

**Revised Board Charter and Code of Conduct adopted by the Directors at the Ninety-Ninth  
Board of Directors' Meeting held on 27 May 2019.**

**BOARD CHARTER AND CODE OF CONDUCT**

**OVERVIEW**

The Board of Directors ("the Board") fully appreciate the importance of adopting high standards of corporate governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance 2017 ("the Code") are practiced throughout the Group as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

The Board Charter has been adopted by the Board to set out the role, responsibilities, composition and operations of the Board and the commitment to corporate governance.

The Board will periodically review this Charter to ensure it remains consistent with the Company's objectives and Board's responsibilities and in compliance with any new regulations.

**BOARD OF DIRECTORS**

The Board is fully aware of its continuing responsibilities over the stewardship of the Group's directions and operations, and ultimately the enhancement of shareholders' value.

The Group is led and managed by an effective Board with wide range of business experiences and expertise required to successfully direct and supervise the Group's business activities, which are vital to the success of the Group.

The Board has the overall responsibility for, apart from its statutory responsibility, determining the Group's overall strategic plans including approving of major investments and financing decisions. Financial performance review and implementation of corporate governance practice in the Group are reserved for the Board, which also has responsibility for Executive Directors' Remuneration and succession planning for top management.

**BOARD MEMBERSHIP GUIDELINES**

The existing Board members consist of six (6) members, an Executive Chairman, a Managing Director, one (1) Non-Independent Executive Director and three (3) Independent Non-Executive Directors. The present Board composition has been maintained in line with the needs of the Company and in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") that stipulates at least two (2) Directors or one third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the day to day running of the business, organisational effectiveness and implementation of Board policies and decisions.

**Appointment of Directors**

The Board is responsible to determine the appropriate size of the Board and the Nomination Committee has the responsibilities as set out in the following sections of this Board Charter.

The Board subscribed to the gender diversity policy as evident from its current Board composition. The Nomination Committee will take steps to ensure suitable women candidates are sought for consideration should there be a need to increase its current board size.

Presently, with the current Directors' mix of experiences and expertise, the Board is of the view that the current size of members is sufficient in effectively addressing all issues affecting the Group.

**Re-election/Re-appointment of Directors**

In accordance with the Company's Constitution, one third (1/3) of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. These provide an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholding in the Group of each Director standing for election are furnished in the Annual Report accompanying Notice of the Annual General Meeting.

The Joint Company Secretaries will ensure that all appointments are properly made and that all information necessary is obtained, as well as legal and regulatory obligations are met.

**Independence of Directors**

Half of the Directors, three (3) out of six (6) Board members, are Independent Non-Executive Directors. The presence of Non-Executive Directors provides significant contributions towards the formulation of policies and decision-making. The presence of Independent Non-Executive Directors is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide a capable check and balance for the Executive Director, thereby ensuring that no one individual or group dominates the Board decision making process.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence as set out in the Listing Requirements.

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Directors may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

## **THE EXECUTIVE CHAIRMAN**

The Executive Chairman is elected by the Board and presides at board meetings and shareholders' meetings. The Chairman has overall responsibility for running the Board and his/her effective leadership can ensure Board meetings are run efficiently with the right balance of opportunity to question and debate and coming to quick decisions made formally adopted so that the meetings progress.

The Chairman oversees and evaluate the conduct and performance of the Group and undertake to ensure efficient functioning of the Board and that procedural rules are followed and quality information to facilitate decision-making is delivered to Board members on a timely basis. A Chairman can be executive or non-executive.

The Chairman is responsible for:

- leadership of the Board;
- overseeing the Board in the effective discharge of its supervisory role;
- the efficient organisation and conduct of the Board's function and meetings;
- facilitating and encouraging the effective contribution of all Directors;
- briefing of all Directors in relation to issues arising at meetings;
- the promotion of constructive and respectful relations between Board Members and between the Board and Management; and
- committing the time necessary to discharge effectively his/her role as Chairman.

