

OVERSEA ENTERPRISE BERHAD
(Company No. 317155-U)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (Board) is responsible for the performance and affairs of the Company and its subsidiaries (Group) and all Board members are expected to show good stewardship and act in professional manner and should have sound and sufficient knowledge and expertise to enable effective governance and oversight. The Board shall apply the principles and practices of good corporate governance in all its dealings for, or on behalf of the Group and to uphold the core values of integrity as part of their fiduciary duties and responsibilities.

This Board Charter sets out the roles, responsibilities, composition, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

2. THE BOARD

i. **Composition**

The number of Directors shall not less than two or more than fifteen as provided in the Company's Articles of Association.

The Company must ensure that at least two Directors or one-third of the Board, whichever is higher are Independent Directors. If the number of Directors is not three or a multiple of three, then the number nearest one-third must be used. The Independent Directors provide independent judgment, experience and objectivity without subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

ii. **Chairman**

The Chairman of the Board must be a non-executive member of the Board. Where the Chairman is not an Independent Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

iii. **Tenure of Independent Directors**

The tenure of an Independent Director should not exceed a cumulative term of nine years. Independent Director may continue to serve on the Board provided he/she is re-designated as a Non-Independent Director. In the event the Board intends to retain the said Director as Independent Director, the Board must justify the decision and seek shareholders' approval at general meeting. The Nominating Committee (NC) is responsible to carry out an assessment of independence of such Independent Director to justify such decision.

iv. **Restriction on Directorship**

Directors shall not sit on the boards of more than five listed issuers and are expected to provide notification to the Chairman of the Board before accepting any new external board appointment in another public-listed company, and indicate the estimated time that will be spent on the new appointment with assurance to the Chairman that he/she would be fully committed to fulfilling his or her role as a Director in the Company in spite of the new appointment.

v. **Board Diversity**

The Company should have a diverse Board that will benefit from a diverse mix of knowledge and experience, background, expertise, age, ethnicity and other qualities in its composition. The composition and size of the Board is such that it facilitates the decision making of the Company.

vi. **Gender Diversity**

The Board is supportive of the gender boardroom diversity as stated in the Corporate Governance Blueprint 2011 and the Board will source for suitable and creditable of women candidates for the Board to have more women participation in future.

3. DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board plays an important role in determining the long term direction and strategy of the Group for the purpose to enhance shareholders' value and to ensure long term sustainability of the Group. The Board also ensures that an adequate system of internal control is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

In carrying out the necessary duties and responsibilities, the Board exercises great care to ensure that high ethical standards are upheld, and that the interests of the stakeholders are not compromised. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance and business conduct of the Group.

The primary duties and responsibilities of the Board are as follows:-

- i. Review and adopt the Group's strategic plans, taking into account the sustainability of the Group's business, with attention given to the environmental, social and governance aspects of the business;
- ii. Oversee the Group's business operations and financial performance against the approved business plans;
- iii. Identify principal risks and ensuring the implementation of appropriate internal control system to manage these risks;
- iv. Establish and oversee a succession planning programme for Board and senior management of the Group including the remuneration and compensation policy thereof;
- v. Review the adequacy and integrity of the internal control system and management information of the Group;
- vi. Oversee the development and implementation of various Board policies;
- vii. Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest; and
- viii. Undertake various functions and responsibilities as specified in the guidelines and directives issued by the regulatory authorities from time to time.

Apart from the aforesaid primary duties and responsibilities of the Board, the Board has also delegated certain responsibilities to several Board Committees.

4. SCHEDULE OF MATTERS SPECIFICALLY RESERVED TO THE BOARD

The Board has adopted a formal schedule of matters specifically reserved to the Board for decision-making, which includes:-

- i. Approval of business strategies and plans;
- ii. Approval of Group annual budget;
- iii. Acquisitions and disposals that are material to the business;
- iv. Declaration of interim dividend and make recommendation of final dividend for approval by shareholders;
- v. Material corporate exercise;
- vi. Approval of financial statements;
- vii. Investment in projects above a pre-determined limit;
- viii. Appointment of new Directors, Chief Executive Officer (CEO) and other senior management

- positions based on recommendation of the NC; and
- ix. Related party transactions.

