



## OCR GROUP BERHAD

(Registration No: 199701025005 (440503-))  
(Incorporated in Malaysia)

### BOARD CHARTER

(REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS ON 30 MAY 2023)

#### 1. PURPOSE

This Charter which has been adopted by the Board of Directors (“**Board**”) of OCR Group Berhad (“**OCR**” / the “**Company**”) outlines the core principles of corporate governance to which the Company adopts and to which each Director or Board collectively, as the case may be, should strive for. This Charter provides general guidance and guidelines for Directors with regard to the roles and responsibilities of the Board and its committees. The Board act according to its obligations under the specific circumstances it faces. There may be occasions where it is appropriate for the Board to act differently than set out in this Charter. This Charter does not overrule or pre-empt the statutory requirements and other relevant statutes.

#### 2. COMPOSITION OF THE BOARD

It is intended that the composition of the Board be determined using the following principles:

##### a) Size of the Board

The Board collectively determines the appropriate size of the Board such that it facilitates decision making of the Group.

##### b) Skills mix

The Board shall comprise of directors with an appropriate range and mix of skills, experience, expertise and diversity that will enable the Board to have a better understanding of and deal more effectively with the current/emerging issues relating to the business of the Group and the industry in which it operates. The Board shall, where possible, at all times endeavor to have at least a member with financial background and experience and another with corporate legal background and experience.

**c) Diversity**

The Board is supportive of the gender boardroom diversity as recommended by Malaysian Code of Corporate Governance 2021. The Board shall endeavor to have at least 30% women directors, in any event at least one (1) woman Director at all times.

**d) Independent Directors**

The Board is guided by the following guidelines in respect of appointment of Independent Directors:

- (i) At least two (2) directors or one third of the Board, whichever is higher, shall be independent directors who provide independent judgement, experience and objectivity without being subordinated to operational considerations and help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board.
- (ii) The tenure of an independent director should not exceed a cumulative term of nine (9) years.
- (iii) Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation to non-independent director. Otherwise, the Board must justify and seek shareholders' approval through a two-tier voting process, where shareholders' votes will be cast in the following manner at the same shareholders' meeting:-
  - Tier 1 : Only the Large Shareholder(s) of the Company vote; and
  - Tier 2 : Shareholders other than Large Shareholder(s) votes.at the Annual General Meeting in the event it retains the director as an independent director.
- (iv) The tenure limit for independent directors will be limit at cumulative term of 12 years.
- (v) The Nomination Committee and the Board assess the independence of the Independent Directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board Assessment.

**e) The Chairman**

- (i) The Chairman of the Board shall be a non-executive member of the Board and where the Chairman of the Board is not an independent director, the Board shall comprise a majority of independent directors.
- (ii) Where possible, the position of Chairman and Chief Executive Officer of the Company shall be held by different individuals.
- (iii) Where possible, the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee to ensure there is check and balance as well as objective review by the board.

**f) Appointment**

- (i) The appointment of a new member to the Board is made only after consultation with the Nomination Committee, guided by the Company's Directors Fit and Proper Policy.
- (ii) An election of directors takes place each year with the directors retiring by rotation in accordance with the Constitution of the Company.
- (iii) All directors shall retire from office once at least in 3 years but shall be eligible for re-election.

**3. BOARD'S RESPONSIBILITIES**

- a) The Board collectively provides stewardship to OCR Group. The Board is responsible for the long-term success of OCR Group, safeguarding stakeholders' interests including maintaining sustainable long term financial results and maximising shareholders' value with considerations on sustainability. In discharging its fiduciary duties and leadership functions, it is imperative for the Board to also champion good governance and ethical practices throughout the Group.
- b) The Board has the following major responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interests of the Company:
  - (i) Together with the management team, promote good governance culture and standards within the Company;
  - (ii) Formulate a long-term strategic goals for the Company and review the same from

time to time for changes in operating environment. The Board also satisfy itself that the strategic direction of the Company supports long-term value creation and includes sustainable strategies on economic, environmental and social considerations;

