

PBA HOLDINGS BHD.

(Company No. 515119-U)
(Incorporated in Malaysia)

BOARD CHARTER

BOARD OF DIRECTORS

CHARTER

Part 1: Definition

1.1 In this Charter: -

"Act" means the Companies Act 2016;

"AGM" means Annual General Meeting;

"PBA Group" means the companies as defined under Section 4 of the Act;

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

"Business" means the business of the Company;

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

"Company" means PBA Holdings Bhd;

"Company Goals" means the goals of the Company as set out in Part 3;

"Directors" means Directors of the Company as defined under the Act;

"Management" means the management personnel of the Company;

"Management Limitations" means the limitations on the actions of Management as set out in paragraph 5.3;

"MCCG 2017" means the Malaysian Code of Corporate Governance 2017;

"CEO/CFO/COO" means the Chief Executive Officer / Chief Financial Officer / Chief Operating Officer of the Company;

"Secretary" means the Company Secretary(ies) as provided under Subdivision 4 of Division 2 of the Act;

"Shareholders" means the shareholders of the Company.

Part 2: Introduction

The Board recognises good Corporate Governance (“CG”) practices is essential to reinforce stakeholders’ confidence in the Company and its Board, which is vital to the success of the Company’s businesses.

The Board plays the role of stewardship and guardian of the Company and is instrumental to keeping with best CG standards. To this end, a Board Charter has been developed and adopted by the Board.

Objectives

This Board Charter sets out the composition, role, responsibilities, structure and processes of the Board. The objectives of this Board Charter are to ensure that all Board members 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 CG are applied in all their dealings in respect, and on behalf of, the Company.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. It should be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of CG, laws and/or regulations and reflect the Board’s commitment to best practice in CG.

Part 3: Company Goals

The Company has in place a Vision and Mission and is guided by certain Core Values which the organisation strives towards. It subscribes to values of good governance and responsible corporate conduct/behaviours and aims to achieve excellence in its business, operational and corporate dealings.

3.1 The Group Vision & Mission

In congruence with the Group Mission, the Board has adopted the Group Vision, which aims to “meeting all you water supply needs” by continually creating unique value to benefit customers.

Our Mission

Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) will be the leading organisation in water supply.

Our Vision

Meeting all you water supply needs.

Our Commitment

We will be environmentally sensitive, responsible, proactive, professional, innovative and committed to excellence and sustainable development.

We will be responsible for the development of water supply and delivering the best possible service by being customer-oriented.

Our Core Values

- Accountability
- Communication
- Teamwork
- Integrity
- On-Going Learning
- New Ways of Improvement

3.2 Guidance for the Board

- (a) In order to achieve the Group Vision, the Board shall, among others-
- together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
 - review, challenge and decide on management's proposals for the company, and monitor its implementation by management;
 - ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
 - supervise and assess management performance to determine whether the business is being properly managed;
 - ensure there is a sound framework for internal controls and risk management;
 - understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;
 - set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
 - ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
 - ensure that the company has in place procedures to enable effective communication with stakeholders; and
 - ensure the integrity of the company's financial and non-financial reporting.

- (b) The capital and resources of the Company will be allocated to those assets and activities which will enable the Company to achieve the Company Goals in the best interest of the Company.

Part 4: Board Governance Process

4.1 Role of the Board

- (a) The Board is to effectively represent and promote the interests of Shareholders with a view to add long-term value to the Company's shares.
- (b) Having regard to its role, the Board will direct and supervise the Management, the Business and affairs of the Company including, in particular: -
- reviewing and adopting a strategic plan for the Company, including establishing Company Goals and ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;
 - establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
 - identifying principal risks, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
 - establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
 - ensuring that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
 - reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;

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- ensuring that the Company's financial statements are true and fair and conform with any applicable laws and/or regulations; and
 - ensuring that the Company adheres to high standards of ethics and corporate behavior;
 - together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;
 - review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management;
 - supervise and assess management performance to determine whether the business is being properly managed; and
 - ensure the Company has in place procedures to enable effective communication with the stakeholders.
- (c) In the normal course of events, day-to-day management of the Company will be in the hands of Management and under the stewardship of the CEO/CFO/COO.
- (d) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
- (e) The Board will satisfy itself that the Company is achieving the Company Goals.

