

# BOARD CHARTER

## 1. OVERVIEW

- 1.1 The Board of Directors (“**Board**”) is primarily responsible for ensuring that Freight Management Holdings Berhad (“**Freight**”) has an appropriate corporate governance structure to ensure the creation and protection of shareholders’ value.
- 1.2 The Board is also responsible for ensuring that management recognises Freight’s legal and other obligations to all legitimate stakeholders. “Stakeholders” are groups that are likely to feel a social, environmental, economic or financial impact from Freight’s actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where Freight and its subsidiaries (the “**Group**”) operates and are affected by the Group’s activities.
- 1.3 Freight’s obligations to its Stakeholders require that appropriate accountability and control systems are in place.
- 1.4 This Board Charter explains Freight’s commitment to corporate governance. It is not an “all inclusive” document and should be read as a broad expression of principles. The Board will review this Charter on an annual basis and update this Charter as and when required.
- 1.5 Freight endorses the Malaysian Code on Corporate Governance 2012 issued by the Securities Commission.

## 2. COMPOSITION OF THE BOARD

- 2.1 The Board is to comprise:
  - (a) Directors with an appropriate range of skills, experience, and expertise;
  - (b) Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business;
  - (c) Directors who can effectively review and challenge the performance of management and exercise independent judgement; and
  - (d) at least two Directors or one-third of the Board, whichever is the higher, must be Independent Directors who meet the requirements prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 2.2 The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Group as a whole rather than of individual shareholders or other stakeholders.

## 3. DUTIES AND RESPONSIBILITIES

- 3.1 The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the management team, including:

### (A) Strategy and Planning

- (i) Establish overall business objectives and consider whether they continue to be appropriate in the context of business opportunities being pursued.
- (ii) Review and approve management strategies and plans designed to pursue business objectives and ensure they continue to remain prudent in the context of the objectives of the business, the economic environment, available resources and reasonable achievability of results.
- (iii) Approve and monitor the progress of major capital expenditure and acquisitions/divestitures.
- (iv) Establish procedures for the approval of all significant acquisitions and major contracts and approve all significant acquisitions and major contracts outside the ordinary course of business.
- (v) Approve all major changes to the structure of the organization.

**(B) Human Resource**

- (i) Define required board competencies and number and profile of board members.
- (ii) Appoint board members.
- (iii) Approve induction program for new board members and ongoing training programs.
- (iv) Ensure easy access to internal and external sources of information and advice.
- (v) Manage performance of the board as a whole and of the individual members.
- (vi) Appoint the Managing Director/Chief Executive Officer; review the performance of Managing Director/Chief Executive Officer and provide counselling and mentoring if and when required.
- (viii) Approve appointment and removal of the Company Secretary.

**(C) Remuneration**

- (i) Recommend remuneration of Directors to the Board to ensure that they are consistent with sustainable achievement of business objectives, prudent management of operations and ongoing assessments on the risks to which the company is exposed.

**(D) Capital Management and Financial Reporting**

- (i) Monitor and review the capital and solvency positions of the Group.
- (ii) Approve quarterly reports, audited financial statements and Annual Report.
- (iii) Approve dividend policy and dividend payments.
- (iv) Approve major financing arrangements.

**(E) Risk Management**

- (i) Review major risks the Group is likely to be exposed to.
- (ii) Review risk management resources, structures and processes and consider and approve changes.
- (iii) Approve risk management strategies.
- (iv) Monitor compliance with all legal, tax and regulatory obligations
- (v) Review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies annually.
- (vi) Review the effectiveness of Freight's implementation of its risk management system.

**(F) Audit and Compliance**

- (i) Appoint/re-appoint/replace the external auditors and recommend for approval by shareholders at General Meeting and fix their remuneration.
- (ii) Define the scope of the external audit function.
- (iii) Review the control environment and audit and compliance resources, structure and processes and consider and approve changes.
- (iv) Approve the scope of internal audit and compliance issues.
- (v) Review significant audit and compliance issues and consider and approve action and remediation plans.

**(G) Board Processes and Policies**

- (i) Decide the role and composition of board committees.
- (ii) Approve delegated authorities.
- (iii) Define and execute a policy dealing with conflicts of interest.
- (iv) Define codes of conduct governing related-party transactions, dealings in securities by Directors and principal officers, and insider trading policy.

3.2 In discharging his/her duties, each Director must:

- (a) exercise care and diligence;
- (b) act in good faith in the best interests of Freight and its shareholders;
- (c) not improperly use his/her position or misuse information of Freight; and

- (d) commit the time necessary to discharge effectively his/her role as a Director.
- (e) ensure that other commitments, including other directorships, do not interfere with their duties and responsibilities as a member of the Company's board.

