



BOARD CHARTER

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INTRODUCTION

The Board of Directors (“the Board”) of Greenyield Berhad (“Greenyield” or “the Company”) recognizes Corporate Governance as being vital and important to the success of Greenyield Berhad and its Group of Companies (“the Group”) businesses. They are unreservedly committed to applying the principles necessary to ensure that the principles of good governance are practiced in all of its business dealings in respect of its shareholders and other stakeholders.

The Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities; and responsible for the Company in achieving the highest level of business conduct. The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.

In this Board Charter, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted and shall include all by-laws, instruments, orders, rules and regulations.

OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their fiduciary duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles.

1. BOARD OVERALL RESPONSIBILITIES

- 1.1 The Board is leading and managing the Company in an effective and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed and have a legal duty to act in the best interest of the Company.
- 1.2 The Board assumes, amongst others, the following duties and responsibilities:-
- a) Reviewing and adopting the overall strategic plans and programs for the Company and the Group;
 - b) Overseeing and evaluating the conduct and performance of the Company and Group's businesses including its control and accountability systems;
 - c) Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
 - d) Overseeing the development and implementation of shareholder and stakeholder communications policy;
 - e) Approving major capital expenditure and capital management;
 - f) Reviewing the adequacy and the integrity of the management information and internal controls system of the company; and
 - g) Ensuring that appropriate plans are in place in respect of the succession plan for the senior management of the Group.

2. BOARD STRUCTURE

- 2.1 There are two (2) key tasks at the top of the Company, the running of the Board and the Executive Directors' responsibility for the running of the Company's business. There should be a clear division of responsibility at the head of the Company to ensure a balance of power and authority.
- 2.2 The Board should provide leadership and vision to the Company in a way that will enhance shareholders value and ensure long-term sustainable development and growth of the Company.
- 2.3 The role of the Executive Chairman and Group Managing Director are executed by same person. Notwithstanding this, there shall at all times be a strong independent element on the Board and there shall at all times be adequate measures and controls to ensure that there is balance of power and authority, such that no individual has unfettered powers of decision.
- 2.4 Role of the Chairman
- 2.4.1 The role of the Chairman and the Managing Director/ Chief Executive Officer shall be distinct and separated to ensure a balance of power and authority.
- 2.4.2 The responsibilities of the Chairman, amongst others, are as follows:-
- a) To lead the Board and ensure its effectiveness of all aspects of its role;

- b) To represent the Board to the shareholders and indirectly to the general public for Company's performance;
- c) To maintain a relationship of trust with and between the Executive and Independent Non-Executive Directors;
- d) Ensuring all Directors are properly briefed on issues arising at Board meetings;
- e) Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

2.5 Role of the Group Managing Director and Executive Directors (EXCO)

2.5.1 The responsibilities of the EXCO are as follows:-

- a) Primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- b) Responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management control;
- c) Ensures that the financial management is 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 the relevant laws and regulations;
- d) Provide effective leadership to the Group and is responsible for ensuring high management competency;
- e) A conduit between the Board and the Management in ensuring the success of the Company's governance and management functions; and
- f) Implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the EXCO and this will be considered as the EXCO's authority and accountability as far as the Board is concerned.

2.6 Roles of Independent Non-Executive Directors

2.6.1 The responsibilities of the Independent Non-Executive Directors are as follows:-

- a) Providing independent judgment and opinions in order to act their best interest of the Company.
- b) Ensuring effective check and balance in the proceedings of the Board;
- c) Ensuring that there are adequate systems, risk management and controls to safeguard the interests of the Company and all stakeholders;
- d) Ensuring that the culture of accountability, transparency, integrity, professionalism and responsible conduct is consistently adhered to in the Company.

2.7 Board Committee

2.7.1 The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

2.7.2 The present Board Committees are as follows:-

- a) Audit Committee;
- b) Nomination Committee;
- c) Remuneration Committee; and
- d) Option Committee.

The duties and powers delegated to these Committees are set out in the Terms of Reference of each of the Committee as approved by the Board.

2.8 Company Secretary

2.8.1 The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

2.8.2 All Directors have unrestricted access to the advice and services of the Company Secretary.

3 BOARD PROCEDURES

3.1 Board Meetings & Supply of Information

3.1.1 Board Meeting

3.1.1.1 The Board shall be supplied in a timely manner with information in a form and of a quality appropriate to enable the Board to discharge their duties effectively.

3.1.1.2 All directors will be provided with a comprehensive reports and/or Board papers to enable the directors to review and consider matters to be deliberated.

3.1.1.3 Full Board minutes of each Board meeting are kept in the Registered Office and are available for inspection by any Director during the office hours.

3.1.2 Access to Independent Professional Advice

3.1.2.1 A director, in discharging his duties, may rely on information, professional or expert advice, opinions, reports or statements, including financial statements and other financial data prepared by the officers of the Company and/or competent advisors recruited by the Company provided

that such reliance are made in good faith and after making an independent assessment thereof having regard to the Directors' knowledge of the Company and the complexity of the structure and operation of the Company.

3.1.2.2 The Director's rights above is further affirmed by the Listing Requirements of Bursa Malaysia Securities Berhad, including but not limited to the following:-

- a) Unrestricted access to information during which they were Directors;
- b) Advice and services of the Company Secretary; and
- c) Independent professional advice, at the expense of the Company.

Whenever necessary and reasonable for the performance of his duties, and in line with the procedures defined by the Board.

