

**BP PLASTICS HOLDING BHD
(644902-V)**



BOARD CHARTER

Revised as at 1 August 2018

1. INTRODUCTION

The Board of Directors of BPPLAS (“the Board”), is responsible for the leadership and corporate governance practices of the Group and Company. In directing and managing the Group’s businesses and affairs, the Board is committed to ensure that the principles and recommendations of the Malaysian Code on Corporate Governance (“MCCG”) and good governance standards are practised throughout BPPLAS as a fundamental part of discharging its responsibility, and to ensure sustainable value creation framework is in place to support the continuous growth of the Group as a long-term commitment to its shareholders and other stakeholders.

2. OBJECTIVES

This Board Charter sets out the composition, roles, responsibilities, structure and processes of the Board. The objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as governed by the Company’s Constitution, the Companies Act 2016 (“CA2016”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), as well as the various legislations and regulations affecting their conduct. In addition, the principles and practices of good corporate governance are to be applied in all their dealings with and on behalf of, the Company.

This Board Charter shall serve as source of reference and primary induction literature to provide insights to existing and prospective Board members in their performance and discharge of their fiduciary duties and responsibilities. All Board members are expected to carry out their duties with integrity, honesty and to exercise their powers for proper purpose and in good faith in the best interest of the Company. This Board Charter shall constitute, and form, an integral part of each Directors’ duties and responsibilities.

3. THE BOARD

3.1 Board Membership

3.1.1 Board Composition

3.1.1.1 The Board should consist of individuals with diverse background and equipped with professional and technical knowledge to effectively carry out its roles in setting the Company's strategy and ensuring its implementation. The Board comprises qualified and high caliber individuals with wide-ranging experiences, skills and expertise in audit, accounting, taxation, corporate finance and law, and plastic industry.

3.1.1.2 The number of Directors including the Managing Director shall not be less than two (2) nor more than twelve (12). At any one time, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors.

In line with Practice 4.1 of the MCCG, the Group shall also strive to fulfill the recommendation that at least half of the Board comprises Independent Directors.

3.1.1.3 The Independent Non-Executive Directors are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

3.1.1.4 The Independent Non-Executive Directors are not engaged in the daily operations and management of the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Independent Non-Executive Directors, through their vast and wide corporate experiences, and qualifications provide effective contributions and support to the Board.

3.1.1.5 Only Executive Directors will be engaged by service contracts. Upon the expiry of his/her tenure, the Board may also, with the recommendation of the Nominating and Remuneration Committee and if considered appropriate, appoint him/her as a Non-Executive Director until the conclusion of the next Annual General Meeting, whereby he/she shall be eligible to offer himself/herself for re-election.

3.1.2 Appointments and Re-elections

3.1.2.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nominating and Remuneration Committee.

3.1.2.2 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next Annual General Meeting of the Company but shall be eligible for re-election.

3.1.2.3 Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

3.1.3 Independence

3.1.3.1 As recommended by Practice 4.2 of the MCCG, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may be re-designated and continue to serve on the Board as a Non-Independent Director.

3.1.3.2 In the event the Board intends to retain an Independent Director beyond nine (9) years, the Board should justify and seek annual Shareholders' approval.

3.1.3.3 If the Board continues to retain the Independent Director after the twelfth (12th) year, the approval of shareholders will be sought through two-tier voting process as described in the Guidance to Practice 4.2 of the MCCG.

3.1.4 Other Directorships

3.1.4.1 As per Bursa Securities MMLR Paragraph 15.06, a Director of listed issuer must not hold more than 5 directorships in listed issuers. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the

Company's business and does not affect the discharge of his duty as a Director of the Company.

3.1.4.2 In line with best CG practices, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships in other companies. In this instance, Board members are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year.

3.1.4.3 Prior to the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Company Secretary in writing. The said notification should include an indication of time that will be spent on the new appointment.

3.1.5 Directors' Remuneration

3.1.5.1 The Board has adopted a Remuneration Policy to set the remuneration of its Directors and Senior Management. The remuneration system takes into account the skills, responsibility and performance of the individual, as well as factors such as the industry and competitive environment in which the Group operates. A copy of the Remuneration Policy of Directors and Senior Management is available on the Company's website on www.bpplas.com.

3.1.5.2 The remuneration of the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the levels of remuneration will be based on the experience, level of responsibilities and the remuneration package for similar positions in the market and time commitment required/undertaken by them.

3.1.5.3 The determination of the remuneration of Directors shall be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration.

