

Term of Reference of Board of Directors – As per CG Code

The Chairperson

1. The Chairperson of the Board should be Non-Executive, preferably an Independent Director.
2. The Chairperson of the Board should lead the Board to ensure its effectiveness on all aspects of its role and should have specific responsibilities to include:
 - a. setting the agenda for Board meetings;
 - b. ensuring that the Directors of the Board receive accurate, timely and clear information to enable them to reach informed decisions;
 - c. encouraging constructive relations between the Board and Management;
 - d. facilitating the effective contribution of Non-Executive directors in particular, during and outside Board meetings;
 - e. encouraging constructive relations between Executive Directors and Non-Executive Directors;
 - f. maintaining sound relations with the company's shareholders and ensuring that the principles of effective communication and pertinent disclosure are followed;
 - g. when necessary, in co-ordination with other board members, act as the primary point of contact between the enterprise and the ownership entity.
 - h. representing the Board in AGM and other communications with shareholders and stakeholders;
 - i. overseeing the agenda for general shareholders' meetings;
 - j. ensuring that new directors receive a full, formal and tailored induction on joining the Board and that all directors continually update their skills and the

knowledge and familiarity with the company required to fulfil their role both on the Board and on Board committees;

- k. assessing and where necessary, implementing training programmes for directors;
- l. ensuring that monitoring and evaluation of Board and director appraisals are carried out and reported to PCB annually;
- m. promoting high standards of corporate governance, overseeing compliance by the company with this Code and signing the Corporate Governance Statement to be attached to the Company's Annual Report; and
- n. overseeing the compliance by the company with the relevant laws and regulations.
- o. Meetings of the Board and of Board committees should be scheduled in advance by the chairperson to enable directors to attend each meeting.
- p. The Chairperson of the Board should ensure that issues discussed at the Board committees are reported to the Board and any committee recommendations are considered for approval by the Board. For this purpose, the Chairperson of the Board should give the floor to the Chairperson of each Board's committee for a short presentation.
- q. The Chairperson of the Board should not unilaterally issue policies without consulting with the Board as a whole with full frank and discussions being completed.
- r. The Chairperson of the Board should not interfere with the day to day operations of the company.

The Managing Director

1. The title, function and role of the CEO/MD must be separate from that of the Chairperson.
2. Important functions that the CEO/MD should fulfil are to:
 - a. develop and recommend to the Board a long-term vision and strategy for the company that will generate satisfactory levels of shareholder value and positive, reciprocal relations with relevant stakeholders;
 - b. develop and recommend to the Board annual business plans and budgets that support the company's long-term strategy. In the development of these plans, it is essential that the CEO/ MD ensures a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board (whether through a separately constituted Board Risk Committee or through an Executive Risk Management Committee);
 - c. strive consistently to achieve the company's financial and operating goals and objectives, and ensure that the day-to-day business affairs of the company are appropriately managed and monitored; and
 - d. serve as the chief spokesperson for the company on all operational and day to day matters. The Chairperson and CEO/ MD should discuss and agree with the Board the division of responsibilities

for communication to shareholders and other stakeholders. It is important that the CEO/MD and other key officers attend AGM and be prepared to present material operational developments to the meeting.

3. The CEO/MD should maintain a positive and ethical work climate conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of the company. In addition, it is incumbent on the CEO/MD to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity, and meets social responsibility objectives and imperatives.
4. The CEO/MD should be responsible for implementation of Board policies and should inform the Board on the progress in implementing the policies.

Non-Executive Directors

1. Independent and Non-Executive Directors of the Board should explicitly assume fully the responsibilities of the stewardship of the company on behalf of the Government, other shareholders and the public. It has two principle functions in its stewardship of the company; to lead the company and to oversee the management and operations of the company.
2. The Independent and Non-Executive Directors must meet at least once a year (informally) without the presence of Management and Executive Directors.
3. The Independent and Non-Executive Directors must exercise the utmost good faith, honesty and integrity in all their dealings

with or on behalf of the company and must act independently of any outside fetter or instruction.

