

Terms of Reference for Board of Directors

OSKH-CS-TOR-001-4

20 November 2024

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Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	Feb 2013	NIL
2	All	All	All	Refer to Summary of Change	28 Feb 2018	OSKH/CS/CIR/003
3	-	Glossary	3	Updated terms and description in Glossary	18 Nov 2020	OSKH/CS/CIR/004
	A3.1	Board Procedures - General	9	Updated based on MCCG and SC Guidelines on Conduct of Directors of Listed Corporation and their Subsidiaries		
	A5	Meetings & Minutes - General	11	Standardized relevant paragraphs with other Board Committees' Terms of Reference		
	A6	new	11	Added Review of the Terms of Reference		
4	All	All	All	Revamping of the format and content update	20 Nov 2024	OSKH/CS/TO R/011

Glossary

Term	Description
"Board"	The Company's Board of Directors
"Board Committees"	Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Sustainability Committee of the Company, collectively.
"Bursa Malaysia"	Bursa Malaysia Securities Berhad
"CA 2016"	Companies Act 2016
"Company"	OSK Holdings Berhad
"Director"	A member of the Board
"GMD"	Group Managing Director of the Company
"HOD"	Head of Departments
"Independent Director"	A Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and who satisfies the criteria for "independence" set out in the Listing Requirements
"Key Senior Management"	Executive Directors or above of the Group
"KPIs"	Key Performance Indicators

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“Listing Requirements”	Main Market Listing Requirements of Bursa Malaysia Securities Berhad, including any Practice Notes issued in relation thereto, as amended from time to time, and any updates or revisions thereto
“MCCG”	Malaysian Code on Corporate Governance, issued by the Securities Commission Malaysia, as amended from time to time, and any updates or revisions thereto
“Senior Management”	Executive Directors and executive with management authority who report directly to the Executive Directors
“the Group”	OSK Holdings Berhad and its subsidiaries, collectively

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A. TERMS OF REFERENCE

A1. Board of Directors

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| 1. Introduction | 1. The Board is responsible for establishing, amongst others, the corporate values, vision and business strategy for the Company. The Board plays a critical role in ensuring that there are sound and prudent policies and practices being put in place for the Company. The Board also acts as an effective check and balance mechanism in overseeing the overall management of the Company. |
| 2. Composition | <p>1. The Board should not be less than two (2) members as provided in the Company's Constitution.</p> <p>2. The Board must have the appropriate number of Directors that commensurate with the complexity, the size and the scope of the Group's operations and business activities.</p> <p>3. The Board composition as a whole, should consist of Directors with the right mix of skills, qualities and core competencies such as in the field of finance, accounting, legal, business management, information technology and investment management.</p> <p>4. The Board must comprise at least two (2) or one-third (1/3) independent directors, whichever is higher; and at least one (1) woman Director. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest to one-third shall be used.</p> <p>5. In the event of any vacancy in the Board, resulting in non-compliance with the above, the Company must fill the vacancy within three (3) months.</p> <p>6. In accordance with the MCCG and to the extent practicable, the Board should comprise a majority of Independent Directors and at least 30% women Directors.</p> <p>7. For the effective functioning of the Board, the Chairman and the GMD should not be the same person.</p> |
| 3. The Chairman | 1. The Board Chairman shall not be a member of the Audit Committee or Nomination and Remuneration Committee. |

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2. The key roles of the Chairman are to ensure, amongst others:
 - 2.1 the smooth functioning of the Board;
 - 2.2 provide leadership to the Board in ensuring the effectiveness of all aspects of its roles;
 - 2.3 leading the Board in establishing, implementing and monitoring good corporate governance practices in the Company;
 - 2.4 act as facilitator at Board meetings and ensure that appropriate discussion takes place;
 - 2.5 ensure the issues discussed are forward looking and concentrate on strategies and policies;
 - 2.6 representing the Board to the Shareholders and to chair and to ensure the efficient organisation and conduct of the meeting of the Shareholders;
 - 2.7 managing the interface between the Board and Management;
 - 2.8 ensure that general meeting of the Company support meaningful engagement between the Board, Management and Shareholders. The engagement should be interactive and include robust discussion on, among others, the Company's financial and non-financial performance as well as the Company's long-term strategies;
 - 2.9 the Board receives the necessary information on a timely basis from the management.

