



G R O U P

GOODWAY INTEGRATED INDUSTRIES BERHAD

(Company No. 618972-T)

(Incorporated in Malaysia)

BOARD CHARTER

(Revision 2016)

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1.0 INTRODUCTION

- 1.1 The Board of Directors (“the Board”) of Goodway Integrated Industries Berhad (the “Company”) is committed in ensuring that high standards of corporate governance are practiced by the Company and its subsidiaries (the “Group”) as the Board recognises that high standards of corporate governance particularly in the conduct of its business and corporate affairs, would improve the financial performance of the Group as well as protect and enhance the Company’s shareholders’ value. In line with this and as part of the Group’s corporate governance framework, the Board has formalised this Board Charter (the “Charter”).
- 1.2 This Charter, among others, sets out the roles, functions, authorities, responsibilities and membership as well as the policies and practices of the Board as a fundamental part of the Board in discharging its duties. It also sets out the authorities and functions delegated by the Board to the Board Committees and the Management of the Group.

2.0 THE BOARD

2.1 Objective, Key Values and Principles

The Board is charged with leading and managing the Group in an effective and responsible manner taking into account the Group’s obligations to its shareholders and other relevant stakeholders. And the following are the key values and principles that the Board has embraced in attaining this objective:-

- (a) The Board strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance 2012 (“the Code”). The extent of its compliance with the principles and best practices in Corporate Governance is set out in the narrative statement in the Company’s Annual Report pursuant to Paragraph 15.26 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Berhad (“Bursa Securities”);
- (b) The Board must ensure that the Group complies with all of its contractual, statutory and any other legal obligations, including the requirements and various guidelines issued by any regulatory body including Bursa Securities and the Securities Commission (“SC”); and
- (c) The Directors, collectively and individually, must constantly be aware of their legal duty to act in the best interest of the Group and their responsibilities to its shareholders and stakeholders for the manner in which the affairs of the Group are conducted.

2.2 Board Size, Composition and Board Balance

The Board shall consist of qualified individuals with diverse experience, background and perspectives. The composition and size of the Board shall be such that it facilitates the making of informed and critical decisions.

The Company's Articles of Association provide that the number of Directors shall not be less than two (2) or more than eleven (11). Pursuant to paragraph 15.02 of the MMLR of Bursa Securities, the Company must ensure that at any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are independent Directors.

However, the Board must comprise a majority of independent Directors where the Chairman of the Board is not an independent Director to ensure balance of power and authority on the Board. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest 1/3 will be used for the purpose of determining the requisite number of independent Directors.

The presence of independent Directors will provide unbiased and impartial opinion, advice and judgement and ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities with which the Group conducts its business are well represented and taken into account. The independent Directors therefore, play a key role in the Group's corporate accountability.

The tenure of an independent Director should not exceed a cumulative term of nine years. Notwithstanding this, the Board also recognises that the limit on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board. As such, the overall performance of the relevant Board member will be assessed by the Joint Nomination and Remuneration Committee ("JNRC") upon completion of his/her nine year tenure and if there is strong justification for the Board member to remain as an independent Director, the Board will justify and make recommendation of the same to the shareholders for their approval. Alternatively, the relevant independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director.

The roles of the Chairman and the Chief Executive Officer ("CEO") shall be kept distinct and separate and the office of the Chairman and CEO must be assumed by different persons.

Further, there shall be clear segregation of responsibilities between the Executive and non-Executive Directors to ensure a balance of power and authority. Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions whereas the non-Executive Directors' role is to ensure corporate accountability by providing unbiased and independent views as well as contributing their knowledge and experience towards the corporate decision-making process.

Non-Executive Directors shall meet as a group at least once a year without the presence of the Executive Directors.

