



## **BOARD CHARTER**

The Board Charter is aimed at ensuring that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are adhered to in all their dealings for and on behalf of the Company.

Under the Board Charter, the Board sets out:

- a) the Board structure and protocols;
- b) the Board's roles and responsibilities, including the division of the responsibilities and powers between the Board and management; different committees, and between the chairman and the CEO; and
- c) processes and procedures for Board meetings.

Appended is an abridged version of the Board Charter.

### **1. BOARD STRUCTURE AND PROTOCOLS**

#### **Board Composition and Balance**

The Board shall compose of not less than two (2) nor more than eleven (11)<sup>1</sup> and a majority should be non-executive Directors.

#### **Maximum Directorship**

Directors may only serve a maximum of five (5) Board directorships with public listed companies in Malaysia.

#### **Commitment by Directors**

Directors are to commit and devote sufficient time to discharge their responsibilities; and update their knowledge and enhance their skills through appropriate continuing education programme.

#### **New Directorship**

A Director who desires to accept any new directorship with public listed companies should give prior notification to the Chairman.

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<sup>1</sup> Article 99 of the Constitution of the Company.



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### **Tenure Limit**

All Directors shall retire by rotation at least once in every three (3) years<sup>2</sup>. Newly appointed Director shall retire at the immediate annual general meeting following his/her appointment<sup>3</sup>. All retiring Directors can offer themselves for re-election.

If the tenure of an independent Director exceeds a cumulative period of 9 years, and should the Board desire to retain such Director as an independent Director it may justify and seek annual shareholders' approval.

### **Board Diversity**

The Board currently has a woman director and when the need arises in seeking potential candidates for new appointment, the Board shall take into account the various diversity factors including ethnicity, gender and age distribution of the Directors to maintain a balanced Board composition. The final decision on selection of directors will be based on merit against the criteria set and after giving due regard for the benefits of diversity on the Board.

### **Board Nomination, Selection and Appointment**

The appointment and re-appointment of Directors shall be recommended by the Nominating Committee and approved by the Board as a whole.

When the need arises to appoint a new member, the Board will specify its requirements to the Nominating Committee ("NC"). In its search for a new member, the NC could refer to existing members of the Board to reach out to potential Board candidates, prior to engaging the services of external search firms.

In evaluating the suitability of a Board candidate, the NC will take into consideration the candidate's character, availability of time, expertise and experience as well as any other criteria specified by the Board. The NC will, in consultation with the Chairman, shortlist suitable candidates for the Board's consideration.

### **Board's Access to Information**

All Directors will have direct access to the Company Secretary and senior management at any times, to request relevant information or to seek advice or explanation.

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<sup>2</sup> Article 100(4)

<sup>3</sup> Article 107



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### **Board's Access to Independent Advice**

In furtherance of their duties, Directors may seek independent professional advice at the Company's expense if circumstances necessitate it.

Prior to incurring such expense, the Directors shall first consult the Chairman on the scope, nature, fees and professional firm in which advice is to be sought and obtain the relevant approvals corresponding to the quantum of the fees to be incurred,

### **Board Remuneration**

The Board as a whole shall determine the remuneration of the Directors based on regular review and take into account the prevailing market practices of comparable companies in similar industry.

## **2. BOARD'S STRATEGIC INTENT**

KESMI will capitalise on the strong market positioning it has created to ensure continuing leadership position.

## **3. BOARD'S ROLES AND RESPONSIBILITIES**

### **3.1 Key values, principles and ethos of KESMI**

To shape the culture and define the character for the Company, KESMI will embrace the corporate values depicted by the acronym "WE ASPIRE".

### **3.2 Role of the Board and Individual Directors**

#### **4.2.1 Role of the Board**

The Board is responsible for ongoing oversight of the Company and the Group. It is charged with leading and managing the Company and the Group in an effective and responsible manner.

#### **4.2.2 Role of Individual Directors**

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- a) acting in good faith and in the best interests of the Company as a whole;
- b) acting with care and diligence and for proper purpose;

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- c) avoiding conflict of interest with the Company in a personal or professional capacity; and
- d) refraining from making improper use of information gained through the position of director and from taking improper advantage.