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A. TERMS OF REFERENCE

A2. Duties and Functions

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| 1. Shareholders' Interest | 1. The Board carries the ultimate responsibility for the effective governance of the Company. It has the responsibility to act in the best interest of the Company, in ensuring maximisation of shareholders' value and safeguarding the stakeholders' interests. |
| 2. Promote Good Corporate Governance Culture | 1. The Board, together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. |
| 3. Review and Approve Strategies, Business Plans and Policies | <ol style="list-style-type: none"> 1. The Board should review and approve the Group's strategic objectives, which support long-term value creation, promote sustainability and take into account the Company's risk appetite and risk management capabilities, and devise a business strategy and plans for achieving them. 2. The Board should ensure that performance against the business plan is regularly reviewed and monitored. 3. The Board should approve all policies in relation (including but not limited) to operations, business management and activities. 4. The Board should regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of the stakeholders. |
| 4. Overseeing Governance of Sustainability | <ol style="list-style-type: none"> 1. The Board should proactively take the following measures to ensure the Company remain resilient, deliver sustainable value and maintain the confidence of its stakeholders: <ol style="list-style-type: none"> 1.1. Consider sustainability issues when overseeing the planning, performance and long-term strategy of the Company; 1.2. Ensure the Group's sustainability strategies, priorities, targets and performance are communicated to its internal and external stakeholders; 1.3. Ensure the Company's activities are conducive towards promoting the economic well-being of its community and are in line with government's economic objectives; 1.4. Continuously engage and consider the views of its internal and external stakeholders to better understand and manage the Company's sustainability risks and opportunities; 1.5. Identify a designated person within the Company, to manage sustainability strategically; and 1.6. Stay abreast with and understand the sustainability issues relevant to the Group and its businesses. |

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| 5. Establish KPIs | <ol style="list-style-type: none"> 1. The Board should establish KPIs to define, measure and monitor the performance and progress towards achieving organisational goals. 2. The KPIs established should reflect the goals of the Company, be measurable and allowed for corrective actions if things go beyond plan. 3. The KPIs established should complement overall business targets, relate to its core activities and be balanced between short and long-term objectives and strategies. |
| 6. Ensure Competent of Key Senior Management and Succession Planning | <ol style="list-style-type: none"> 1. The Board should ensure that there is a managed and effective process to select and appoint Key Senior Management officers that are qualified, professional and competent to administer the affairs of the Company. 2. The Board should approve succession planning policy and effectively monitor Key Senior Management's performance on an ongoing basis. |
| 7. Ensure Adequacy and Integrity of Internal Control Systems | <ol style="list-style-type: none"> 1. The Board should ensure that the internal control systems of the Group are operating effectively and that the Group's operations are properly controlled. 2. The Board should make use of the external and internal auditors in reviewing the adequacy of the internal controls systems. 3. The Board should maintain an effective compliance function that routinely monitors compliance with policies approved by the Board and the relevant laws and regulations. |
| 8. Ensure Sound Risk Management Framework and Policies | <ol style="list-style-type: none"> 1. The Board should ensure that the Company establishes effective and comprehensive risk management framework, policies and processes to identify, measure, monitor and control the various types of risks faced by the Group. 2. The Board should determine the Group's level of risk of tolerance and actively identify, assess and monitor key business risks to safeguard Shareholders' investments and the Group's assets; 3. The Board should periodically review the risk management capabilities of the Group to ensure that they are able to support the Company's business expansion. 4. The Board should also ensure that there are reliable and adequate management information systems that cover the full range of the Company's activities. |

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| 9. Establish an Internal Audit Function | <ol style="list-style-type: none"> 1. The Board should establish an effective internal audit function and identify a head of internal audit who reports directly to the Audit Committee. The internal audit function should be staffed with qualified internal audit personnel to carry out internal audit functions, covering the financial, management and risk audits, according to standards set by recognised professional bodies. 2. The Board should ensure that the internal auditors have full access to all records, and are given an appropriate standing in the Company's hierarchy. |
| 10. Establish Procedures Governing Self-Serving Practices and Conflicts of Interest | <ol style="list-style-type: none"> 1. The Board should establish policies and procedures governing related party transactions and situations of conflict of interest. 2. The Board should ensure that the Senior Management implements these policies to identify, monitor, prevent or appropriately manage and disclose potential situations of conflicts of interest that may arise. 3. The Board should ensure that the Senior Management implements policies that prohibit activities and relationships that diminish the quality of corporate governance. 4. The Board should also ensure that related party transactions are made on an arm's length basis. |
| 11. Establish Board Committees | <ol style="list-style-type: none"> 1. The Board should establish and delegate certain duties to specialised board committees to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. |
| 12. Approve Transactions | <ol style="list-style-type: none"> 1. The Board should have the authority to approve transactions or activities which are beyond the individual discretionary powers of Senior Management, Management Committees or Board Committees delegated by the Board as per the Approving Authority limits stipulated in the relevant policy manuals of respective operating units. |

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13. Communication with Stakeholders

1. The Board should ensure the Company has in place procedures to enable effective communication with stakeholders, in order to understand and address the stakeholders' concerns when making decisions.
2. The Board should establish channels for stakeholders to provide their views and feedback including complaints. The communication channel should be available at all times and stakeholders' views, feedback or complaints should be acknowledged and addressed appropriately.