5. ROLES OF THE CHAIRMAN OF THE BOARD

The roles of the Chairman and CEO / Group Managing Director (GMD) should be distinct and separated to ensure balance of power and authority. The Chairman is responsible for the leadership, effectiveness, good conduct and governance of the Board. The responsibilities of the Chairman, among others, are as follows:-

- i. Lead the Board and ensure its effectiveness of all aspects;
- ii. Preside at Board and shareholders meetings and ensuring the proceedings thereof comply with good conduct and practices;
- iii. Facilitate the deliberation and discussion to enable the Board to arrive at clear and quality decisions on issues discussed; and
- iv. Ensure constructive relations between Directors, and between the Board and the management team; and
- v. Ensure effective communication with shareholders and relevant stakeholders.

6. ROLES OF THE CHIEF EXECUTIVE OFFICER / GROUP MANAGING DIRECTOR

The CEO / GMD assumes the overall responsibility for the implementation of the Group's strategy and in carrying out the Board's directions and driving performance within strategic goals and objectives. The CEO / GMD leads the management team in carrying out the day-to-day management and operations of the Group's business. The responsibilities of the CEO / GMD, among others, are as follows:-

- i. Providing strong leadership that is, effectively communicating the business strategy and objectives of the Group to the employees;
- ii. Develop and implement corporate strategies of the Group;
- iii. Give directions in the implementation of short and long term business plans;
- iv. Ensuring Board decisions are implemented and Board directions are responded to;
- v. Ensure day-to-day business affairs of the Group are effectively managed;
- vi. Ensure the efficiency and effectiveness of the operation for the Group;
- vii. Ensure corporate policies are effectively implemented;
- viii. Supervise heads of divisions/ departments who are responsible for all functions contributing to the success of the Group.

8. BOARD COMMITTEES

In order to effectively discharge the Board's functions and responsibilities, the Board has entrusted certain responsibilities to the Board Committees. The Board Committees are as follows:-

- i. Audit Committee;
- ii. Nominating Committee;
- iii. Remuneration Committee;
- iv. Risk Management Committee; and
- v. Investment Committee.

The roles and responsibilities of the Board Committees (the Committees) are set out in the terms of reference of the respective committee and the respective Committees review their own terms of reference from time to time to ensure that they are relevant and up-to-date.

The Committees report to the Board on their deliberations, findings and recommendations and decisions. The ultimate responsibility on all matters lies with the entire Board.

9. CODE OF ETHICS AND CONDUCT

The Directors shall adhere to the Company Directors' Code of Ethics and Conduct based on the

following principles:-

a. Corporate Governance

- i. Compliance with legal and regulatory requirements and Board policies at all times;
- ii. Recognise the primary responsibilities to the shareholders as a whole, having regard for the interest for all the stakeholders of the Group and to ensure that the business of the Group is properly managed and effectively controlled;
- iii. Act in the best interest of the Company and its shareholders with integrity and in good faith, with due diligence and care;
- iv. To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- v. Devote time and effort to attend meetings and to discharge those functions;
- vi. Must not allow personal interests or the interest of any associated person, to conflict with the interests of the Company and report to the Board on any potential conflict;
- vii. Must not take improper advantage and not to make improper use of information of the position as Director;
- viii. Must not use price sensitive non-public information, which can affect the prices of the securities of the Company or make any gain from such information until and unless it becomes publicly known;
- ix. Keep confidential of the board's discussions and deliberations; and
- x. Notify the Chairman before accepting any new directorship outside the Group and limit the directorship in listed issuers.

b. Relationship with Shareholders, Employees, Customers, Supplies and Visitors

- i. Promote professionalism and improve the competency of management and employees at all times; and
- ii. Ensure adequate safety measures and provide proper protection to employees, Customers, Supplies and Visitors at workplace.

c. Social Responsibilities

- i. Ensure the effective use of natural resources and consider the environment impact before disposal of waste;
- ii. Ensure the activities and the operations of the Company do not harm the interest and well-being of the society; and
- iii. Care and proactive to the needs of the community and to assist in society-related programmes.

10. BOARD MEETING

i. Frequency

The Board shall meet a minimum of four times a year at quarterly intervals to discuss the financial performance of the Group, strategy plans, progress of significant project or investment, issues relating to internal control, compliance and governance and approve the quarterly results of the Company. Additional meetings may be convened at any time if so required.