3.1.6 Provision of Business or Professional Services by Directors

3.1.6.1 Directors shall not provide business or professional services on an ongoing nature to the Company.

3.1.6.2 Notwithstanding the provision of the preceding paragraph 3.1.6.1, the Company is at liberty to:-

- engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
- engage the services of a party related to a Director's organisation,

so long as the terms of engagement are on arms-length, competitive basis, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

3.1.7 Directors' Training and Continuing Education

- 3.1.7.1 All newly appointed Directors have to complete the Mandatory Accreditation Programme (MAP) as required by Bursa Securities and undergo the Company's orientation and education program for new Directors. The orientation will be facilitated by the Management, to provide new directors with overview of the Company's vision and mission, nature of business, aspirations and current plans.
- 3.1.7.2 The Directors shall continue to update their knowledge and enhance their skills through the relevant continuing education programs/seminars/workshops/conferences.
- 3.1.7.3 The Board shall also review and evaluate the training needs of its Directors on an on-going basis by determining areas that would best strengthen their contribution to the Board.

3.2 Board Role

3.2.1 Duties and Responsibilities

The Board is to effectively represent the shareholders and stakeholders in setting the Company's direction, strategy implementation, as well as promote the interests of the Company with a view to enhancing long-term shareholder value.

3.2.2 Discharge of Directors' Duties

- 3.2.2.1 Directors are to carry out their duties within the authority and scope assigned by the Board on its activities.
- 3.2.2.2 In discharging his/her duties, each Director must:-
- (a) exercise care, skill and diligence;
 - (b) act in good faith in the best interest of the Company;
 - (c) not improperly use his/her position or misuse information of BPPLAS; and
 - (d) commit the time necessary to discharge his/her role as a Director.

3.2.3 Matters Reserved for the Board

The following list of matters are reserved for the Board's attention and approval, except where they are expressly delegated by the Board to a Board Committee, the Chairman, or Managing Director (MD):-

- reviewing and approval of strategic plans of the Company;
- approval of annual budgets, including major capital commitments and capital expenditure budgets;
- approving new major ventures, with view to ensuring that Management is proactively seeking

- to grow the Business through innovation, technology, new products and the development of its business capital;
- the delegation of powers, authorities and discretion to Management by way of properly formulated limits of authorities (“LOA”) with the requisite control and check and balance. Matters beyond the limits allocated to Management shall be vested with the Board. All revisions to the LOA must be brought to the attention of and have the approval of the Board or to any Board Committee as authorised by the Board;
 - reviewing and identifying key business risks and ensuring the implementation of appropriate systems to manage these risks;
 - reviewing the adequacy and the integrity of the Group and Company’s internal controls and risk management framework;
 - appointment of Board members, Board Committee members, MD and the Company Secretaries;
 - succession planning, including where appropriate, replacing senior or key management personnel;
 - ensuring that the financial statements of the Group and Company are true and fair, and conform with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of the Companies Act 2016 (“CA2016”) and the MMLR of Bursa Securities; and
 - any matters and/or transactions that fall within the ambit of the Board pursuant to the CA 2016, MMLR of Bursa Securities, Company’s Constitution, Terms of Reference (“TOR”) of respective Board Committees or any other applicable rule.

3.2.4 Chairman and Managing Director (MD)

3.2.4.1 The positions of the Chairman (Non-Executive) and MD are held by two different individuals. Their roles are separate and distinct from each other, with clearly defined responsibilities between the running of the Board and the management of the Company’s daily operations respectively, to ensure a balance of power and authority.

3.2.5 Chairman

3.2.5.1 The Board will appoint a Chairman from among the Non-Executive Directors.

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

- To lead the Board, and ensure its effectiveness on all aspects of the Board’s role;
- To ensure the efficient organisation and conduct of the Board’s functions and meetings;
- Reviewing the minutes of meetings of the Board before meetings, to ensure that such

minutes accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed;

- To facilitate the effective contribution of all Directors at Board meetings and to ensure that no Director, whether Executive or Non-Executive, dominates discussion, that appropriate discussion takes place and that relevant opinions among Directors are forthcoming;
- To promote constructive and respectful relations between Directors, and between the Board and Management; and
- To ensure effective communication with shareholders and relevant stakeholders.

3.2.6 Managing Director (MD)

3.2.6.1 The MD, together with the Executive Directors, oversees the daily operations of the Group and implementation of the Board's policies, decisions and business strategies.

3.2.6.2 The responsibilities of the MD, includes the following:-

- To develop and implement corporate strategies for the Group;
- To supervise Management and/or head of departments who are responsible for all functions contributing to the success of the Group;
- To ensure the efficiency and effectiveness of the operations of the Group;
- To assess and identify business opportunities which are viable and of potential benefit to the Group; and
- To bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.2.7 Board Committees

3.2.7.1 To assist the Board in fulfilling its duties and responsibilities, the following Board Committees were established, with clearly defined Terms of Reference ("TOR") in order to enhance business and corporate efficiency and effectiveness:-

- (a) Audit Committee;
- (b) Nominating and Remuneration Committee; and
- (c) Risk Management Committee.