4.2 Board Procedures

- 4.2.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- 4.2.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors who are unable to attend a meeting will advise the Chairman at the earliest date possible and notify/confirm his absence in writing to the Secretary.

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- 4.2.3 Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 4.2.4 Executive Director(s), if any, will attend Board meetings to discharge their Board responsibilities. At Board meetings, the Board's responsibilities supersede all executive responsibilities.
- 4.2.5 The Board has sole authority over its agenda and exercises this through the Chairman of the Board. Any Director may, through the Chairman, request the addition of an item to the agenda.
- 4.2.6 The Board will normally hold meetings at least four (4) times in each financial year and will hold additional meetings as the situation requires. At each meeting the Board will consider: -
- an operational report from the Management;
 - a report on the financial performance;
 - specific proposals for capital expenditure and acquisitions;
 - major issues and opportunities for the Company; and
 - approve the quarterly financial statements for announcement to authorities.

In addition to the Board will, at intervals of not more than one (1) year: -

- review the following year's business plan and approve the annual budget;
- approve annual financial statements, other reports to Shareholders and public announcements;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual Director evaluations;
- review Directors' remuneration;

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- review risk assessment policies and controls and compliance with legal and regulatory requirements;
 - review the following year's business plan.
- 4.2.7 Directors are entitled to have access to all relevant company information and to Management at all reasonable times.
- 4.2.8 Directors are expected to strictly observe confidentiality of the Company's information. Directors are refrained from making improper use of information gained through the position of director for their own interest, or their employers' interest, if applicable.
- 4.2.9 In setting policies, the Board will not reach specific decisions unless it has considered the general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

4.3 Chairman of the Board

- 4.3.1 Pursuant to the Company's Constitution, the Chairman of the Board of Directors shall be appointed by the Special Shareholder and such Chairman may be given such executive powers as shall be determined by the Board of Directors. The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.
- 4.3.2 The Board of Directors may elect a Deputy Chairman who shall be a Government Appointed Director from their number and the Board of Directors may determine the period for which such officer shall hold office.
- 4.3.3 The Chairman or in the absence of the Chairman the Deputy Chairman (if any) shall preside at the meeting of Directors
- 4.3.4 Key responsibilities of the Chairman include: -
- providing leadership for the board so that the board can perform its responsibilities effectively;
 - setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
 - leading board meetings and discussions;
 - encouraging active participation and allowing dissenting views to be freely expressed to ensure the effective contribution of all directors;
 - managing the interface between board and management;

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- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
 - leading the board in establishing and monitoring good corporate governance practices in the company.
 - scheduling regular and effective evaluations of the Board's performance
- 4.3.5 The positions of the Chairman and CEO are held by two (2) different individuals to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, while the CEO focuses on the business and day-to-day management of the Company.

- 4.3.6 The Chairman acts as an informal link between the Board and Management.

The Chairman is expected to be kept informed by the Management of all important matters and make himself available to the Management.

- to be part of the control mechanism in ensuring that the Management's decisions are properly considered;
 - to give assistance and advice when needed;
- 4.3.7 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman will chair these meetings and inform the Shareholders on the Company's affairs.

This role calls for skills and qualities that allow and encourage shareholders to express their opinions. The Chairman should possess the capability to summarise and unify thoughts and ideas as well as to manage the meeting effectively.

- 4.3.8 The Chairman also leads the role in presenting the Company's cause, whether formally or informally, to the authorities, institutional or potential investors and those having an influence on the environment in which the Company operates.

4.4 Expectation of each Director

Each Director shall commit the time to attend at least 50% of all Board Meetings and Board Committee Meetings where he is part of the Board Committee in any applicable financial year with appropriate leave of absence notified to the respective Chairman of the Board or Board Committee.

Each Director shall commit to provide his relevant expertise advice in the best interest of the Company.

Each Director shall abide by the all duties and responsibilities of a director as prescribed under Subdivision 3 of Division 2 of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

4.5 Senior Independent Director

The Board shall appoint a Senior Independent Director whose role is to act as: -

- a sounding board for the Chairman;
- an intermediary for other directors when necessary; and
- the point of contact for shareholders and other stakeholders.

4.6 Board Committees

4.6.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.

4.6.2 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise in a separate Terms of Reference.