## **THE EXECUTIVE DIRECTOR**

The Executive Director oversees the day-to-day operations within their specific area of expertise or assigned responsibilities. They liaise frequently with the Chairman and with each other to lead the management toward the direction of the Company.

The key responsibilities of the Executive Director are:

- develop strategic direction of the Company;
- ensure Board decisions are implemented and Board directions are responded to;
- provide directions in the implementation of short and long-term business plans;
- provide strong leadership, i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- keep Board fully informed of all important aspects of the Company's operations and ensure sufficient information is distributed to Board members; and
- ensure day-to-day business affairs of the Company are effectively managed.

## **THE MANAGING DIRECTOR**

The Board delegates the Company's governance and management functions to the Management through the Managing Director. So far as the Board is concerned the authority and accountability of Management is considered to be the authority and accountability of the Managing Director and her team of senior management.

The Managing Director is responsible for:

- implementing the policies and corporate strategies adopted by the Board;
- the day-to-day management of the Group with all powers and delegations authorised, from time to time, by the Board;
- the efficient and effective operation of the Group;
- the achievement of the Company's goals;
- monitoring the business of the Group and bringing material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- assessing business opportunities which are potential benefit to the Group.

## **THE NON-EXECUTIVE DIRECTORS & INDEPENDENT DIRECTORS**

The 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.

The principal role of the Independent Directors is to bring independent and objective judgement to the Board and have the ability to exercise their duties free from conflict of interest or undue influence from interested parties.

## **ETHICAL STANDARDS & CODE OF CONDUCT**

The Board observes the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and commits to ethical values through the maintenance of a code of conduct and ensure the implementation and compliance with the code of conduct.

In discharging his/her duties, each Director must:

- comply with law, regulations and the Board Charter;
- observe high standard of corporate governance;
- exercise care and diligence;
- act in good faith and in the best interests of the Company and the Group;
- not improperly use his/her position or misuse information of the Company and the Group;
- commit the time necessary to discharge effectively his/her role as a Director; and
- declare any personal, professional or business interests that may arise and conflict with his/her responsibility as a Director.

The Group recognises that its Directors may be invited to become Directors of other companies and that exposure to other organizations can broaden the experience and knowledge of its Directors and this will benefit the Group. Therefore the Group's Directors and at liberty to accept other board appointments as long as there is no conflict with the business of the Group and do not adversely affect the Directors' performance as a Board member. The directors will notify the Chairman before accepting any new directorship and the notification should include an indication of time that will be spent on the new appointment. The Directors will notify the Company Secretary from time to time during their tenure, of their new directorships on other companies, for disclosure to the Board at Board meetings.

### **CONFLICTS & DECLARATION OF INTERESTS**

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion and decision.

Each director has a duty to notify the Board of any potential conflicts he/she may have, including any which may arise as a result of his/her duty to another company.

Each director has a duty to maintain the confidentiality of information he/she learns by virtue of his/her position as director. Disclosure of such information by the director should only be made after consultation with the Chairman of the Board.

Directors must not participate in deliberation and decision of the Board when matters affecting his position.

### **BOARD COMMITTEES**

The Board has established Board Committee delegated with specific powers and responsibilities to assist it in carrying out its duties and functions. The Board Committees that has been established are as follows:

- Audit and Risk Management Committee
- Nomination Committee

Establishment of a Remuneration Committee has not been undertaken as the Board is of the view that remuneration of Directors has been expeditiously handled by the Board as a whole.

In addition to the above Board Committees, the Board may, wherever required, set up other Board Committee delegated with specific power and responsibilities.

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee assists the Board in regard to financial reporting, audit and risk management, including:

- Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for examination of the Group and Company and in monitoring its accounting and financial reporting practices.

- Determine that the Group and Company have adequate administrative, operational and internal accounting controls and that the Group and Company are operating in accordance with its prescribed procedures and codes of conduct.
- Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- Provide direction and controls over the internal audit function and the External Auditors.
- Provide assistance to the Board in establishing, implementing, maintaining and monitoring the risk management framework, policies and procedures.
- Review the effectiveness of risk management framework and the risk management processes and provide necessary recommendation to the Board on the implementation of the framework.
- Provide assurance to the Board on whether the risk management framework is operating adequately and effectively.