- (iii) Oversee the conduct and performance of the Group's business to evaluate whether the business is being properly managed and sustained;
  - (iv) Ensure that the implementation of appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
  - (v) Satisfy itself of the integrity of the company's financial and non-financial reporting;
  - (vi) Review the adequacy and integrity of the Group's internal control systems for compliance with applicable laws, regulations, rules and guidelines; and
  - (vii) Assess the training needs of each individual Director on an annual basis.
- c) The Board reserves full decision-making powers, amongst others, on the following matters:
- (i) Appointment, terms of appointment, delegation of authority to, review of performance of and removal of the Executive officers;
  - (ii) Succession planning for the Board, Chief Executive Officer and his/her direct reports and seeking to ensure effective execution of the succession planning;
  - (iii) The appointment, review of performance, and where appropriate, the removal of, the Company Secretary and any other corporate service providers;
  - (iv) The role of the Board and its functions and obligations;
  - (v) Approval of budgets and the strategic plan to promote sustainability;
  - (vi) Evaluating the performance of the Company against strategies and business plan and the evolving environment it operates in;
  - (vii) Approval of the capital and operating expenditure budget and any alterations to it;
  - (viii) Approval and review from time to time the utilization of proceeds pursuant to any capital raising exercise;
  - (ix) Approval of significant mergers, acquisitions and divestitures of the Group;

- (x) Approval of expenditure and/or commitments that are in excess of budget or the Chief Executive Officer's delegation;
- (xi) Approval of interim and annual financial statements;
- (xii) Approval for the release of financial announcements and any other significant announcements;
- (xiii) Approval of the Annual Directors' report and Statutory Accounts;
- (xiv) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
- (xv) Adoption of accounting policies;
- (xvi) Reviewing the effectiveness of the Group's system of internal control and establishment of a sound framework to mitigate risks. The function is delegated to the Audit Committee which will in turn report to the Board on its findings;
- (xvii) The granting of powers of attorney by the Company;
- (xviii) The entering into of any indemnities or guarantees;
- (xix) Recommendations for the alteration of the Memorandum and Articles of Association of the Company;
- (xx) Alteration of the accounting reference date, registered office and name of the Company;
- (xxi) Purchase of own shares by the Company;
- (xxii) Issue of any debt instruments;
- (xxiii) Scheme of reconstruction or restructuring;
- (xxiv) Any other significant business decision;
- (xxv) Any other matters requiring the convening of a general meeting of shareholders or any class of shareholders; and
- (xxvi) Any other matters as may be required by the laws or the governing authorities.

- d) In performance of their duties and responsibilities as Directors of the Company, all Directors (Executive and Non-Executive) shall:
  - (i) have access to all information within the Group;
  - (ii) be supported by the advice and services of suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures; and advocate adoption of corporate governance best practices; and
  - (iii) be able to obtain independent professional advice at the Company's expense.

#### **4. ROLE OF THE CHAIRMAN**

The Chairman carries out a leadership role in the conduct of the Board. The Chairman is primarily responsible for:

- a) Instilling the practice of good corporate governance, and leading the board in establishing and ensuring the adequacy and integrity of the governance process;
- b) Guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- c) Maintaining regular dialogue with the Group Managing Director over all operational matters and consulting with the remainder of the Board members promptly over any matters that give him or her cause for major concern;
- d) Leading discussions at meetings and ensure efficient and effective conduct of the Board meetings;
- e) Encouraging active Board participation and allow dissenting views to be freely expressed; and
- f) Representing the Board to shareholders and ensuring that appropriate steps are taken to provide effective communication with stakeholders so that their views are communicated to the Board as a whole;

## 5. ROLE OF THE GROUP MANAGING DIRECTOR

As the highest-ranking executive of the Group, the position of the Group Managing Director in essence is to steer the Group's businesses and performance towards achieving the Group's vision and mission. The Group Managing Director is responsible to the Board for the following:

- a) Formulate and ensure effective management of the long-term sustainable strategic plan, annual operating and performance benchmarks for the Group;
- b) Directing the overall sustainability strategy of the Group;
- c) Manage the daily conduct of the business and affairs to ensure its smooth operation;
- d) Ensure the Group's corporate identity, products and services are of standards required by the market;
- e) Ensure the effective implementation of risk management framework approved by the Board;
- f) Ensure compliance with policies & guidelines established by the Board;
- g) Ensures compliance with law, legislation and regulatory requirements;
- h) Ensure that the senior management has the necessary skills and experience to manage the Group; and
- i) Effectively representing the interests of the Group with major customers, the government and its agencies, and industries at large to ensure general goodwill towards the Group and cooperation in the Group's planned developments;

In discharging the above responsibilities, the Group Managing Director can delegate appropriate functions to the senior management team.

## **6. ROLE OF NON-EXECUTIVE DIRECTORS / INDEPENDENT DIRECTORS**

Non-Executive Directors generally focus on board matters. As they are not involved in day-to-day operations and running of the Company, they should bring objectivity and independent perspective of the business in board deliberations.