2.3 Duties

The Board shall assume the following specific duties:-

- (i) Establishing the corporate vision and mission as well as the philosophy of the Group and assessing the strategic direction of the Group;
- (ii) Overseeing and evaluating the conduct of the Group's businesses and reviewing and monitoring the progress and performance of the Management in meeting its goals and corporate objectives;
- (iii) Establishing written procedures outlining issues that require the decision of the Board and issues that can be delegated to the Board Committees or the Management;
- (iv) Assessing and approving the Group's overall risk-reward strategy and framework for managing all categories of risk including credit, market, liquidity, equity, reputation and operational risks;
- (v) Ensuring that the Group has a suitable succession plan in place;
- (vi) Reviewing the adequacy of the Group's internal control policy and procedures;
- (vii) Ensuring the integrity of financials and other reporting with guidance from the Audit and Risk Management Committee ("ARMC");
- (viii) Reviewing and approving the Management's remuneration and the remuneration framework of the Group with guidance from the JNRC;
- (ix) Monitoring Board composition, processes and performance and ensuring that the Directors and Management, collectively, have the skills needed for effective and prudent management of the Group with guidance from the JNRC; and
- (x) Developing and implementing investors' relations programme or shareholders communication policy.

2.4 Overview of the Board's Monitoring Role

The Board shall meet in person at least once every quarter to facilitate the discharge of their responsibilities and the Board may invite any of the Management personnel and/or any other party it deems necessary to attend the meetings and/or to provide information. The Board meetings are to be scheduled prior to the commencement of each financial year.

In the event there is a potential conflict of interest, it is mandatory for the Director concerned to declare his interest and abstain from any Board deliberations and decisions.

The Company Secretary will be responsible, together with the Chairman of the Board, for determining the agenda for each Board meeting. Unless otherwise agreed, the Company Secretary shall circulate the notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and comprehensive Board papers, to each member of the Board and other attendees, where relevant, at least five (5) working days before the date of the meeting to enable them for example, to obtain further information or seek clarification from the Management or any other personnel, and accordingly make an informed decision.

Although some of the Board functions may be delegated to the Board Committees, the Board as a whole shall remain responsible for supervising all matters delegated and assessing the recommendations of the Board Committees.

The Board shall at all times reserve full decision-making powers on the following matters:-

- (a) Approval of corporate, strategic direction or plans, programmes and budgets;
- (b) Changes to the Management and control structure within the Group, including key policies;
- (c) Authority levels and any matters in excess of any authority that it has delegated from time to time to the CEO and/or other Management personnel;
- (d) Investments in capital projects, acquisition and disposal of subsidiaries, material acquisition and disposition of assets not in the ordinary course of business;
- (e) Corporate Governance principals and policies;
- (f) Treasury policies;
- (g) Risk management policies;
- (h) Key human resource issues;
- (i) Conflict of interest issues relating to a substantial shareholder or a Director;
- (j) Appointment of all other Board members, Board Committee members, CEO and the Company Secretary and calling of meetings of shareholders;
- (k) Announcements including approvals and releases of financial results and annual reports; and

- (l) Other matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the MMLR of Bursa Securities, Company's Articles of Association, Terms of Reference of the respective Board Committees, the Company's Discretionary Authority Limits Manual or any other applicable rules.

2.5 Chairman

The Board shall appoint a Chairman from among the Directors and the Chairman is responsible for the overall leadership and efficient functioning of the Board. The roles of the Chairman shall include the following:-

- (a) To lead the Board effectively on all aspects of its role;
- (b) To ensure that the Board functions effectively and independently of the Management;
- (c) To promote constructive and respectful relations between all Board members and with the Management personnel;
- (d) To chair Board meetings and ensure the efficient organisation and conduct of the meetings, e.g., to ensure that relevant discussions take place and relevant opinions are given by the Directors during a meeting and no single Director dominates the discussions;
- (e) To chair shareholders' meetings and to ensure smooth, open and constructive dialogue between the Board and the shareholders; and
- (f) To ensure that there is effective communication between the Company and/or the Group and its shareholders and relevant stakeholders.