4. Independent and Non-Executive Directors of the Board have a statutory duty of loyalty to the SOE devoid of conflict of interest. They are legally accountable for breach of their duties. Their responsibilities include:
 - a. a fiduciary duty to perform their duties in good faith and in a manner that they believe to be in the best interests of the company, shareholders, other stakeholders and the public, and to exercise the degree of skill and care that may be reasonably expected of a person of his/her knowledge or experience;
 - b. all board members have the legal obligation to act in the best interest of the enterprise and to treat all shareholders equitably. The collective and individual liability of board members should be clearly stated. There should not be any difference between the liabilities of different board members, whether they are nominated by the state or any other shareholders or stakeholders.
 - c. a fiduciary duty of loyalty to the SOE avoiding any conflict of interest, and acting in a manner which is not reckless or grossly negligent; and;
 - d. (d) a fiduciary duty to ensure that the company and its officers and staff comply with the law and all relevant Statutes and Regulations (including the Accounting and Audits Standards).
5. Review all relevant Board papers to acquire a thorough understanding of the company's business and Management's performance.
6. Constructively challenge the company's business directions and Management's performance.

7. Non-Executive and Independent Directors should be judicious in the number of directorships they accept, in order to ensure that they do full justice to their onerous and demanding responsibilities as Board members.
8. Develop proposals on the long-term strategy of the company.
9. Formulate or approve, monitor and review corporate strategy, within the framework of the overall corporate objectives.
10. Review the performance of Management in meeting agreed goals and objectives and monitor the reporting performance.

The Board as a whole

1. The Board must always act in the best interest of the company and shareholders as a whole.
2. The division of responsibility between Chairperson and Managing Director/CEO must be clearly established and set out in writing by the Board.
3. Functional Role Clarity between Board of Directors and Management: A clear definition of the roles and the division of responsibilities between the Board and the Management is necessary to enable the Board to effectively perform its role. The Board should have a formal statement of Board Charter/Code of ethics which clearly defines the roles and responsibilities of the Board and individual Directors.
4. The Board should commit themselves effectively to their responsibilities.
5. The Board should ensure they have sufficient time to attend and contribute to Board meetings.
6. The Board must define its roles and responsibilities. In addition to the responsibilities provided by Companies Act and other relevant laws, the Board of Directors should be responsible for:

- a. (a) ensuring a formal and transparent nomination process for directors;
- b. (b) determining company's purpose, strategy and values;
- c. monitoring the effectiveness of the governance practices under which the company operates and propose changes where needed;
- d. overseeing the process of disclosures and communications to shareholders and stakeholders;
- e. setting the company's values and standards, ensuring that obligations to shareholders and stakeholders are understood and met;
- f. adopting internal procedures and regulations for the conduct of company's affairs;
- g. ensuring that appropriate systems of internal control are in place, in particular, systems for monitoring risk, financial and accounting control;
- h. overseeing compliance with relevant laws and regulations, this Code and the company's by-laws;
- i. periodically reviewing compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances;
- j. setting performance objectives and evaluating the performance for the company and management and approving the management remuneration connected with corporate performance. The evaluation is undertaken according to a policy and procedures approved by the Board;
- k. establishing technology and information systems sufficient to operate the company efficiently and effectively;

- l. establishing corporate and fiscal policies and ensuring the major investments needed to achieve company's objectives and increase the value of the company;
 - m. monitoring the implementation and overall development of the corporate business strategy and corporate performance;
 - n. ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit;
 - o. identifying, monitoring and reporting regularly on the non-financial aspects relevant to the business of the company;
 - p. appointing and dismissal of CEO and management Board (if one is established), appointment and dismissal of management Board members and ensuring that succession is professionally planned in good time.
 - q. appointing a Company Secretary and in so doing, satisfy itself that the appointee is fit and proper and has the requisite attributes, experience and qualification to properly discharge his/her duties; and
 - r. determining the management's powers and responsibilities and monitoring their performance.
7. The Board should actively seek information it requires from management and other sources, and to verify its reliability, adequacy and accuracy and be provided by management with all relevant and timely information the Board needs to enable it to perform its functions effectively.
8. The Board should have access to the advice and services of the professional qualified Company Secretary who is responsible to the Board for advising the Board on

compliance with Board and AGM procedures, the law and relevant rules and regulations, and for ensuring that reliable and relevant information is provided to the Board and the AGM in a timely manner.

9. To perform their oversight functions effectively, Board members must bring an independent judgement to bear on issues of corporate strategy, performance, use of resources, appointments and standards of conduct.
10. If authority to make decisions on certain Board matters is delegated by the Board to any Board Committee or to Management, such delegation should be disclosed.
11. Exercise leadership, SOE, intellectual honesty, integrity and judgement in directing the Company so as to achieve sustainable prosperity for the Company.
12. The Board must act in the best interests of the company and shareholder.
13. As trustees of public assets, directors of SOEs have the added responsibility not only to safeguard public goods but also to ensure the long-term sustainability of their respective SOE.
14. The Board Directors should never permit a conflict of duties and interest and must disclose potential conflicts of interest to the Board at the earliest possible opportunity
15. The Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.