4.6.3 Board committees will only speak or act for the Board when so authorised.

4.6.4 The Board has established the following Board Committees, each with clearly defined Terms of Reference as annexed to this Board Charter, in order to enhance business and corporate efficiency and effectiveness: -

- (a) Audit and Risk Management Committee; and
- (b) Nomination and Remuneration Committee.

4.6.5 The Chairman of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings.

4.6.6 The Board may also establish and delegate specific functions to ad hoc committees as and when required.

4.7 Key responsibilities of the CEO/CFO/COO include: -

CEO

- strategic business direction, plans and policies of the Group;
- the efficient and effective operation of the Group;
- day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board; and
- bringing material matters to the attention of the Board in an accurate and timely manner.

CFO

- Taking and approving any and all actions and initiatives required to deliver the Company's financial strategy as approved by the Board;
- Ensuring that the appropriate financial controls are in place;
- Liaising with the external auditors and ensuring that the scope of the audit is appropriate for the financial requirements of the group entity;
- Meeting statutory reporting requirements in accordance with relevant legislation for financial matters; and
- Other responsibilities as delegated by the Board, or CEO to the CFO.

COO

- Conceive and formulate strategic plans to ensure continuous availability of raw and treated water supply.
- Ensure timely and orderly development water supply infrastructure effectively.
- Ensure achievement of water operations objectives.
- Identify and implement good industrial practices in the water operation teams.
- Ensure high performance and motivation in the water operations teams.

4.8 Board Composition

- 4.8.1 Pursuant to the Company's Constitution, the Board shall comprise not less than two (2) nor more than eleven (11) Government Appointed Directors^(a) who are appointed by the Special Shareholder^(b) and independent non-executive directors. The number of directors shall be not less than two (2) but not more than seventeen (17).

Notes

- (a) *Government Appointed Directors means any Entitled Person appointed as director by the Special Shareholder*
- (b) *Special Shareholder means the State Secretary, Penang a body corporate incorporated under the State Secretary Penang (Incorporation) Enactment, 1988 or its successors or the Chief Minister, or any person acting on behalf of the State Government of Penang.*

- 4.8.2 The size, composition and diversity of the Board shall be reviewed and determined from time to time to reflect the Company's requirements and to facilitate effective decision-making.
- 4.8.3 At least two (2) or one third (1/3) of the Board members, whichever is the higher, are independent directors who provide independent judgment and objectivity.
- 4.8.4 All newly appointed directors shall retire and be re-elected by the shareholders at the Company's annual general meeting.

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- 4.8.5 The Board should consist of individuals with diverse background and equipped with professional and technical knowledge to effectively carry out its roles and responsibilities, in setting the Company's strategy and ensuring its implementation.
- 4.8.6 At least one third of the Board comprises independent directors in compliance with the Listing Requirements.
- 4.8.7 The qualifications for Board membership are the ability to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to raise constructive queries, preferably with some experience in the industry sector, high ethical standards, sound practical sense, and commitment to furthering the interests of Shareholders and the achievement of the Company Goals.
- 4.8.8 Non-Executive Directors will be active in areas which will enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- 4.8.9 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.
- 4.8.10 Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.
- 4.8.11 Only Executive Director(s), if any, will be engaged on service contracts/ under permanent employment. Upon the expiry of his tenure or resignation of employment, the Board may also, with the recommendation of the Nomination and Remuneration Committee and if considered appropriate, appoint him as a Non-Executive Director until the conclusion of the next AGM, whereby he shall be eligible to offer himself for re-election.
- 4.8.12 In the event an Executive Director's service contract, if any, with the Company is terminated for any reason whatsoever, the Director is expected to resign from the Board.

4.9 Access to Independent Professional Advice

- 4.9.1 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his/her responsibilities as a Director.
- 4.9.2 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

4.10 Continuing Development and Training

- 4.10.1 All newly appointed directors will be briefed on the structure and business activities of the Group and are required to attend the Mandatory Accreditation Programme as required under the Listing Requirements. The costs of the Mandatory Accreditation Programme shall be borne by the Company.
- 4.10.2 All directors are encouraged to attend a continuous education or suitable training programme each year to ensure that each director receives regular briefings and updates on changes in risks, laws and regulations, economic scenario and the industry climate affecting the business, and to continuously upgrade their knowledge and understanding of their roles and responsibilities as directors.
- 4.10.3 All trainings attended by Directors shall be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any of the trainings shall also be disclosed.