2.6 CEO

The CEO in essence is accountable to the Board for the achievement of the Group's mission, goals and objectives. The roles of the CEO shall include the following:-

- (a) To determine the Group's direction through strategic planning and present to the Board for approval;
- (b) To ensure that the operational planning and control systems are in place;
- (c) To ensure that the Group's business is properly and efficiently managed by ensuring that the Management implements the strategies and policies adopted by the Board;
- (d) To assess business opportunities that have potential benefits to the Group;

- (e) To ensure that the objectives and standards of performance are understood by the Management and the Group's other personnel;
- (f) To monitor actual performance results against that planned and report to the Board; and
- (g) To bring material and other relevant matters to the attention of the Board timely and accurately.

2.7 Appointment and Re-election of Directors

The appointment of Directors shall be conducted through a formal and transparent process, as approved and adopted by the Board. The potential candidate will be assessed and reviewed by the JNRC prior to recommendation to the Board for approval and appointment. The Company Secretary shall ensure that all appointments are in compliance with statutory obligations, as well as obligations arising from the MMLR of Bursa Securities or other regulatory requirements.

The Company's Articles of Association states that 1/3 of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest 1/3 shall retire from office and be eligible for re-election provided that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. The Directors to retire every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director so appointed during the year shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

The election of each Director shall be voted separately unless a motion for the appointment of two (2) or more persons as Directors by a single resolution to be made at the AGM, has first been agreed to during the AGM without any vote being given against it. To assist the shareholders in their decision making, sufficient information such as the personal profile, attendance of Board meetings and shareholdings in the Company held by each Director standing for re-election will be furnished in a separate statement accompanying the Notice of the AGM.

Directors who are over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

2.8 Annual Performance Evaluation of the Board, Board Committees and Individual Directors

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The Board shall through the JNRC, conduct annual evaluations on its effectiveness as a whole, each individual Director and the Committees established by the Board.

The assessment of the Board shall be based on specific criteria, covering areas such as the Board structure and its composition to ensure it has the required mix of skills, experience and other qualities, including core competencies which are required for the Board members to discharge their duties and responsibilities effectively and efficiently, Board operations, roles and responsibilities of the Board and the Board Committees. For individual Directors assessment, the assessment criteria will also include time commitment, inputs during the meetings and the quality of the inputs.

The results of the above assessment will also form the basis of the JNRC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

2.9 Directors' Remuneration

The Company shall provide a fair, reasonable and competitive remunerations for its Executive Directors to ensure that the Company attracts and retains the Executive Directors needed to run the Group successfully and consequently increase its value. In essence, the remuneration policy for Executive Directors shall be structured so as to link rewards to corporate and individual performance.

The level of remuneration for the Executive Directors shall be determined by the Board, with guidance from the JNRC, after also giving due consideration to the compensation levels for comparable positions in other companies in a similar industry.

The non-Executive Directors on the other hand will receive fixed based fees and not a commission or on a percentage of profits/turnover, as consideration for their duties. The remuneration of non-Executive Directors shall similarly be decided by the Board, with guidance from the JNRC, and the aggregate amount of Directors' fees to be paid to non-Executive Directors shall be subject to the approval of the shareholders at a General Meeting.

Notwithstanding the above, the Board must ensure that all Directors are adequately compensated for the risks and responsibilities they assume and the Directors remuneration packages remain competitive to attract and retain the Directors needed for the Group.

2.10 Delegation to Management

The Board's role is to govern the Group rather than to manage it. In governing the Group, the Board retains control over its statutory obligations and key strategic decisions and to monitor issues that significantly impact the Group. And to ensure that the Group will be operated effectively and efficiently within an appropriate control framework, the Board has delegated certain defined authority to the CEO and other Management personnel of the Group.