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organize the next year's Board meetings into their respective schedules.

ii. Quorum

In accordance to the provision in the Articles of Association of the Company, the quorum necessary for the transaction of business of the Directors shall be two.

iii. Meeting Papers

The Board papers, which include financial reports, minutes of the previous meeting, investment proposals, progress report and other relevant documents be circulated to all Directors at least seven days in advance before each meeting. This ensures that Directors have sufficient time to

prepare adequately for the meetings and expedite the decision making process during Board meetings.

iv. **Attendance**

Directors are required to attend all Board meetings. Individual Directors shall attend not less than 50% of the Board Meetings held in each calendar year. The office of a Director shall become vacant if a Director failed to do so.

v. **Voting**

Any question arising at a Board Meeting is decided by a majority of votes. The Chairman has a second and casting vote. Director has direct or indirect interest in respect of any contract or proposed contract or arrangement, is required to abstain from deliberations and voting.

vii. **Roles of Chairman**

The Chairman shall play a mediator's role to maintain the order of the proceedings in more constructive, productive and effective manners. The Chairman shall encourage all members participate in discussion and shall allow each member sufficient time to speak his opinion without any interference or disturbance.

viii. **Agenda**

The Chairman shall discuss with the Company Secretary(ies) to assess the 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. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

ix. **Minutes of The Meeting**

The Company Secretary shall take minutes of the Board meetings. The minutes must be completed as soon as possible after the meeting and circulated to all Directors for their perusal prior to confirmation. The minutes will then be formally approved by the Board and signed by the Chairman as a correct record at the next scheduled meeting.

11. ACCESS TO INFORMATION AND ADVICE

All Board members have full and unrestricted access to any information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Key management staff are invited to attend Board meetings as and when necessary, to provide explanation and information to the Board on significant corporate, financial and operational issues and proposals submitted for consideration by the Board.

The Board has the rights to seek for independent professional advice at the expense of the Company in discharging of its stewardship effectively and efficiently. In regards to this, individual Director shall first brought to the attention of the Chairman the purpose for such request of external advisers and the in-house Company Secretary shall assist the Director to source for the suitable advisors. When necessary, the proposal from the independent professional advisor be tabled for the Board's deliberation and approval. The Board shall ensure that the engagement of independent professional advice is solely for the interest of the Group.

12. APPOINTMENT, RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

i. **Appointment**

The appointment of any additional Director is made as and when it is deemed necessary by the Board.

The proposed appointment of a new member to the Board will be deliberated on by the full

Board based upon a report prepared by the NC on the necessity for and qualification and experience of the proposed Director. The NC is responsible for identifying and nominating suitable candidates for appointments to the Board for approval, either to fill vacancies or as addition to meet the changing needs of the Group. In recommending to the Board of any appointment of Director, the NC considers the criteria, namely the composition requirements for the Board, the skills, knowledge, expertise, experience, professionalism, integrity, capability, time commitment, character and competence and such other relevant criteria of the proposed candidate. The NC will assess the independence of the candidate in the case of appointment of an Independent Non-Executive Director.

ii. Re-Election

An election of Directors shall take place every year. At every annual general meeting ("AGM"), one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three years but shall be eligible for re-election.

iii. Re-Appointment

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director shall become vacant at the conclusion of the AGM commencing next after he attains the age of seventy years. The said Director may offer himself for re-appointment to hold office until the next AGM, subject to the shareholders' approval.

The re-election and re-appointment of Directors at the AGM is subject to the prior assessment by the NC. In determining whether to recommend a Director for re-election and re-appointment, the aforesaid Director's attendance at meetings, participation and contribution to the activities of the Board will be duly considered by the NC.

In the event the NC is satisfied with the performance of the Directors who are subject to re-election and re-appointment, the NC will recommend to the Board of Directors their re-election/re-appointment at forthcoming AGM.

13. DIRECTORS' TRAINING

All newly appointed Directors will be briefed on the structure and the business activities of the Group and are required to attend the Mandatory Accreditation Programme as required under the Listing Requirements.

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 regulation, law 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.

14. DIRECTOR'S REMUNERATION

Non-Executive Directors will be paid a fee for acting as Directors of the Company, subject to approval by shareholders.

The remuneration of Executive Directors shall be decided by the Remuneration Committee after giving due consideration all relevant factors including function, workload and responsibilities involved. The remuneration for all Directors is reviewed by the Remuneration Committee for Board approval on yearly basis.

15. BOARD AND BOARD MEMBERS ASSESSMENT

The NC is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Director, annually, with the assessment report, together with a report

on the Board balance covering the required mix of skills, experience and other qualities of the Board members, for discussion by the full Board.

16. ENDORSEMENT AND REVIEW OF THE BOARD CHARTER

The Board Charter is endorsed by the Board of Oversea Enterprise Berhad and shall be subject to regularly review by the Board to ensure it remains consistent with the Board's objectives and responsibilities.

A copy of the Charter is available on the Group's website at www.oversea.com.my.