4.11 Nomination and Appointment

- 4.11.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination Committee.
- 4.11.2 The number of Directors shall not be less than two (2) nor (unless otherwise determine by the Company in general meeting) more than seventeen (17).
- 4.11.3 Unless otherwise determined by the Company in general meeting, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors. If the number of directors is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors.
- 4.11.4 New Board members shall be briefed on the terms of appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Board members: -
- (a) Board Charter;
 - (b) Constitution;
 - (c) Board Committees' composition and TORs;
 - (d) Latest Business Plans;
 - (e) Latest Annual Reports and Financial Statements;
 - (f) Organisation Charts; and
 - (g) Any other documents deemed necessary by the Board.
- 4.11.5 The appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

4.11.6 The board should use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms.

4.12 Tenure of Independent Director

4.12.1 Pursuant to the Company's Constitution, an election of directors takes place subsequent to their appointment each year where 1/3 of the directors or if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire by rotation from office and shall be eligible for re-election at each annual general meeting and that each director shall retire from office at least once in every 3 years and shall be eligible for re-election.

4.12.2 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board subject to his/her redesignation as Non-Independent Director. In the event the Director was to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

4.12.3 The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a Board member who has served in that capacity for more than nine (9) years.

4.12.4 In the event the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process as guided by the MCCG 2017, as follows: -

Tier 1: Only the Large Shareholder(s) of the Company, votes*

Tier 2: Shareholders other than Large Shareholder(s) votes

Large Shareholder means a person who –

- (a) is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- (b) is the largest shareholder of voting shares in the Company;
- (c) has the power to appoint or cause to be appointed a majority of directors of the Company; or
- (d) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give such effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the simple majority of votes of Tier 1, and a simple majority of votes of Tier 2. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. The resolution is deemed defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

4.12.5 The Board will undertake a rigorous review to determine whether the 'independence' of the director has been impaired to justify retaining an Independent Director beyond the cumulative term limit of nine (9) years.

4.13 Shareholdings by Board Members in the Company

4.13.1 Board members may hold shares in the Company. In any dealings by a Board member, be it buying, selling or transfer to third party, Board members must strictly observe the disclosure requirements and/or provisions under the Companies Act, 2016, Listing Requirements and all other relevant legislative and regulatory requirements.

4.13.2 A list of the Directors' Dealings for the applicable financial period shall be tabled by the Secretary at every quarterly Board Meeting of the Company whereupon the Board members are obliged to verify/confirm their prevailing shareholdings and movement of shareholdings.

4.14 Directors' Remuneration

4.14.1 The remuneration of the Non-Executive Directors will be based on the experience and the level of responsibilities undertaken by them. The determination of the remuneration of the Non-Executive Directors shall be matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration.

4.14.2 The Executive Director(s), if any, shall not taking part in deciding their own remuneration.

4.14.2 Directors' fees and benefits payable to Directors are subject to shareholders' approval at AGM.

4.14.3 The remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board's meetings.

4.15 Assessment and Evaluation

The Nomination and Remuneration Committee shall conduct an annual review of the Board's performance and effectiveness of the Board and Board Committees, including individual Directors, annually, with the assessment report, together with a report on the Board balance covering the required mix of skills, experience and other qualities of Board members for discussion at the full Board.

4.16 Provision of Business or Professional Services by Directors

4.16.1 Directors shall not provide business or professional services of an ongoing nature to the Company.

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4.16.2 Notwithstanding the provision of paragraph 4.12.1, the Company is at liberty to: -

- engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
- engage the services of a party related to a Director's of an organisation,

so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

4.17 Board Appointment in Other Companies

4.17.1 Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company.

4.17.2 Prior to the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Secretary. The said notification should include an indication of time that will be spent on the new appointment.

4.18 Secretary

4.18.1 The appointment and removal of the Secretary shall be a matter of the Board as a whole.

4.18.2 The Board is supported by a suitably qualified and competent Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

4.18.3 The roles and roles and responsibilities of the Secretary include, but are not limited to the following: -

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the board on corporate disclosures and compliance with company and securities regulations and Listing Requirements;

- Manage processes pertaining to the annual shareholder meeting;
 - Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
 - Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.
- 4.18.4 All Directors, particularly the Chairman, have access to the advice and services of the Secretary(ies) for the purposes of the Board's affairs.