## **NOMINATING COMMITTEE**

The Chairman of the Nomination Committee is an Independent Director identified by the Board. The nomination Committee shall meet at least once a year to carry out the duties and responsibilities as stated below. The Nomination Committee shall meet to assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director.

The Nomination Committee shall be responsible for the following:

- Propose new nominees for the Board;
- Make appropriate recommendations to the Board on matters of renewal or extension of directors appointment and reappointment of retiring directors;
- Consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within 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;
- Assess directors on an ongoing basis;
- Review annually and assess performance of Non-Executive Directors on annual basis based on skills, experience and core competencies which Non-Executive Directors should bring to the Board and submit its recommendations to the Board;
- Carry out a process implemented by the Board on an annual basis for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director.

## **MATTERS RESERVED FOR THE BOARD**

The following matters shall be reserved for the decision by the Board, supported by any recommendations as may be made from time to time by the Board Committees and/or Management:-

1. Quarterly results and Audited Financial Statements.
2. Limits of Authority.
3. Agendas of Annual General Meeting and Extraordinary General Meeting.
4. Interim dividend.
5. Entitlement date and payment date for dividend payment.
6. Recommendation of the payment of final dividend for shareholders' approval.
7. Remuneration of the Executive Directors and Non-Executive Directors.
8. Proposal on the payment of Non-Executive Directors' fees for shareholders' approval.
9. Formation of Board Committees and others sub-committees and its members thereon.
10. Terms of reference of Board Committees.
11. Appointment and resignation of Directors.
12. Appointment and resignation of the Company Secretary.
13. Appointment and resignation of the External Auditors and Auditors' remuneration.
14. Appointment and resignation of the outsourced Internal Auditors and their fees.
15. Acquisitions, disposals, joint ventures or transactions of substantial value.
16. Related party transactions and recurrent related party transactions.
17. Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Statement of Directors' Responsibilities, Audit Committee Report, Sustainability Statement and Chairman's Statement.
18. New business ventures which are principally different from the Group's existing business.
19. Changes in group structure, e.g. acquisition and disposal of subsidiaries.
20. Opening and closing of the Company's banking accounts and the authorised signatories.
21. Acceptance of credit facilities and approval of issuance of corporate guarantee.
22. Evaluation of the performance of the Board, Directors and sub-committee members.
23. Approval of any other matters that the Board may deem appropriate and necessary from time to time.

## **SHAREHOLDERS COMMUNICATIONS**

The Company recognises the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group and Company.

The Code recommends that the Board should encourage poll voting for substantive resolutions and make an announcement of the detailed results showing the number of votes casted for and against each resolution. The Chairman of the meeting shall inform shareholders of their rights to demand a poll vote at the commencement of the general meeting.

The Company also ensures that its shareholders are well informed via proper procedures which have been established for the timely release of material share price-sensitive information, quarterly financial results, regulatory financial statements and other matters affecting shareholders' interests.

Shareholders and members of the public can also obtain information on the Group by accessing the Group's and also Bursa Securities' websites. There is also a continuous effort to enhance the Group's website at [www.kpproperty.com.my](http://www.kpproperty.com.my).

## **BOARD MEETINGS**

The Board is scheduled to meet at least four (4) times a year at quarterly intervals. Additional meetings will be convened as and when necessary. Besides meeting up in conference room to discuss and approve the relevant matters of the Company, the Board also adopts resolution passed by way of circular resolutions. Directors are provided with agenda and board papers in advance of each meeting so as to give the Directors time to consider and deliberate on the issues to be raised at Board meetings.

## **COMPLIANCE WITH LAWS**

As a public company listed on the Bursa Securities, the Board will ensure that it is complies with the Bursa Securities' Listing Requirements, the Companies Act 2016, as well as all other applicable laws.

The duties, powers and functions of the Board are also governed by the Constitution, the Companies Act 2016 and other applicable legislation that are in force.