Directors shall keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

### **4.2.3 Role of Senior Independent Director**

An independent Director will be appointed as a Senior Independent Director, to whom concerns pertaining to the Company may be conveyed by shareholders on areas that are inappropriate or cannot be resolved through the normal channels of contact with the Chairman/CEO.

## **4.3 Division of responsibilities and powers**

### **4.3.1 Between the Board and management**

The Board oversees the business and affairs of the Company and will assume the responsibilities and perform the duties stipulated in the Constitution, Companies Act, MMLR and any applicable rules, laws and regulations including but not limited to:

- approve interim and final financial results and statements;
- approve interim dividend and recommendation of the final dividend;
- approve significant changes in accounting policies;
- appointment and removal of company secretary;
- recommend appointment and removal of auditors;
- approve remuneration of auditors (where shareholders have empowered the Board);
- put forward resolutions and corresponding documentation to shareholders for approval;
- approve announcements and circulars to shareholders;
- approve press releases;

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- approve Board appointments and removals;
- approve terms and conditions of Chief Executive Officer and Executive Directors;
- approve terms of reference and membership of Board committees;
- approve the framework for risk management and internal control system;
- approve major investments, including mergers and acquisitions;
- recommend to shareholders on changes relating to the Company's Constitution, capital structure or its status as a public listed company;

and the following:

- a) review and adopt the overall strategic plan for the Company and Group;
- b) oversee the conduct of the Group's businesses to evaluate whether they are being properly managed;
- c) monitor compliance with all relevant statutory and legal obligations;
- d) approve the annual budget of the Company and Group;
- e) approve credit facilities and borrowings of the Company;
- f) approve the opening and closure of bank accounts;
- g) identify principal risks and ensuring implementation of appropriate internal control and mitigating measures;
- h) oversee succession planning of senior management;
- i) oversee the development and implementation of a shareholder communication policy; and
- j) review the adequacy and integrity of the management information and internal control system.

The senior management, led by the CEO and guided by the approved strategic plans of the Company, shall develop the operating plans, puts such plans into actions, measures the actual results of its execution, analyses its actual performance against planned performance, implements corrective actions; and assumes, amongst others, the following duties and responsibilities:



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- a) develop and implement the overall operating plans and direction of the Company and Group;
- b) ensure compliance with all relevant statutory and legal obligations;
- c) implement a proper risk management system and its associated internal controls;
- d) develop programs for better investor relations and shareholder communications;
- e) develop and implement policy and procedures to ensure adequate and integrity of the management information and internal control system; and
- f) implement effective corporate governance structures and its associated internal controls system.

### **4.3.2 Committees established by the Board**

The Board may from time to time establish committees as it considered appropriate to assist in carrying out its duties and responsibilities. The Board has established the following committees (“the Committees”) to assist it in the discharge of its responsibilities:

- a) Audit Committee; and
- b) Nominating Committee.

The Committees operate under clearly defined terms of reference, with clear authority by the Board to deal with and to deliberate on matters delegated to them.

### **4.3.3 Chairman and the Chief Executive Officer**

The Chairman is responsible for the overall leadership and efficient functioning of the Board.

The CEO is responsible to the Board for the day-to-day operations of the Company and the Group.

## **4.4 Processes and procedures for Board meetings**

The Board will meet as frequently as it considers appropriate or when circumstances warrant. The Board will strive to meet on a scheduled basis, at least five (5) times a year.



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Notice of meeting will be sent to the Directors at least seven (7) days prior to the meeting. The Board papers for the meeting will be accompanied by relevant materials, background or explanatory information.

All Directors should commit to attend Board or Committee meetings. If a Director is unable to attend the meetings physically due to unforeseen circumstances, he or she must notify the chairman of the Board or Committees (as applicable).

Proceedings of Board meetings shall be governed by the Company's Constitution.

The Company Secretary or her deputy shall attend and take minutes of all meetings.

In between scheduled meetings, the Board and the Committees may resolve and approve the Company's matters through resolutions in writing ("Circular Resolutions") circulated to all the Directors.

### **5. CHARTER REVIEW**

The Board will review the Charter from time to time and make the necessary amendments to ensure that it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices.

This Charter was first adopted by the Board on 10 July 2013 and amended on 11 July 2016, 11 July 2018 and last revised on 27 May 2021.