



PLS PLANTATIONS BHD

Registration No. 198701001365 (160032-K)

BOARD CHARTER

Introduction

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. The Board of Directors (“Board”) has overall responsibility for the proper conduct of the Company’s business and assumes responsibility of effective stewardship and control of the Company.

Purpose

This Board Charter sets out the authority, role, functions, composition and responsibilities of the Board to assist the Board members to be aware of their duties and responsibilities.

Authority

The Board derives its authority to act from the Constitution of the Company and the prevailing laws and regulations governing companies in Malaysia.

Composition, Appointment and Re-election

The constitution of the Company provides for a minimum of two (2) Directors and a maximum of sixteen (16) Directors. At least 2 directors or 1/3 of the board of directors, whichever is the higher are independent directors and 1 director is a woman director. If the number of directors is not 3 or a multiple of 3, then the number nearest 1/3 of the board must be independent directors. The Board should comprise suitably qualified individuals with diverse set of skills, knowledge, expertise and experience.

On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent Directors, mix of skills and the tenure of each director and annual re-election of director. The Board considers the appointment of new director upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and in the case for the position of independent non-executive directors, their tenure and ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Board is mindful of the recommendation for Board diversity and, under this circumstance, the Nominating Committee shall ensure that women candidates are sought during its recruitment exercise and consider gender diversity in its recommendation to the Board.

The Board is of the opinion that there is no need for a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Evaluation of suitability of any candidate is based on the criteria as stipulated above to ensure that the candidate bring value and expertise to the Board. However, the Company should ensure at least one-woman director.

Independence of Director

The Board assesses the independence of the Directors annually by having regard to the criteria adopted for assessing the independence of Directors. The Board would apply these criteria upon admission, annually and when any new interest or relationship develops. Pursuant to the Main Market Listing Requirements, at any one time, at least two (2) or one-third (1/3), whichever is the higher, of the Board members should comprise Independent Directors.

New Directorships

All the Board members shall notify the Chairman of the Board before accepting any new directorships in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The Chairman of the Board shall notify all the Board members before accepting any new directorships in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The notification should include an indication of the time that will be spent on the new appointment.

Role of the Executive Chairman

The Executive Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Executive Chairman is primarily responsible for:-

- Representing the Board to shareholders;
- Ensuring the integrity of the governance process;
- Maintaining regular dialogue with the Executive Directors (“ED”) over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- Functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
- Ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- Ensuring that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance;
- Guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis;
- Performing other responsibilities assigned by the Board from time to time; and
- The Chairman of the Board should not be a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee.

Rights of directors

Unless otherwise provided by or subject to any applicable law or MMLR, the Company must ensure that every director has the right to the resources, whenever necessary and reasonable for the performance of his/ her duties, at the cost of the Company and in accordance with a procedure to be determined by the Board of Directors, including but not limited to:

- (a) obtaining full and unrestricted access to any information pertaining to the Company;
- (b) obtaining full and unrestricted access to the advice and services of the company secretary; and
- (c) obtaining independent professional or other advice.

Qualification, vacation of office and removal of directors

The Company must ensure that no person is appointed or allowed to act as a director of the Company or be involved whether directly or indirectly in the management of the Company, including acting in an advisory capacity in relation to the Company, if he/ she:

- (a) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
- (b) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
- (c) has been convicted by a court of law of an offence under the securities laws or the corporation laws of the Company's place of incorporation,

within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

The office of a director will become vacant if the director:

- (a) falls within the circumstances set out in section 208 of the Companies Act;
- (b) is absent from more than 50% of the total board of directors' meetings held during a financial year;
or
- (c) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences set out above.

For the purposes of item (c) above, if a director is appointed after the commencement of a financial year, then only the board of directors' meetings held after his/ her appointment will be taken into account.

Where a director is removed from office, the Company must forward to the Exchange a copy of any written representations made by the director in question at the same time as copies of such representations are sent to members of the Company under section 207(3)(b) of the Companies Act, unless copies of such representations need not be sent out by reason of the circumstances specified in section 207(5) of the Companies Act.

Restriction on directorships

A director of the Company must not hold more than 5 directorships in listed issuers.

Directors' Training and Development

The company has adopted Directors' Training Policy which entail the details for directors' training programme.