The responsibilities of the Non-Executive Director, amongst others, are as follows:

- a) bring specialist knowledge, skills and expertise to the Board;
- b) provide vital strategic support to the Board and can, in some circumstances, critically review business plans from a different perspective to the Group Managing Director; and
- c) bring impartial views to the Board, in particular in areas where the interests of Management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.

## **7. BOARD MEETINGS**

- a) The Board schedules at least five (5) meetings a year with additional meetings to be convened whenever urgent and important matters or decisions are required.
- b) The Chairman, with the assistance of the Company Secretary, Group Managing Director and senior management (as the case may be) sets the Board agenda and ensure adequate time is allocated for discussion of issues tabled to the board for deliberation.
- c) A full notice of meeting together with the agenda of the meeting and all materials required for the meeting will be distributed at least five (5) days prior to the meeting to ensure Directors are well informed and have the opportunity to seek further information on the matters to be deliberated, so as to be properly prepared at the meetings.
- d) Where necessary, the services of other senior management or external consultants will be arranged to brief and assist the Directors to clear any doubt or concern.
- e) Upon conclusion of meeting, the minutes are to be circulated within thirty (30) days. All directors should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the board, including any dissenting views and if any director had abstained from voting or deliberating on a particular matter.
- f) The Chairman should also ensure that board committee meetings are not combined with the main board meeting.



## **8. BOARD COMMITTEES**

The Board may delegate specified matters to individual members or committees of the Board to oversee critical or major functional areas and to address matters which required detailed review or in- depth consideration.

There shall be established the following committees:

- a) Audit and Risk Management Committee;
- b) Nominating Committee;
- c) Remuneration Committee; and
- d) Any other Committee where required.

The Committees shall operate under clear defined terms of reference. Independent Non-Executive Directors play a leading role in these Committees. Management is co-opted to the Committees as and when required. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board Papers.

The Terms of Reference of the Board Committees are available on the Company's website at [www.ocrbhd.com /investor-relations/corporate-governance/](http://www.ocrbhd.com/investor-relations/corporate-governance/)

## **9. INDUCTION PROGRAM & CONTINUING TRAINING PROGRAM**

- a) All newly appointed Directors shall undergo the mandatory accreditation programme required by Bursa Malaysia.
- b) As part of its Board induction programme, new board members shall be given a copy of the Charter and be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group.
- c) In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are encouraged to attend the relevant training programmes, seminars and forums to enhance their skills and knowledge on latest developments in the market place as well as regulatory requirements and best practices pertaining to the oversight function of Directors, relevant new laws and regulations, changing commercial risk to keep abreast with the development within which the Group operates and on the emerging sustainability issues relevant to the company and its business, including climate-related risks and opportunities.
- d) The Board shall assess the training needs of each individual Director on an annual basis.

## **10. REVIEW OF BOARD'S PERFORMANCES**

- a) The Chairman keeps under review, informally, the contributions made by Board Members. The Nominating Committee is given the task to review annually the activities and effectiveness of the Board and the Board Members. The Chairman of the Nominating Committee oversees the overall evaluation process.
- b) The Board performance assessment should be conducted on an annual basis and the results of the performance assessment should be documented and reported to the Board.

## **11. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS AND STAKEHOLDERS**

- a) The Board will use its best endeavours to familiarize itself with issues of concern to shareholders.
- b) The Board shall maintain an effective communications channel that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public
- c) Individual board members may, from time to time at the request of the Management, meet or otherwise communicate with various stakeholders that are involved with the Group.
- d) Comments from the Board, if appropriate in most circumstances, shall come from the Chairman/CEO.
- e) The Company shall aim to ensure that shareholders are well informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented the following procedures:
  - i) Shareholders can gain access to information about the Group, including media releases, communication with shareholders and key policies through the Company's at website [www.ocrbhd.com](http://www.ocrbhd.com).
  - ii) The Company encourages full participation of shareholders at General Meetings to ensure a forum is available for the discussion of the Group's strategies and goals.

## **12. CODE OF CONDUCT AND ETHICS**

The Board shall ensure that the Company upholds high standards of ethics and corporate behaviour. A governing board is in a position of trust, in that it holds in trust not only the organisation's physical and intellectual assets but also the efforts of their predecessors, and it preserves and grows these assets for the current and future generations. Its stewardship will protect the organisation from harm, and steer it towards positive achievement. In view thereof, the Directors should commit to serving the Company with due diligence and integrity by observing the Company's Code of Conduct and Ethics.

## **13. REVIEW OF THIS CHARTER**

This Charter shall be reviewed periodically by the Board for any new regulations or relevant developments that may have impact on the discharge of the Board's responsibilities.