

INNOPRISE PLANTATIONS BERHAD (285072-M) **BOARD CHARTER**

1. INTRODUCTION

The Board of Directors (“Board”) is accountable and responsible for the overall stewardship of the conduct, affairs and performance of Innoprise Plantations Berhad (“IPB” or “the Company”), including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter set out the authorities, role and responsibilities, membership, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

This Board Charter would act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. THE BOARD

3.1 Board Membership

3.1.1 Board Composition

At least two (2) directors or one third of the Board, whichever is higher, shall be independent directors as defined in the Bursa Securities Main Market Listing Requirements. The Company should be headed by an effective Board which should lead and control the IPB Group.

There should be an effective Board composition, with a strong independent element where no individual or small group of individuals should be allowed to dominate the Board’s decision making.

The Board should be led by Directors who have the experience and background necessary to serve effectively on the Board and its committees, which may include financial, technical, business and other expertise as determined by the Board. Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.

Subject to the Company’s Articles of Association, the Board size will be set by the Board based on the recommendation of the Nomination Committee. The specific number of Board members will be reviewed from time to time with the objective of maintaining the right mix of skills, experience, expertise and independence.

3.1.2 Appointment and Re-election

The appointment of a new Director is a matter for consideration and decision by full Board, upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will not be guided solely by gender but rather the professionalism, integrity, expertise and experience of the candidate.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

3.1.3 Independent Directors

The assessment criteria for independence shall not limit to the length of service of an independent director. Particular emphasis is placed on the role of independent directors to facilitate independent and objective decision making in the Company, free from undue influence and bias.

Annual assessment of the independent directors will be undertaken in accordance with prescribed criteria.

3.1.4 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

3.2 Board Responsibilities

The main duties and responsibilities of the Board comprise the followings:-

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;

- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company;
- 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; and
- Reviewing the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

3.2.1 Roles of Chairman and Group Managing Director

The roles of the Chairman and Managing Director are separately and clearly defined and the positions are individually held by two (2) persons to ensure a balance of power and authority.

The role of Chairman is to oversee the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board.

The Managing Director has overall responsibility for the day-to-day management of the business and is responsible for the Group strategies, organizational effectiveness, implementation of Board policies and decisions.

3.2.2 Role of Executive Directors

Executive Directors are, as employees, involved in the day-to-day management of the Company. They are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

3.2.3 Role of Non-Executive Directors

Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

3.2.4 Role of Senior Independent Non-Executive Director

The responsibilities of the Senior Independent Non-Executive Director shall include the following:

- Ensure all Independent Directors have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- Consult the Chairman regarding Board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues, for example issues that arise from ‘whistle-blowing’; and
- Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Managing Director.

3.3 Board Meetings

The Board meets regularly at least four (4) times a year with due notice of issues to be discussed and records its deliberations and conclusions in discharging its duties and responsibilities. Additional meetings will be convened as and when required. In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

3.4 Board Committees

The Board delegates some of its function to the Committees of the Board which operate within clearly defined terms of reference with a view to assist in the fulfillment of its responsibilities.

Chairman of the various Committees report to the Board with a recommendation on all matters considered at its meeting. Minutes of each Committee meeting are also circulated to the Board.

The Board Committees established at IPB are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The respective Committees’ term of reference are set out in Appendices A, B and C.

4. **FORMAL SCHEDULE OF MATTERS RESERVED FOR BOARD'S DELIBERATION**

A formal schedule of matters would typically include, amongst others, the following:

- (i) Appointment of directors and committee members;
- (ii) Acquisitions and disposals of 20% or more in equity interest in another company where the value of transaction is more than RM1,000,000;
- (iii) Subscription of additional shares in associated and subsidiary companies;
- (iv) Acquisition of assets of non-operating nature and not in the ordinary course of business in excess of RM1 million per item or transaction – eg. Real estates, quoted investment;
- (v) Ratification of appointment and dismissal of senior staff – General Manager and above;
- (vi) Business plan;
- (vii) Risk management issues and resolution;
- (viii) Budget, approval and monitoring against actual performance, including variance reporting;
- (ix) Corporate exercises ie acquisitions, mergers, divestments and takeovers;
- (x) Regulatory changes that impact upon the Company's business;
- (xi) Corporate disclosures and announcements;
- (xii) Material litigation matters;
- (xiii) Any proposal to enter into any joint venture and any proposal to enter into any new business ventures;
- (xiv) Appointment or change of the Company's statutory and independent auditors;
- (xv) The recommendation or declaration of dividends or any changes or proposed change in the dividend policy of the Company or distribution of profits by way of dividends or reserve or otherwise;
- (xvi) Any incurring of borrowings, indebtedness and other liabilities and the giving of any guarantee, debenture or indemnity by the Company; and
- (viii) Any mortgage, charge, pledge or encumbrance over or of any assets of the Company.

5. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors shall have access to all information within the Company whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

The Board has also put into place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

6. DIRECTORS' ETHICS

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics") as set out in Appendix D.

The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee. If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.

APPENDIX A

Audit Committee

Terms of Reference

1. Membership

- The Committee shall be appointed by the Board. The majority of the Committee must be Independent Directors of the Company and must be composed of at least three (3) members. All members of the Committee should be Non-Executive Directors.
- The Chairman of the Committee shall be appointed by the Board whom must be an Independent Director. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at each meeting of the Committee.
- No alternate director is allowed to be appointed as a member of the Audit Committee.
- A former key audit partner must observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.
- All members of the Audit Committee should be financially literate and at least one (1) member of the Audit Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Securities.

2. Authority

- The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-
 - (a) have explicit authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary; and
 - (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management and the external auditors in order to be kept informed of matters affecting the Company and its Group.

3. **Duties**

The Audit Committee shall discharge the following duties and report the same to the Board of Directors of the Company:-

- to review with the external auditors, their audit plan;
- to review with the external auditors, their evaluation of the system of internal controls;
- to review with the external auditors, their audit report;
- to review and assess the suitability and independence of external auditors and to review the external auditors' performance on an annual basis based on the following four (4) key areas after completion of the year-end audit:
 - i) quality of service;
 - ii) sufficiency of resources;
 - iii) communication with management; and
 - iv) independence, objectivity and professionalism

The Audit Committee may request the Managing Director and/or Executive Director to join the assessment.

- to review the adequacy of the Audit Committee's policies and procedures for the provision of non-audit services by the Group's auditors;
- to obtain a written confirmation from the external auditors on an annual basis or at any time as the Audit Committee may request, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- to review the assistance given by the employees of the Company to the external auditors;

- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review any appraisal or assessment of the performance of members of the internal audit function;
- to review any appointment or termination of senior staff members of the internal audit function;
- to take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- to review any major findings of internal investigations and management's response;
- to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) any changes in or implementation of major accounting policy and practices;
 - (ii) major judgemental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) significant and unusual events; and
 - (vi) compliance with accounting standards and other legal requirements.
- to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- to review the external auditor's management letter and management's response;
- to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to consider the audit fee of the external auditors;
- to consider the appointment of the external auditors and any letter of resignation from the external auditors of the Company and to deal with any questions of resignation or dismissal;
- to review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;

- to promptly report to Bursa Securities if a matter reported by the Audit Committee to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements; and
- to consider other topics, as defined by the Board.

4. **Notice of meeting**

- The Audit Committee should meet regularly, with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities.
- At least seven (7) days' notice in writing is required for convening the meeting which shall be held at any place as may be determined by the Audit Committee.

5. **Votes of members**

- Questions arising at the Committee meeting shall be decided by a simple majority of votes. Where two (2) members of the Audit Committee form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote in the question at issue, shall not have a casting vote.

6. **Attendance at meetings**

- The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee, specific to the relevant meeting. However, the Committee should meet with the external auditors without executive Board members present at least twice a year.
- A quorum shall be two (2) members and the majority of members present must be Independent Directors.
- The Company Secretaries shall be the Secretaries of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

7. **Frequency of meetings**

- Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. In the intervals between Audit Committee meetings, for exceptional matters requiring urgent Audit Committee decision, approvals are sought via circular resolutions signed by all members, which are supported with sufficient information required to make an informed decision.

8. **Reporting procedures**

- The Company Secretaries shall be responsible for keeping the minutes of meeting of the Committee, circulating the minutes of meetings of the Committee to all members of the Board and follow up on any outstanding matters.

APPENDIX B

Nomination Committee

Terms of Reference

The Board has delegated to the Nomination Committee the responsibility for proposing new nominees to the Board, recommending Directors to fill the seats on Board Committees and for assessing Directors, Board and Board Committees on an ongoing basis.

The Nomination Committee should make comprehensive and independent assessment of the candidate without any influence from the major controlling shareholders, Managing Director or Executive Directors.

1. Composition

The Nomination Committee established by the Board should consist of at least two (2) members, all being Non-Executive Directors and a majority of whom are independent.

The members of the Committee, including the Chairman shall be appointed by the Board. Composition of the Committee may be reshuffled by the Board as and when required.

