are:
- 11.2.1 Audit Committee;
 - 11.2.2 Nomination & Remuneration Committee;
 - 11.2.3 Board Governance & Risk Management Committee; and
 - 11.2.4 Investment Committee
- 11.3 The Board may establish additional Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
- 11.4 The Board shall approve Terms of Reference of the standing and additional Board Committees including the Terms of Reference of the Subsidiary Boards, which shall set out the roles and responsibilities of each Committee, having regard to its membership and composition against skills and experience.
- 11.5 The existence of the Board Committees and Subsidiary Boards does not diminish the MSM Board's ultimate responsibility over the functions and duties of these Board Committees, Subsidiary Boards.

12. MEETINGS

12.1 Frequency and attendance

- 12.1.1 The Board shall meet sufficiently regularly to discharge its duties effectively. The Board shall have at least six (6) regularly scheduled meetings in each financial year, or more frequently as circumstances dictate.
- 12.1.2 The Chairman is responsible, in consultation with the Group President/CEO and the Company Secretary, for the conduct of all Board meetings. This includes:
- i. The agendas are comprehensive;
 - ii. All agenda items are appropriate; and
 - iii. Recommendations fit the strategic direction set by the Board.
- 12.1.3 In addition to the regular scheduled meetings, the Chairman shall call a meeting of the Board if so requested by any member of the Board. Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by a majority of votes of all Directors present. In the event matters requiring Board's decision arise between meetings, such matters shall be resolved through Directors' Circular Resolutions (DCR) which shall be supported by relevant papers setting out details of the subject matters. The Board members may obtain more information from Management



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and express their views or points by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolution shall be submitted for confirmation at a meeting of the Board following the passing of the Directors' Circular Resolution (DCRs)

12.1.4 If a member of the Board is unable to be physically present, the member may choose to participate via video or tele-conferencing.

12.1.5 Members of Top Management may be invited to attend selected Board meetings, but not necessarily for the full durations of the meeting

12.2 Notice and agenda

12.2.1 Unless otherwise determined by the Directors, seven (7) days' notice of all Board meeting shall be given to all Directors and their Alternate Directors, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.

12.2.2 The Chairman shall ensure that proper agenda is prepared for the Board meeting.

12.2.3 The Chairman, in conjunction with the Company Secretary, shall assess type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision.

12.2.4 The agenda and relevant papers for the Board meeting must be issued at least seven (7) days prior to each of the Board meeting to allow sufficient time for Directors to consider the relevant information.

12.3 Minutes

12.3.1 The discussions and conclusions of the Board meetings shall be minuted in a clear, accurate, consistent, complete and timely manner. The minutes shall record the deliberations, in term of the issues discussed and conclusion thereof.

12.3.2 The draft minutes shall be tabled at the following meeting for confirmation and signing.

12.3.3 The minutes shall be entered into the minutes register kept by the Company Secretary together with attendance sheet.

12.3.4 Keeping of the minutes must comply with requirements of relevant laws and regulations, e.g. Companies Act 1965 and Income Tax Act 1967.

12.3.5 Reproduction of any part of the minutes can only be performed through/by the Company Secretary



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13. QUORUM

- 13.1 In order to form a quorum for the meeting, at least three (3) of the members of the Board must be present at the meeting with a majority of Independent Non-Executive Directors.
- 13.2 In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the member present.

14. INDUCTION PROCESS & DIRECTORS' TRAINING PROGRAMME

- 14.1 The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This shall enable the Directors to discharge their duties and responsibilities effectively.
- 14.2 Induction of Directors may include the following:
 - 14.2.1 Time with other Directors to enable further insights and knowledge of the Company, in particular the Chairman and the Company Secretary;
 - 14.2.2 Copy of the previous Board minutes for at least the past six (6) months;
 - 14.2.3 Visits to key operational sites within the Group;
 - 14.2.4 Attendance at additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the particulars of the Company's/Group's business is vital for each Director. Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/business activities in the Board meetings) ;and
 - 14.2.5 One (1) to two (2) days formal induction programme, including the elements above, and also presentations by key management personnel.
- 14.3 Directors are strongly encouraged to undergo training to equip themselves to effectively discharge their duties as a Director and for that purpose he/she ensures that he/she attends such training programmes.
- 14.4 Directors are required to undergo the Mandatory Accreditation Programme ("MAP") under the requirements of Bursa Malaysia. In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep them abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax, budgets, etc. The Nomination & Remuneration Committee in association with the Chairman shall decide on the continuous education training program for Directors.
- 14.5 Coordinated by the Nomination & Remuneration Committee, the Board collectively, shall discuss and assess the training needs of each director and to



