



GLOMAC BERHAD
(Company No. 110532-M)

BOARD CHARTER
(As at 23 September 2013)

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1.0 INTRODUCTION

The Board of Directors (“Board”) of Glomac Berhad (“Company” or “Group”) recognizes the importance of corporate governance and is committed to continue applying high standards of corporate governance throughout the Group in safeguarding the interest of all stakeholders as well as enhancing shareholders’ value and financial performance of the Group.

The Board has a duty to be effective stewards and guardians of the Company, not just in setting strategic direction and overseeing the conduct of business, but also in ensuring that the Company conducts itself in compliance with laws and ethical values, and maintains an effective governance structure to ensure appropriate management of risks and level of internal controls.

In addition, the Board has responsibility to the Group’s customers, employees, suppliers and to the environment and communities where it operates, all of whom are fundamental to a successful business.

2.0 OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting collectively 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 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 and shall constitute and form an integral part of each Director’s duties and responsibilities.

This Board Charter would also act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management.

3.0 THE BOARD

The Company is led and controlled by the Board which assumes overall responsibility for corporate governance, strategic direction and investments made by the Group.

3.1 Size and Composition

The Company’s Articles of Association provides that there will be a minimum of two directors and a maximum of 10 Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The Board composition shall reflect a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals which bring with them a broad range of skills, experience and knowledge required to successfully direct and supervise the Company’s business activities, which are vital to the success of the Group.

The Executive Directors are responsible for implementing policies of the Board, overseeing the Group’s operations and developing the Group’s business strategies established by the Board.

3.2 Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Directors bring to the Board.

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election in the Annual General Meeting.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

All Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

3.3 Independent Directors

The Independent Non-Executive Directors fulfill a pivotal role in corporate accountability by providing independent view, advice and judgment to ensure a balanced and unbiased decision making process to ensure that the long term interests of all stakeholders are well protected.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

3.4 Directors' Assessment/Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

The Board also undertakes to assess the independence of the Independent Directors on an annual basis.

3.5 Duties and Responsibilities

3.5.1 Board's Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

- i) reviewing, approving and monitoring the overall strategies and direction of the Group, including sustainability of the Group's businesses;

- ii) overseeing and evaluating the conduct and performance of the Group's businesses;
- iii) identifying and managing principal risks facing the Group and ensuring the implementation of appropriate systems to manage these risks;
- iv) reviewing the adequacy of the Group's internal control policy and safeguarding assets of the Company;
- v) ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- vi) reviewing and monitoring the systems of risk management and internal controls, continuous disclosure, legal and regulatory compliance and other significant corporate policies; and
- vii) succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board.

3.5.2 Board's Reserved Matters

The following are matters which are specifically reserved for the Board:

- i) corporate plans, programmes and new ventures;
- ii) conflict of interest issues relating to a substantial shareholder or a Director;
- iii) material acquisitions and disposition of assets;
- iv) investments in capital projects;
- v) risk management policies; and
- vi) corporate announcement to regulators.

3.5.3 Responsibilities between the Executive Chairman and the Group Managing Director/Chief Executive Officer

There is also a clear division of responsibilities between the Executive Chairman and the Group Managing Director/Chief Executive Officer to ensure a balance of power and authority.

The Executive Chairman is responsible in ensuring Board effectiveness and standard of conduct whilst the management of the Group's businesses, implementation of policies and the day-to-day running of the businesses are the responsibilities of the Group Managing Director/Chief Executive Officer.

The responsibilities of the Chairman, amongst others, are as follows:

- i) leading the Board in setting the values and standards of the Company;
- ii) ensuring efficient organization and conduct of the Board's function and meeting;
- iii) ensuring effective communication with shareholders and relevant stakeholders; and
- iv) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The responsibilities of the Group Managing Director/Chief Executive Officer, amongst others, are as follows:

- i) overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- ii) setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls;
- iii) ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations; and
- iv) implementing the policies, strategies and decisions adopted by the Board.

3.6 Board Meetings

Board meetings for the ensuing year are scheduled at the start of each financial year to enable the Board to plan their schedules accordingly. The Board meets at least 4 times in a year with additional meetings being convened as and when necessary.

Prior to the Board meetings, all Directors will receive the agenda together with a set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations/clarifications from management, where necessary, to facilitate informed decision making.

Senior management and external advisers may be invited at the Board meetings when necessary, to furnish the Board with explanation and comments on the relevant agenda.

Besides these Board meetings, the Board shall also exercises control on matters that require its approval by way of circular resolutions and informal meetings with sufficient information required to make an informed decision. Proceedings of the relevant meetings and the resolutions reached shall be properly recorded and duly minuted.