2. Duties

- recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee will not be guided solely by gender but rather the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- recommend to the Board, Directors to fill the seats on Board Committees;
- assist the Board in an annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and this should be disclosed in the annual report;
- annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors and Managing Director;

- assess the desirable balance in Board membership, considering the structure and development of excessive number of directorships;
- assess desirable number of Independent Directors;
- consider the possible representation of interest groups;
- conduct periodic discussion with the Board on succession planning for the Board Chairman, Managing Director and other members of senior management and to identify potential successor candidates for these roles based on the recommendations from the Chairman and Managing Director along with a review of any development plans recommended for such individuals; and
- such other responsibilities as may be delegated by the Board from time to time.

APPENDIX C

Remuneration Committee

Terms of Reference

The objective of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to the Director's remuneration policies and procedures and to ensure that all Executive Directors (including the Managing Director), and senior management at director level are fairly rewarded for their individual contributions to the Company's overall performance. Such remuneration package offered must also commensurate with the level of executive responsibilities delegated.

The Remuneration Committee is also responsible for ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long-term profitability and value.

1. Composition

Members of the Committee, including the Chairman, shall be appointed by the Board, based on the recommendation of the Nomination Committee. Composition of the Committee may be reshuffled by the Board, on the recommendation of the Nomination Committee, as and when required. The Committee shall made up of at least three (3) members, majority of whom shall be Non-Executive Directors.

2. Duties

- to assist the Board in determining a framework or broad policy for the remuneration of the Executive Directors and senior management staff at director level;
- the Board as a whole determines the remuneration package of Non-Executive Directors, including Non-Executive Chairman, taking into consideration of fee levels and trends for similar positions in the market, time commitment required from the Director as well as any additional responsibilities undertaken by such Director. The Non-Executive Directors should abstain from discussing their own remuneration;
- to review and recommend to the Board the remuneration of the Executive Directors and senior management staff at director level in all its forms, drawing from outside advice as necessary. The Executive Directors play no part in deciding their own remuneration and the Directors concerned shall abstain from all discussion pertaining to their remuneration;
- to review and recommend annual salary increments and bonuses of Executive Directors and senior management staff at director level;
- to review and recommend to the Board on all aspects of any share option schemes and other incentive schemes (if any) to be established by the Company, including but not

limited to (subject always to the rules of those schemes and any applicable legal and Listing Requirements):

- i) the selection of those eligible Directors of the Company and its subsidiary companies and senior management at director level to whom options should be granted;
 - ii) the numbers of shares over which options are to be granted; and
 - iii) the imposition of any objective condition which must be complied with before any option may be exercised.
- to consider other benefits or changes in those benefits granted to the Directors and senior management at director level and report any conclusions to the Board.

APPENDIX D

SURUHANJAYA SYARIKAT MALAYSIA Code of Ethics for Company Directors

A. INTRODUCTION

Malaysia is increasingly dependent on the private sector for sustainable growth in commercial and business activities as well as for overall economic growth, especially with the positive economic developments and the privatisation of national operations such as the postal service, telecommunications, power generation and sewerage system providing disclosure of company reports and accounts for in-depth review.

The business environment and laws will continue to become more complex and this has imposed a greater demand for reasonable competence amongst company directors. It is important to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity.

The experience within the country has exposed a critical need for the formulation of corporate accountability standards in order to establish an ethical corporate environment.

B. PRINCIPLE

The principle of this code is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

C. PURPOSE

This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

1. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.
2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

D. DEFINITION

In the context of this code, a company director means any person who holds the position of director in a corporation irrespective of any designation used, including anyone who follows the directives and advice of a corporate director and who usually takes action, as well as an in-turn or substitute director. A director also includes both executive and non-executive directors as well as executive and non-executive chairpersons.

E. CODE OF ETHICS

In the performance of his duties, a director should at all times observe the following codes:

1. Corporate Governance

Should have a clear understanding of the aims and purpose, capabilities and capacity of the company;

1. Should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
2. Should ensure at all times that the company is properly managed and effectively controlled;
3. Should stay abreast of the affairs of the company and be kept informed of the company's compliance with the relevant legislation and contractual requirements;
4. Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
5. Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the company in which he holds directorship;
6. Should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
7. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
8. Should disclose immediately all contractual interests whether directly or indirectly with the company;
9. Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
10. Should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
11. Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the company is at stake.

2. Relationship with Shareholders, Employees, Creditors and Customers

1. Should be conscious of the interest of shareholders, employees, creditors and customers of the company;
2. Should at all times promote professionalism and improve the competency of management and employees; and
3. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

3. **Social Responsibilities and the Environment**

1. Should ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the company has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business as the case may be;
2. Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
3. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
4. Should be more proactive to the needs of the community and to assist in society-related programmes in line with the aspirations of the concept of 'Caring Society' in Vision 2020; and
5. Should ensure that the activities and the operations of the company do not harm the interest and well-being of society at large and assist in the fight against inflation.