Part 5: Board-Management Relationship

5.1 CEO

- 5.1.1 The Board will link the Company's governance and management functions through the CEO.
- 5.1.2 All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of the Management is considered to be the authority and accountability of the CEO in so far as the Board is concerned.
- 5.1.3 The CEO is expected to keep the Board informed on all matters which may materially affect the Company and its business.
- 5.1.4 Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in instances where specific authorisation is given by the Board.

5.2 Accountability of CEO to Board

- 5.2.1 The CEO, is accountable to the Board for the achievement of the Company Goals and the observance of the Management Limitations.
- 5.2.2 At each of its quarterly meetings the Board should receive from or through the CEO: -
- the operational and other reports and proposals referred to in paragraph 4.2.6; and
 - such assurances as the Board deems necessary to confirm that the Management Limitations are being observed.

5.3 Management Limitations

- 5.3.1 The CEO is expected to act within all specific authorities delegated to him by the Board.
- 5.3.2 The CEO is expected not to cause or permit any practice, activity or decision that is contrary to generally accepted good business practice or professional ethics.
- 5.3.3 The CEO is expected to take into consideration the Company Goals in allocating the capital and resources of the Company.
- 5.3.4 The CEO is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- 5.3.5 The CEO is expected not to cause or permit any action that is likely to result in financial distress of the Company.
- 5.3.6 The CEO is expected to ensure the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- 5.3.7 The CEO is expected not to permit the employees and any other parties working for the Company to be subject to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 5.3.8 The CEO is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

Part 6: Board-Shareholders Relationship

6.1 Communication

- The shareholders must be informed of all material business matters affecting the Company.
- The Board ensures timely release of financial results on a quarterly basis and other major developments to provide the Shareholders with an overview of the Company's performance and operations.
- All relevant press releases should be vetted through by the CEO and/or the Secretary to ensure that information that has yet to be released to Bursa Malaysia Securities Berhad is not released to the press beforehand.

- The Board ensures that the views of the majority shareholders are considered in its decision making. In addition, the minorities' interest should also be adequately protected.
- The Board should ensure the Company leverage on information technology for effective dissemination of information and the Company's websites to provide easy access to corporate information pertaining to the Company and its activities and is continuously updated.

6.2 Conduct of General Meetings

- The Board should ensure that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the General Meeting.
- All Directors would commit to attend the General Meetings of the Company in order to provide an opportunity for the shareholders to effectively engage with each Director.
- All general meetings would be conducted via electronic poll voting.

Part 7: Stakeholders Relationship

7.1 Stakeholders

In the course of pursuing the Company Goals, the Board recognises that no company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration. The Board must balance and manage the economic impact of the stakeholders' conflicting interests on the shareholders' value.

7.2 Corporate Responsibility

As a socially-responsible corporate citizen, the Board is committed to social and environment sustainability. This fundamental Corporate Responsibility is advocated by the Board and intensively nurtured and practiced by Management with firm commitment to three (3) major stakeholders: -

(a) Employees

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the Company Goals.

The Board is committed to ensure the Management to build a company where employees are happy to work, confident and take pride as part of the Company.

(b) Customer

The Board is committed to ensure the Management place the highest regards in relation to the safety and quality of products. Management to improve its products and services in order to achieve the highest customer satisfaction.

(c) Environment

The Board is committed to ensure the Management preserve and enhance the society's quality of life by improving the Company's activities in order to sustain the environment in all areas of the Company's operations.

Part 8: Application of Board Charter

- 8.1 The principles set out in this Board Charter are: -
- (a) Kept under review and updated as practices on CG and further guidelines on CG or Listing Requirements are issued by the relevant regulatory authority;
 - (b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - (c) Summarised in the Annual Report of the Company as part of the narrative statements by the Directors on CG.
- 8.2 The Board endeavour to comply at all times with the principles and practices as set out in this Board Charter.
- 8.3 The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

**PBA Holdings Bhd.
Board Charter**

History of Board Charter

Date	Description
29 October 2013	Approval of the Board Charter
16 April 2018	Approval of the updated Board Charter