2.11 Directors' Continuing Education

In addition to the Mandatory Accreditation Programme ("MAP") required by Bursa Securities, Directors are also encouraged to attend suitable continuing education/training programmes conducted by highly competent professionals particularly those that are relevant to the Group's operations and business and/or to keep abreast with current developments of the industry, new statutory and regulatory requirements. This is so as it accordingly will enable the Directors to effectively discharge their duties and maintain active participation in the Board deliberations.

To ensure that the Board members will continuously fulfil their responsibilities to the Group, the Board will evaluate and determine the training needs of its Board members on an on-going basis.

2.12 Succession Review

In addition to reviewing the performance of the Directors and Board Committees, the Board shall develop and review periodically, the succession plan of the Group for the Chairman, the CEO and other key Management personnel, including the appointment, training and monitoring of such persons, based on recommendations by the JNRC.

2.13 Supply of/Access to Information

The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively. The Management consequently is responsible for providing the Board with the required information in an appropriate and timely manner.

All Directors whether as a full Board or in their individual capacity, shall have access to all relevant information as well as the advice and services of the Company Secretary. In addition, the Directors may engage external and independent professional advisors, whenever required, at the Company's expense, in order to discharge their duties and responsibilities more effectively.

2.14 Qualified and Competent Company Secretary

The Board is assisted by a qualified and competent Company Secretary who shall ensure that the Board procedures are strictly followed and the applicable rules and regulations are complied with.

The Company Secretary is also responsible for advising the Directors on their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition in dealing in securities and restrictions on disclosure of price-sensitive information. Further, the Company Secretary shall constantly update the Directors on any regulatory and legal developments.

The Company Secretary shall also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. The Company Secretary shall also ensure that all Board meetings are properly convened and that accurate and appropriate records of proceedings and resolutions passed are maintained. In addition, the Company Secretary shall ensure that any changes in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

3.0 BOARD COMMITTEES

3.1 The Board may from time to time establish committees, as it considers necessary, to assist it in discharging its duties and responsibilities. Having said this, the Board shall, at the minimum, establish the following committees to assist it in carrying out specific responsibilities for the Group:-

(a) ARMC

The key responsibilities of the ARMC is to assist the Board in assessing the risks and internal controls systems, overseeing financial reporting, evaluating the internal and external audit process as well as reviewing situations caused by conflict of interest and related party transactions of the Group.

A summary of the terms of reference of the ARMC is attached as Appendix I.

(b) JNRC

The primary role of the JNRC is to assist the Board in assessing and monitoring the composition, processes and performance of the Board, to ensure that the Directors and Management personnel, collectively, have the skills needed for effective and prudent management of the Group and the effectiveness of the Group's remuneration packages in serving the needs of the Group.

A summary of the terms of reference of the JNRC is attached as Appendix II.

The above committees shall operate within clearly defined terms of reference but the ultimate responsibility for the final decision remains with the Board.

4.0 CODE OF ETHICS AND CONDUCT

4.1 The Group has a Code of Ethics and Conduct which sets out the standards and ethical conduct expected of its Directors and personnel in the course of their tenure/employment with the Group. The Group communicates the Code to all its Directors and personnel upon their appointment/employment and it is deemed to be part of the terms and conditions of service.

4.2 The Group has in place a Whistleblowing Policy with a well-defined process to provide an independent feedback channel through which the Group's personnel or third parties may, in good faith, raise concerns about possible misconducts or other wrongdoings within the Group.

The Whistleblowing Policy also provides a framework to promote responsible and secure whistleblowing without fear of adverse consequences and permits the Group to address such reports by taking appropriate action(s).

5.0 REVIEW OF THE CHARTER

5.1 The Board shall review the Charter from time to time and make the necessary amendments it deems appropriate, to ensure that the Charter remains relevant to the Group's needs and continues to reinforce the strategic objectives of the Group and will reflect changing legal, regulatory and ethical standards. The Charter is made available for reference on the Company's website at www.giibworld.com