3.1.2.3 Fees for the Independent professional advice will be payable by the Company but proper approval from majority of the Board members will be required.

4. COMPOSITION AND BOARD BALANCE

4.1.1 The Board consists of professionals and competent directors with different qualifications, expertise and experience that are relevant to the management of the Group's businesses.

4.1.2 The Company's Articles of Association provides for a minimum of two (2) directors and maximum of fifteen (15) directors. At any one time, at least two (2) or one-third (1/3) of the Board members, whichever is higher, must be an Independent Directors.

4.1.3 The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness.

4.1.4 The Board may appoint a Senior Independent Non-Executive Director to facilitate effective communication with the shareholders and other stakeholders.

4.1.5 The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years in a consecutive service of nine (9) years or cumulative service of nine (9) years with an interval. Upon the completion of the nine (9) years, the Board may, at its absolute discretion, consider re-designating the Independent director as a non-independent director if it is so determined that the expertise and experience of the independent director is still relevant. The Board must justify and seek shareholders' approval in the event it retains as an Independent director, a person who served in that capacity for more than nine (9) years.

4.1.6 The Board shall undertake an assessment of the independence of its independent Directors on an annual basis to examine the level of independence of the independent Director and to ensure the Independent Director can continue to bring independent and objective judgment to board deliberations.

4.1.7 The Board shall consist of qualified individual with diverse experience, background, skill and knowledge to enable them to discharge their duties and responsibilities effectively. The Board shall assess and review its diversity, composition and size as a whole from time to time to ensure its appropriateness and effectiveness.

4.2 Nomination and Appointments

4.2.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

4.2.2 Newly appointed directors are expected to declare their time commitment to the Board. If they sit in other listed corporations as a director, they shall notify the Chairman of the Board or the Company Secretary before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

4.2.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new director is properly executed.

4.3 Re-election and Retirement

4.3.1 The Articles and Association of the Company provides that every newly director appointed to the Board is subject to election at the next Annual General Meeting following their first appointment. Further, at least one-third (1/3) of the directors are subject to retirement by rotation at every Annual General Meeting. Each director shall retire at least once every three (3) years but shall be eligible for re-election. The directors to retire in each year are those who have been longest in the office since their last election or appointment.

4.3.2 Director of or 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.

4.4 Induction Program

4.4.1 The newly appointed director will undergo an Induction Program specially designed to familiarize the director with the businesses within the Company. This familiarization process includes a briefing session on the range of products and services, business structure and visits to the respective operating facilities. The visits will include briefings from Management to provide in-depth of the latest progress of the Company and appreciation of the key drivers behind the Company's core businesses.

4.5 Directors' Training and Continuing Education

4.5.1 In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad for newly appointed directors who sit on board of public listed companies for the first time.

4.5.2 Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to equip themselves with the necessary knowledges and further to enable the directors to discharge their duties and responsibilities effectively. This would include organising field trips to study the Group's operations.

4.6 Directorship

4.6.1 Any Board member, while holding office, is at liberty to accept other Board appointments (outside the Company) as long as the appointment is not in conflict with the business of the Company or does not detrimentally affect the director's performance as a Board Member. The board member should notify the Chairman before accepting any new directorships from other Board.

4.6.2 The number of directorships in listed corporations held by any Board Member at any one time shall comply with the Listing Requirements of Bursa Malaysia Securities Berhad.

4.7 Gender Diversity Policy

4.7.1 The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Both genders are given fair and equal treatment.

5. ANNUAL REVIEW OF DIRECTORS

5.1 The Board shall undertake to review and evaluate its own performance on an annual basis to ensure Board effectiveness.

6. DIRECTORS' REMUNERATION

6.1 The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole, taking into consideration the recommendations of the Nomination and Remuneration Committee. The mechanism of remuneration for Executive Directors is structured in a manner wherein all Executive Directors are rewarded based on their individual performance.

6.2 The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole and the individual concerned should abstain from discussing their own remuneration. Fees payable to the Non-Executive Directors shall be a fixed sum and shall not be payable by a commission on or percentage of profit or turnover.

- 6.3 The Board shall determine the remuneration package taking into consideration the recommendations of the Remuneration Committee.

7. FINANCIAL REPORTING

- 7.1 The Board shall ensure that the Company's financial statements and other financial reports are reliable source of financial information, and are prepared in accordance with the relevant laws and regulations as well as the applicable financial reporting standards, so as to give a true and fair view of the state of affairs of the Company and Group.

8. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

- 8.1. The Board recognizes the importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public.
- 8.2 The Shareholders and investors shall be informed regularly of all material matters affecting the Company in conformity with the disclosure requirements.
- 8.3 The annual reports and quarterly announcements remain the principal form of communication, providing shareholders and investors with an overview of the Company's activities and performance.
- 8.4 The AGM is the principal forum for dialogue and avenue for direct interaction between the Board of Directors and shareholders or investors. The Board welcomes the views of the shareholders and investors on matters concerning the Company and encourages active participation by the Shareholders and Investors at the AGM.
- 8.5 All corporate and financial information of the Company are also made available to the public through the Company website at www.greenyield.com.my

9. REVIEW OF THE BOARD CHARTER

- 9.1 Any amendment to this Board Charter can only be approved by the Board. This Board Charter will be reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.
- 9.2 The Board Charter should be made public in the Company's website and disclosed in the Annual Report of the Company.