14. Integrity of the Reporting

1. The Board should ensure the integrity of the Company's financial and non-financial reporting.

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A. TERMS OF REFERENCE

A3. Board Procedures

1. General

1. The conduct of Directors shall be consistent with their duties and responsibilities to the Company and, indirectly, to its Shareholders. Directors should always act within any limitations imposed by the Board and provisions of relevant laws and guidelines on its activities.
2. Directors shall at their best endeavours, attend all Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to contribute their knowledge, skills and expertise to the Board.
3. Directors who are not able to attend a meeting shall inform the Chairman at the earliest date possible and to inform the Company Secretary in writing.
4. Directors receive meeting materials, which are complete and accurate at least five (5) business days prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.
5. Board Committee meetings shall not be combined with the main Board meeting to enable objective and independent discussion of each Board meeting and Board Committee meeting.
6. Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman shall seek for general consensus in Board decisions and may, where considered necessary, call for a vote.
7. Directors should ensure the key transactions or critical decisions are deliberated and decided on by the Board in a meeting and conduct due inquiry before approving a matter.

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8. All Board discussions and decision shall be properly recorded, including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter. They shall remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal and regulatory requirements, the Board will decide on the manner and timing in announcing / making public its decisions.
9. Directors are required to inform and declare to the Board of their conflicts or potential conflict of interest that they may have in relation to a particular item of business or transaction. Subject to the provisions of the relevant laws and guidelines, the Director concerned shall abstain from deliberation and determination on those matters, but shall be counted as part of the quorum of the Board meeting.

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A. TERMS OF REFERENCE

A4. Approving Authority

1. Approving Authority Limit

1. The Board has the authority to approve any transactions or activities, and may delegate this authority to any person or committee that is deemed fit.
2. The Approving Authority limits of the Board, which may vary from time to time, are stipulated in the relevant policy manuals of respective operating units.

2. Authority

1. The Board shall within its terms of reference:
 - 1.1 Be entitled to complete, adequate and timely information prior to Board meetings and on an ongoing basis;
 - 1.2 Have the resources which are required to perform its duties and be provided with relevant information on a timely basis;
 - 1.3 Have full and unrestricted access to any information pertaining to the Group;
 - 1.4 Have the authority to form management / sub-committee(s) if deemed necessary and fit;
 - 1.5 Have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit;
 - 1.6 Have direct communication channels with employees, Senior Management personnel and relevant external parties, whenever deemed necessary;
 - 1.7 Have authority to engage independent consultants or other advisors; and
 - 1.8 Be able to convene meetings with external parties, whenever deemed necessary.

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A. TERMS OF REFERENCE

A5. Meetings & Minutes

1. General

1. The Board shall meet no less than four (4) times a year, or whenever deemed necessary.
2. Prior notice shall be given for the Board meetings. Subject to the Constitution, notice of any meeting of the Directors may be given by telephone, facsimile or other electronic communications/means.
3. The quorum for meetings shall be at least two (2) directors, with independent director(s) present.
4. Subject to the Listing Requirements, CA 2016 and/ or any other relevant regulations, Directors are required to attend at least 50% of the total Board meetings held in each financial year.
5. The Board may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The director participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the Board in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Board duly convened and held.
6. Subject to the Constitution, questions arising at any Board meeting shall be determined by a majority of votes. One (1) Director shall have one (1) vote. In the case of any equality of votes the chairman of the Board meeting shall have a second or casting vote save and except where:
 - 6.1 two (2) Directors form a quorum and only such a quorum is present; or
 - 6.2 only two (2) Directors are competent to vote on the question at issue.

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7. Subject the Constitution, the Board is also allowed to carry out the resolution by way of circulation. A circular resolution signed or approved by any written electronic communications by a majority of the members of the Board and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay, and shall be recorded by the Company Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Board members.
8. The HODs and relevant management personnel may be invited to attend the Board meetings.
9. The Company Secretary shall act as Secretary and shall be responsible for taking the minutes of meetings, keeping the minutes and to produce the minutes for inspection when necessary.
10. The Company Secretary, in consultation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers to each Board member prior to the Board meeting.

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A. TERMS OF REFERENCE

A6. Review of the Terms of Reference

1. General

1. The Board will assess, review and update the terms of reference at least once every three (3) years or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the Board's roles.
2. The Company Secretary shall be responsible to highlight and notify the Board when the need arises for a review.
3. In the event the regulatory requirements are amended, modified or varied, such amendments, modifications or variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed accordingly.

End