3.2.7.2 The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings, and such reports will be presented at the Board meeting.

3.2.7.3 Details of the membership, TORs and summary of the duties and responsibilities of the respective Board Committees are available on the Company's website on www.bpplas.com.

3.3 **Meeting of the Board and Supply of Information**

3.3.1 The Board shall conduct at least four (4) scheduled meetings in each financial year, with additional meetings convened as and when the Board's approval and guidance is required.

- 3.3.2 All Board meetings shall be chaired by the Chairman of the Board. In the absence of the Chairman to preside over the meeting of the Board, the Directors present shall choose one of their number to be Chairperson of the meeting.
- 3.3.3 The Board has sole authority over its meeting agenda and exercises this through the Chairman of the Board. Any Director may, through the Chairman, request the addition of an item to the agenda.
- 3.3.4 Board papers shall be provided to Directors within a reasonable timeframe prior to the relevant meeting to enable them to familiarise on the issues /matters to be discussed and participate in an informed manner. A set of Board papers for each item of agenda, including financial reports and notices are promptly sent to Directors at least seven (7) days prior to any Board meeting.
- 3.3.5 Directors will use their best endeavour to attend Board meetings. Directors who are unable to attend a meeting should advise the Chairman at the earliest date possible and notify/confirm his or her absence in writing to the Secretary.
- 3.3.6 At the meeting, the Board may consider amongst other things:-
- report of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval;
 - performance reports of the Group, which include information on financial, industry and strategic business issues and updates;
 - major operational, financial, technical, legal and regulatory issues;
 - technological developments and updates;
 - reports on risk management;
 - reports on human capital, organisational and talent management; and
 - Board Papers on other matters of discussion/approval.

3.4 Access to Information/Advice

- 3.4.1 Directors are entitled to have full and unrestricted access to all relevant company information, records, properties and personnel at all reasonable times.
- 3.4.2 Directors are expected to strictly observe confidentiality of the Company's information. Directors are refrained from making improper use of information gained through the position of director for their own interest, or their employees' interest, if applicable.

4. COMPANY SECRETARY

- 4.1 The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

- 4.2 All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the Business.
- 4.3 The appointment and removal of the Company Secretary shall be a matter of the Board as a whole. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees of the Board on all governance matters.

5. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

- 5.1 The Board is to place emphasis in promoting effective communication and proactive engagements with the Company's shareholders. The Board shall also ensure high standards of transparency and accountability in its communication with shareholders, as well as with potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.
- 5.2 The Board ensures timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Company's performance and operations in addition to the various announcement made during the year to Bursa Securities.
- 5.3 All relevant press releases should be vetted through by the MD and/or the Company Secretary to ensure that information that has yet to release to Bursa Securities is not released to the press beforehand.
- 5.4 The Board ensures that the Company conducts meetings with financial analysts or other investment professionals from time to time (using teleconferencing where appropriate) to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests, subject always to the relevant laws on the disclosure of material price sensitive information.
- 5.5 The Board views general meetings as an important mechanism in shareholders communication. The Board shall encourage shareholders participation at general meetings by ensuring among others that:-
- the Board and/or Senior Management conducts a business presentation with a question and answer session;
 - reasonable time is provided for discussion of genuine questions at the meeting; and
 - shareholders are informed of their right to demand a poll vote at the commencement of the meeting.
- 5.6 The Board should ensure the Company leverages on information technology for effective corporate communication and the Company's website to provide easy access to corporate information pertaining to the Company and its activities to the general public.

6. CODE OF CONDUCT

- 6.1 The Group's Code of Conduct ("the Code") applies to all Directors and employees of the Group who are required to affirm their commitment to observe the Code.
- 6.2 The Code serves as documentation of the commitment of the Directors and employees of BPPLAS to do business in a manner that is efficient, ethical, effective and fair. The Code is meant as a reference for all Directors and all levels of employees as well as vendors, dealers and other third parties that engage in business dealings with the Group.
- 6.3 The Code also covers the Group's policy on corporate disclosure and whistle blowing (under Effective Communication). A copy of the Code is available on the Company's website at www.bpplas.com.

7. APPLICATION OF BOARD CHARTER

- 7.1 The principles set out in this Board Charter are:-
- (a) Kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance or new/amended Listing Requirements are issued by the relevant regulatory authorities from time to time;
 - (b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - (c) Summarised in the Annual Report of the Company as part of the narrative statements by the Directors under the Corporate Governance Overview Statement.
- 7.2 The Board endeavours to comply at all times with the principles and practices as set out in this Board Charter.

8. REVIEW OF THE BOARD CHARTER

- 8.1 The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current laws/regulations and good governance practices.
- 8.2 The Board Charter is made available for reference on the Company's website at www.bpplas.com.