3.7 Board Committees

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The Board Committees include:

- Audit Committee
- Nomination Committee
- Remuneration Committee

These Committees are tasked to examine specific areas and issues and report to the Board on their deliberations together with recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Independent and Non-Executive Directors play a leading role in these Committees. Management and third parties are co-opted to the Committees as and when required. The Terms of Reference of each of the above Committees are set below.

3.7.1 Audit Committee

Composition

- i) The Audit Committee shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors.
- ii) At least of one (1) member of the Audit Committee must meet the criteria set by the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Main Market LR").
- iii) The Chairman of the Audit Committee shall be an Independent Director.
- iv) No alternate director shall be appointed as a member of the Audit Committee.
- v) In the event of any vacancy in Audit Committee, the Board of Directors shall, within three (3) months of that event, fill the vacancy.

Meetings and Quorum

The Audit Committee shall meet at least four (4) times a year, with additional meetings convened as and when necessary and attended by the Department Head charged with the responsibility of the Group's financial reporting. Attendance of other Directors and employees at any particular Audit Committee Meeting will be at the invitation of the Audit Committee. The presence of the Internal and External Auditor for a meeting will be requested if required.

The quorum for any meeting shall be two (2) members of which the majority must be Independent Directors.

Circular Resolutions signed by all members shall be valid and effective as if it had been passed at the meeting of the Audit Committee meeting.

Secretary to Committee and Minutes

The Company Secretary shall be the secretary of the Committee and as a reporting procedure the minutes shall be circulated to all members of the Board.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities.

The Committee is also authorised to obtain legal or other independent professional advice and to ensure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be:

- i) To review the Company's and the Group's Quarterly and Annual financial statements before submission to the Board. The review shall focus on:
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant and unusual events
 - the going concern assumption
 - compliance with accounting standards and other legal requirements
 - compliance with Main Market LR
- ii) To review with the external auditors their audit plan, scope and nature of audit for the Company and the Group.
- iii) To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and management response.
- iv) To hear from the external auditors problems and reservations arising from their interim and final audits.
- v) To review the internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings and to review the adequacy of the competency of the internal audit function.
- vi) To review any related party transactions that may arise within the Company or the Group.

vii) To consider the appointment of the external auditors, the terms of reference of their appointment and any question of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment, including making an assessment of the their independence where external auditors also provide non-audit services.

viii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.

3.7.2 Nomination Committee

The Nomination Committee shall comprise at least three (3) Non-Executive Directors, a majority of whom are Independent Directors.

The chair of the Nomination Committee should be the senior independent director identified by the Board.

The duties and responsibilities of the Nomination Committee shall be:

- i) to consider, in making its recommendations to the Board, candidates for all directorships/board committees including the position of Independent Non-Executive Director, in respect of their skills, knowledge, expertise, experience, professionalism and integrity; and in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities/functions as expected from an Independent Non-Executive Director;
- ii) to assist the Board in reviewing on an annual basis the required mix of skills and experience and diversity, including gender, where appropriate, of the Directors of the Board/Board Committees;
- iii) to recommend the appropriate Board balance and size of non-executive participation; and
- iv) to establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member including Independent Non-Executive Directors as well as the Group Managing Director/Chief Executive Officer. The assessments and evaluations are properly documented.

3.7.3 Remuneration Committee

The Remuneration Committee shall comprise at least three (3) Directors, a majority of whom are Independent Directors.

The Remuneration Committee will elect an Independent Director from amongst them as its Chairman. Individual Directors do not participate in the decisions regarding their individual remuneration.

The duties and responsibilities of the Remuneration Committee shall be:

- i) to review the annual remuneration packages of each individual Director (both Executive and Non-Executive) such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully; and
- ii) to recommend to the Board the remuneration packages of the Directors (both Executive and Non-Executive) of the Company.

3.8 Directors' Training & Continuing Education

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, shall continue to attend other relevant trainings and seminars organised by the relevant regulatory and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group.

The Board will assess the training needs of the Directors from time to time. The Board shall disclose in the Annual Report the trainings attended by the Directors.

4.0 COMPANY SECRETARY

The Board shall appoint the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities.

All Directors shall have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times and advise the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislation and regulations.

5.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors shall have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

All directors may also obtain independent professional advice, at the Company's expense, if required, in furtherance of their duties.

6.0 INVESTOR RELATIONS AND STAKEHOLDER COMMUNICATION

6.1 Communications between the Company and Investors

The Company maintains an open channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of inter alia, providing a clear and complete picture of the Group's performance and position as possible.

The Company values feedbacks and dialogues with its investors and believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.

In addition to various announcements made during the year, the timely release of annual reports, circulars to shareholders, press releases and financial results on a quarterly basis provides shareholders and investors with an overview of the Group's performance and operations.

The Company holds analyst results briefings immediately after each announcement of quarterly results to Bursa Securities. The Company also actively responds to requests for discussions with institutional shareholders and analysts, locally and abroad, to provide them better insights of the Group.

