



PHARMANIAGA BERHAD
(467709-M)

**BOARD
DIRECTORSHIP
POLICY**

(as at 16 August 2019)

BOARD DIRECTORSHIP POLICY

The Board Directorship Policy shall serve as formal commitment for Pharmaniaga Berhad (“PB” or “the Company”) and the Board of Directors (“Director”, “Board” or “Board members”) regarding the directorship and tenure of PB Board members.

1. A Director shall be a natural person who is at least eighteen (18) years of age. Pursuant to Clause 107 of the Company’s Constitution, the number of Directors shall not be less than two (2) nor more than fifteen (15).
2. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members must be Independent Non-Executive Directors (INED). In the event of vacancy in the Board of Directors resulting in non-compliance of this rule, PB must ensure to fill the vacancy within three (3) months.
3. The appointment of any Director (either Managing Director (MD), Independent Non-Executive Director (INED) or Non-Independent Non-Executive Director (NINED)) shall be for an initial term of three (3) years from the date of their appointment to the Board. Pursuant to Clause 123 of the Company’s Constitution, any Director so appointed by the Board during the year shall hold office until the conclusion of the next annual general meeting (AGM) and shall be eligible for re-election.
4. Pursuant to Clause 117 of the Company’s Constitution, an election of Directors shall take place each year at the AGM whereby at least one-third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third, shall retire from office PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.
5. Subject to the Companies Act 2016 (“Act”), the Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
6. The term of directorship of an INED shall not exceed a cumulative term limit of nine (9) years. The Board however, upon completion of the nine (9) years, may with a view to add long-term value and in recognition of the INED’s contribution to the Company, invite the INED to continue to serve on the Board as a NINED.
7. If the Board determines that an INED can serve the Company in an independent capacity beyond nine (9) years, the Board may choose to propose for annual re-appointment of the INED by the members at the next AGM by way of an ordinary resolution, if the INED has served for a cumulative term of nine (9) years.
8. If the Board determines that an INED can serve the Company in an independent capacity beyond twelve (12) years, the Board may choose to propose for annual re-appointment of the INED by the members at the next AGM by way of an ordinary resolution through a two-tier voting process recommended by the Malaysian Code on Corporate Governance if the INED has served for a cumulative term of beyond twelve (12) years.
9. Any Director (excluding Executive Director) who attains the age of 75 before the next AGM shall not be eligible for re-election as a Director.

10. The office of a Director of the Company shall be vacated if the person holding that office:-

- I. subject to Sections 196(3) and 209 of the Act, resigns from his office by giving a written notice to the Company at the office;
- II. has retired in accordance with the Act or the Constitution of the Company but is not re-elected;
- III. is removed from office in accordance with the Act or the Constitution of the Company;
- IV. becomes disqualified from being a director under Sections 198 or 199 of the Act;
- V. becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001 or such legislation having the same effect;
- VI. dies;
- VII. otherwise vacate his office in accordance with the Constitution; or
- VIII. absents himself from more than fifty per cent (50%) of the total Board's meetings held during a financial year.