Role of the Managing Director ("MD")

The position of the MD in essence is to ensure the effective implementation of the Company's Business Plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. The MD, in association with the Chairman, is accountable to the Board for the achievement of the Company's goals and objectives and the MD is accountable to the Board for the observance of management limitations. The MD is expected to act within all specific authorities delegated to him or her by the Board. Generally, the MD is responsible to the Board for the following:-

- Executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
- Effectively oversee the human resources of the organisation with respect to key positions in the Group hierarchy and determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
- Assures the Company that its corporate identity, products and services are of high standards and are reflective of the market environment; be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
- Ensures compliance with governmental procedures and regulations;
- Coordinates business plans with the businesses heads, coordinates management issues through the Board, and divisional function groups and cost containment process in consultation with the Group Accounts and Executive Directors;
- Maintains and facilitates a positive working environment and good employee relations;
- Assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
- Assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

Role of the Executive Director ("ED")

- Overseeing the day-to-day operations of the Group and to ensure the smooth and effective running of the Group;
- To assists MD to ensure that financial management practices are 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 relevant laws and regulations;
- The conduit between the Board and the Management in ensuring the success of management functions; and
- To implements the policies, strategies and decisions adopted by the Board.

Role of Independent Director (“ID”)

To execute their role, ID, have similar responsibilities to those of other directors. The fiduciary duties of care, diligence and acting in good faith apply equally to Independent Directors as to other directors. In view of faith imposed on them by various agencies they are more bound to execute their functions with impartiality. The Role of ID as follows :-

- Prepare themselves thoroughly for the meeting;
- Be objective in forming sound decisions relating to the Company and its business;
- Be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates;
- Be committed to decisions made as a Board;
- Continuously seek information both within and if required outside professional knowledge to keep abreast with the latest developments in the areas on the Company’s operations;
- Be informed on laws and regulations influencing their functioning as directors;
- Utilise the expertise they possess to the good advantage of the Company; and
- To bring deliberations while evaluating the Board’s and the management’s decisions, and creating a balance in the interest of the shareholders.

Role of Senior Independent

The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman/MD and/or Executive Directors.

Roles and Responsibility of the Board

The Board assumes, amongst others, the following roles and responsibilities to facilitate the Board in discharging its fiduciary duties in respect of the Group:-

- Review and adopt a strategic plan for the Group
- Oversee and evaluate the conduct of the Group’s businesses
- Identify principal risks and ensuring the implementation of appropriate systems to manage these risks
- Establish a succession plan for senior management.
- Oversee the development and implementation of a shareholder communication policy for the Company
- Review the adequacy and the integrity of the management information and internal controls system of the Group
- Formulate corporate policies and strategies
- Approve key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limits of authority

Time Period of Office

- All Directors are subject to retirement by rotation at least once in every three years and is eligible for re-election.
- New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.
- The tenure of an Independent Director should not exceed a cumulative of nine years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the director as an Independent Director.

Time Commitment of Director for Accepting New Directorships

- Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board and the performance of its duties and to give sufficient time and attention to the affairs of the Company/ Group.
- Any 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.

Directors' Training and Development

- In addition to the mandatory programmes as required by Bursa Securities, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.
- The Nomination Committee shall assess the training needs of the Directors and ensure Directors have access to continuing education programme.
- The Board shall disclose in the Annual Report the training programmes attended by the Directors.

In carrying out its duties, the Board has amongst others, a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, material acquisitions and disposals, material capital projects and the monitoring of the Group's operating and financial performance.

Board Committees

The Board reserve the right to establish Committees from time to time in the discharge of its duties and responsibilities. The Board has established the following committees which shall be operated under clearly defined terms of reference:-

- a. Audit and Risk Management Committee

The Audit and Risk Management Committee assist and support the Board's responsibility to oversee the Company's operations by providing a means for review of the Company's processes for producing financial data, its internal controls and independence of the Company's external and internal auditors.

b. Nomination Committee

The Nomination Committee oversees matters related to the nomination of new directors, annually review the required mix of skills, experience and other requisite qualities of directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual director.

The Nomination Committee comprises exclusively of non-executive directors, a majority of members must be independent directors.

The Board should establish an effective risk management and internal control framework.