The Group also takes a proactive approach in reaching out to the investing community via visits to project sites, small group meetings, luncheons and participating in roadshows and investors conferences and such activities are usually spearheaded by the Executive Directors.

Such approaches will allow shareholders and investor communities to make more informed investment decisions based not only on past performance but also the future direction of the Group.

In addition, the Company's website, www.glomac.com.my is accessible for the shareholders, investors and members of the public to obtain information on the Group's announcements, corporate information, operations, financial performance and other matters affecting shareholders' and investors' interests.

6.2 Annual General Meeting ("AGM")

The AGM of the Company serves as the principal forum that provides the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, and corporate developments in the Group, the resolutions being proposed and on the businesses of the Group.

The Chairman as well as the Managing Director/Chief Executive Officer and the external auditors, if so required, will respond to shareholders' questions during the meeting.

The Chairman encourages active participation by the shareholders during the AGM. To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.

In addition, a press conference will generally be held after such general meetings whereat, the Directors would explain and clarify any issues posed by the members of the media regarding the Company.

7.0 ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and the Managing Director's review of operations in the annual report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

7.2 Internal Control

The Board recognises the importance of a sound risk management and internal control system for good corporate governance. The Board acknowledges its overall responsibility for identifying principal risks within the Group and ensuring the implementation of appropriate systems to manage these risks, as well as reviewing the adequacy and integrity of the Group's internal control system.

The Internal Audit ("IA") function is considered an integral part of the assurance framework within the Group. IA function plays an intermediary role in that it assists in the discharge of the oversight function which is delegated by the Board to the Audit Committee.

The Group outsources its IA function to a professional third party, which has adequate resources and appropriate standing to undertake its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems. The IA reports directly to the Audit Committee.

7.3 Relationship with Auditors

The Board maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences.

The Audit Committee ensures that the management provides timely responses on all material queries raised by the external auditors after the audit in respect of the accounting records, financial accounts or systems of control.

Audit Committee meets up with the external auditors without the presence of the Executive Director to discuss on audit findings, audit plan and the Company's financial statements.

8.0 CODE OF ETHICS AND CONDUCT (“THE CODE”)

8.1 In line with good corporate governance practices, the Board has made a commitment to uphold the highest standards of professionalism. This Code sets out the broad principles and standard of business ethic and conduct of the Group.

1. Compliance at all times with this Code of Ethics and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seek to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organizations.
6. Uphold accountability at all times. This includes ensuring that the Company’s resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
7. Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
8. Declaration of any personal, professional or business interests that may conflict with directors’ responsibilities. Guidance on declaration and registration of interests is given in the section entitled “Declaration of Interests” below.
9. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled “Guidelines on Acceptance of Gifts” below.

8.2 Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company secretary changes in the following:

1. Shareholding in the Company and its related corporations, whether direct or indirect; and
2. Directorships or interests in any other corporations.

In addition to the above, member of the Board who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of senior management.

Relevant interests in this context are as follows:

1. Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

8.3 **Register of Interests**

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board Members and members of senior management.

The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

8.4 **Conduct in Meetings**

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

8.5 **New Directorships**

Board Members should notify the Chairman before accepting any new directorships in any Public Listed or Private companies which includes an indication of time that will be spent on the new appointment.

8.6 **Membership of Committees**

Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

8.7 **Guidelines of Acceptance of Gifts**

The following set out our guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organization having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts other than of token value should generally be refused.

9.0 REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board on 23 September 2013. Any subsequent amendment to the Charter can only be approved by the Board.

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

10.0 DEVIATIONS FROM THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 ("MCCG 2012")

The Table below reflects the Board's views on the deviations between the Board Charter and MCCG 2012's recommendations:

| Contents | The Board's view on the deviations from the MCCG 2012 |
|--|--|
| <p><u>Recommendation 3.4 of the MCCG 2012</u></p> <ul style="list-style-type: none">- The Chairman must be a non-executive member of the Board. | <p>Tan Sri Chairman is an Executive Director.</p> <p>The Board agreed that the status quo be maintained as Tan Sri Chairman is also the founder and/or major shareholder where the Board can continuously leverages on his strengths and vast experiences as executive member of the Board.</p> <p>As and when there are changes in future, the Board will review the position.</p> |
| <p><u>Recommendation 3.5 of the MCCG 2012</u></p> <ul style="list-style-type: none">- The Board must comprise a majority of independent directors where chairman of the Board is not an independent director. | <p>Tan Sri Chairman is a Non-Independent Director. The Board currently comprises 3 independent members out of a total of 6 Board members.</p> <p>The Board agreed that the status quo be maintained for the time being. The Board takes the view that any board changes should be considered carefully and not in a rushed or reactive manner.</p> <p>As and when there are changes in future, the Board will review the position.</p> |