3.3 The Board holds at least four regular meetings per year, with additional meetings to be scheduled if needed to discuss and resolve on urgent matters. Meeting materials and agenda are delivered to the Directors in advance of the meetings to allow adequate meeting preparation. All Directors are entitled to be heard at all meetings and should bring an independent judgment to bear in decision-making. It is expected that every director will make an effort to attend each board meeting and the meeting of any committee on which the director sits. Attendance in person is preferred, but attendance by teleconference is permitted. Each director should be familiar with the agenda for each meeting, have carefully reviewed all materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting.

3.4 At least once each year, the Directors will:

- (a) review this Charter and approve any required amendments; and
- (b) review the Board's performance in the preceding 12 months.

#### **4. COMMITTEES**

4.1 To assist the Board in fulfilling its duties and responsibilities, the Board has established the following Committees:

- (a) Nominations Committee, to assist the Board in relation to:
  - Appointments, re-elections and retirements of Directors
  - Directors' induction program
  - Committee membership
  - Board member's performance evaluations
- (b) Remuneration Committee, to assist the Board in relation to:
  - Recommendations and decision (as relevant) on remuneration and incentive awards for Directors
  - The Remuneration framework for Non-Executives Directors
- (c) Audit Committee, to assist the Board in relation to:
  - the reliability and integrity of information for inclusion in the Company's financial statements
  - enterprise-wide risk management
  - compliance with legal and regulatory obligations
  - the integrity of the Group's internal control framework
  - safeguarding the independence of the external and internal auditors

4.2 The Board may establish such committee it deems necessary or appropriate to assist in the discharge of its fiduciary duties.

4.3 With the exception of certain limited delegations, recommendations of the Committees are to be referred to the Board for approval.

#### **5. THE CHAIRMAN**

5.1 The Chairman is responsible for:

- (a) leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management
- (b) overseeing the Board in the effective discharge of its supervisory role
- (c) the efficient organisation and conduct of the Board's function and meetings
- (d) facilitating the effective contribution of all Directors
- (e) briefing of all Directors in relation to issues arising at meetings
- (f) the promotion of constructive and respectful relations between Board members and between the Board and the management
- (g) committing the time necessary to discharge effectively his/her role as Chairman
- (h) ensuring that there is regular and effective evaluation of the Board's performance

- 5.2 In performing this role, the chairman must work with senior management, manage the board, and promote effective relations with shareholders, other stakeholders and the public.

## **6. INDEPENDENCE OF DIRECTORS**

- 6.1 Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the board table free of concern about their position or the position of any third party.
- 6.2 The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. However, in the event that he board wishes to retain as an independent director, a person who has served in that capacity for more than nine years , the Board must justify and seek shareholders' approval.
- 6.3 The Board does not believe it is possible to draft a list of criteria which are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Director which is critical and this must be considered in relation to each Director while taking into account all other relevant factors, which may include those set out in paragraph 1.01 and PN13 of the Listing Requirements.
- 6.4 Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Director is expected to advise the Chairman immediately if he/she believes they may no longer be independent.
- 6.5 Each Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether the Director is independent, including details of entities in which the Director has a direct or indirect shareholding (or other interest), or is a director.

## **7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- 7.1 The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.
- 7.2 The management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. All Directors are to receive copies of Board Papers.
- 7.3 Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Group and all employees must comply with such requests. It is expected that any significant issues are communicated to the Chairman, Managing Director/Chief Executive Officer, Chief Financial Officer or Company Secretary.
- 7.4 Any Director may take such independent legal, financial or other advice as they consider necessary at Freight's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors.

## **8. DEALINGS IN SECURITIES**

- 8.1 The Company imposes restrictions on the trading of securities by Directors and principal officers with undisclosed price-sensitive information. All Directors must adhere to the said policy.

## **9. ORIENTATION AND CONTINUING EDUCATION**

- 9.1 New directors will receive a comprehensive orientation from appropriate executives and staff regarding the business affairs of the Company. Directors are expected to remain abreast of issues and events in the sectors where the Group has an operating interest.

## **10. BOARD ASSESSMENT**

- 10.1 The Board and its Committees will evaluate their own performance and effectiveness annually with the objective of continuous improvements. Generally, board performance will be measured against the following key metrics, including:
- the effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board;
  - the extent to which the Company carries out its responsibilities to shareholders, employees, customers, governments and the public; and
  - the quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.
- 10.2 The Nomination Committee is responsible for coordinating and overseeing the annual Board evaluation process.