All directors should objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company. All directors must act with integrity, lead by example, keep abreast of his responsibilities as a director and of the conduct, business activities and development of the company.

To enable the board to discharge its responsibilities in meeting the goals and objectives of the company, the board should–

- together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on management’s proposals for the company, and monitor its implementation by management;
- ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company’s business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- ensure that the company has in place procedures to enable effective communication with stakeholders;
- ensure that all its directors are able to understand financial statements and form a view on the information presented; and
- ensure the integrity of the company’s financial and non-financial reporting. Courts have held that it is the duty of every director to read the financial statement of the company and carefully consider whether what they disclose is consistent with the director’s own knowledge of the company’s affairs.

c. Remuneration Committee

The Remuneration Committee is primarily responsible to recommend to Board the remuneration of executive directors in all its form, drawing from outside advice if necessary.

The Chairman of the respective Committees will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board. The Board may also delegate specific functions to ad hoc committees, a Director, employee or other person as and when required.

Sustainability Reporting

Provides oversight to Sustainability Strategies and action items.

- a. Review the Sustainability Report for inclusion in the Annual Report of the Company.
- b. Review Sustainability Policy from time to time to ensure align with the latest regulatory compliance.

Board Meetings

The Board will have minimally four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. Notice of meetings setting out the agenda and accompanied by the relevant Board papers are given to Directors at least 7 days prior to the Board meeting to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated. As a Group practice, any Director who wishes to seek independent professional advice in furtherance of his duties may do so at the Group's expense. Directors shall have access to all the information and records of the Company.

Code of Conduct and Ethics

The Board observes the Company Directors' Code of Conduct and Ethics established by the Companies Commission of Malaysia.

Annual General Meeting ("AGM")

The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend. The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders. The Chairman encourages active participation by the shareholders during the AGM by serving notice earlier than the minimum notice period. The Chairman and, where appropriate, the MD/ED responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting. Where necessary, the shareholders are encouraged to vote by poll for substantive resolution and the Board must announce the detailed result on each resolution.

Extraordinary General Meeting ("EGM")

The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

REMUNERATION POLICY

- The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

- The level of remuneration for the MD / Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- No Director other than the MD / Executive Directors shall have service contract with the Company.
- There shall be adequate disclosure in the Annual Report on the Remuneration Policy including a note on the remuneration of Directors.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors may access information on the Company/ Group and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making. Directors will be entitled to as follows :-

- Access members of the senior management via the MD / ED at any time to request relevant and additional information or seek explanations.
- Have access to internal and external auditors, without management's presence
- Seek independent professional advice with the Chairman/MD's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

FINANCIAL REPORTING

Transparency

- The Directors shall ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two months after the end of each quarterly financial period.
- The auditors' report shall contain a statement from the auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

Company Auditors

- The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's auditors through its Audit Committee.
- The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company's auditors. The Company shall ensure that the Company's auditors do (not supply a substantial volume of non-audit services to the Company.)
- Appointment of the Company's auditors is subject to approval of shareholders at General Meetings. The Company's auditors have to retire during the AGM every year and be reappointed by shareholders for the ensuing year.

Investor Relations and Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.

Group's website, www.plsplantations.my, provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

Relationship with Other Stakeholders

In the course of pursuing the vision and mission of the Group, the Board recognises that no business organisation can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration. The Board is responsible for:-

- ensuring the Group's strategies promote sustainability;
- ensuring the rights of other stakeholders are not being compromised;
- ensuring the Group has in place a policy to enable effective communication not just with shareholders, but with all stakeholders;
- establishing policies governing the Group's relationship with other stakeholders and the broader community; and
- establishing and maintaining environmental, employment and occupational health and safety policies.

Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post. The key role of the Company Secretary is to provide unhindered advice and services for the directors as and when the need arises, to enhance the effectiveness functioning of the Board and to ensure regulatory compliance. Other primary responsibilities of the Company Secretary shall include:-

- The Board shall establish, review and together with management implement appropriate policies and procedures on whistleblowing; and
- The Board should encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover up of any of these in the workplace.

Review of the Board Charter

The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

Publication of the Charter

Key features of the charter are to be outlined in the Annual Report. A copy of the charter is available at the Company's website.