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decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities

- 14.6 The costs of the Mandatory Accreditation Program and/or Continuing Education Program shall be borne by the Company
- 14.7 All trainings attended by Directors must be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year must also be disclosed

15. DIRECTOR'S EXTERNAL COMMITMENT

- 15.1 Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from its members at the time of appointment and to formalize this commitment through the Letter of Appointment. All Directors are expected to commit time as and when required to discharge his duties and responsibilities, besides attending meetings of the Board and Board Committee.
- 15.2 Directors shall notify the Chairman before accepting any new directorships and the notification shall provide an indication of time that will be spent on the new appointment.
- 15.3 A Director of the Company or Group shall not hold more than five (5) directorships in listed issuers, as stipulated by the Listing Requirements.

16. RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS

- 16.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public
- 16.2 It is the role of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM and EGM. The Board shall focus its efforts on the following practices to enhance and ensure the effectiveness of General Meeting:
 - 16.2.1 Each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
 - 16.2.2 The notice of meeting states which Directors are standing for re-appointment or re-election with a brief description including matters such as age, relevant experience, list of directorship, date of appointments to the Board, details of participation in Board Committees and whether a particular Director is independent.



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- 16.2.3 The Chairman provides reasonable time for discussion at the meeting where appropriate, the Chairman shall also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
- 16.2.4 Substantive resolutions including but not limited to, related party transactions are considered by poll, their detailed results are announced indicating the votes cast for and against each resolution. The Chairman shall also inform shareholders of their right to demand a poll vote at the commencement of the General Meeting;
- 16.2.5 There is a channel of communication through the Company Secretary on feedbacks and queries from shareholders;
- 16.2.6 The Chairman of the Board is the Chairman for all General Meetings; and
- 16.2.7 The Company publishes these measure as listed above, on its corporate website in a dedicated Corporate Governance section.

17. REPRESENTATION OF THE COMPANY

- 17.1. The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness in managing communication of information to investors, other stakeholders and the public in orderly and effective manner, while adhering to relevant laws and requirements. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in the Listing Requirements.
- 17.2. The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations in the corporate website. This section shall provide information such as, amongst others, the Group's performance, corporate strategy and other matters affecting shareholders' interests. The Company's dedicated section for corporate governance shall include information such as the Board Charter, rights of shareholders and the Annual Report.

18. BOARD PERFORMANCE

- 18.1 On an annual basis, the Board, with the assistance of the Nomination & Remuneration Committee, shall evaluate its own performance and extent to which the Board has met the requirements of its Board Charter, including the assessment on the Board as a whole, Board Committees and individual Directors ("Board Effectiveness Assessment"). Reference shall be made to the Nomination & Remuneration Committee Terms of Reference for specific details.

19. ETHICAL STANDARDS

- 19.1 Board members are expected to observe the highest standards of ethical behavior.



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- 19.2 The Directors' Code of Ethics & Conduct and Directors' Code of Business Practice documents, shall be read in conjunction with this Board Charter.
- 19.3 The Board supports and encourages policies within MSM Group which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.
- 19.4 All members of the Board shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of Board members only unless officially published.

20. CONFLICTS OF INTEREST & RELATED PARTY TRANSACTIONS

- 20.1 Directors are expected to avoid any action, position or interest that conflicts with an interest of the MSM Group, or gives the appearance of a conflict.
- 20.2 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the Companies Act, 1965. The Director concerned shall not participate in deliberations and shall abstain from casting votes in any matter arising thereof unless as otherwise provided for in the Companies Act, 1965.
- 20.3 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company and Group.
- 20.4 The Company Secretary shall maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.
- 20.5 Related party transactions, which include any financial transaction and/or conflict of interests between a Director or officer and the Group, shall be reported at each Board meeting.
- 20.6 The Company Secretary shall facilitate the Directors' annual Independence and Conflict of Interests Declarations, which allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors). This exercise may constitute part of the Board Effectiveness Assessment.

21. REVIEW OF BOARD CHARTER

- 21.1 The Board Charter shall be reviewed at least annually. This review shall be facilitated by the Company Secretary, the Governance, Risk Management & Compliance and the Chief Internal Auditor.



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- 21.2 The Board shall periodically review and update the Board Charter in accordance with the needs of the Company and the Group and any new regulations that may have impact on the discharge of the Board's responsibilities.
- 21.3 Any updates to the principles and practices set out in this Board Charter shall be made available on the corporate website.