

# **BOARD CHARTER**

## **Introduction**

The Board of Directors (“Board”) of Riverview Rubber Estates, Berhad (“Riverview”) recognises Corporate Governance as being vital and important to the success of Riverview and its Group of Companies (“Group”) businesses.

As a plantation company with a history of more than 75 years, Riverview ensures that it manages its business, operations and affairs in accordance with the laws and regulations of the jurisdictions in which it operates.

The Board is accountable and responsible for the performance and affairs of the Group and is also responsible to oversee its corporate governance framework. All Board members are expected to act in a professional manner, to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board Charter provides references for Directors in relation to the Board’s role, powers, duties and functions. It also outlines the Board’s rights to establish committees to assist in the discharge of its duties and its meetings’ requirements.

## **Objectives**

The Board Charter sets out the roles and responsibilities of the Board in accordance with the principles outlined in the Code of Corporate Governance and ensures that all Board members are aware of their duties and responsibilities as well as the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings.

This Charter is not an all-encompassing document and should not be seen as such but considered a broad expression of principles.

## **Composition and Board Balance**

The size and composition of the Board is appropriate given the nature and geographical spread of the Group’s business, and the significant time demands placed on the Non-Executive Directors who also serve as Members of Board Committees.

The Board comprise individuals of ability and integrity who possess the necessary skills, knowledge, experience and expertise competencies to address the risks and issues of the Group with the requisite depth and quality in its deliberation and decision making.

The Articles of Association of the Company provides for a minimum of 3 Directors and maximum 8 Directors.

The Company must ensure that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors and if the number of Directors is not 3 or a multiple of 3, then the number nearest 1/3 must be used as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa LR”).

The Board appoints a Senior Independent Director to whom concerns may be conveyed. The Senior Independent Director is also responsible to receive reports from employees or third parties for the purpose of whistleblowing.

The Board promotes and welcomes diversity and gender mix in its composition and give due recognition to the financial, technical and business experience of the Directors, and; its composition and size are reviewed from time to time to ensure its appropriateness.

### **Nomination, Appointments and Re-election**

The Nomination Committee established by the Board is responsible for assessing nominees for appointment and thereafter making its recommendations to the Board.

The Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director bring to the Board.

The Company Secretary shall have the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

In accordance with the Articles of Association of the Company, any Director appointed shall retain office only until the next General Meeting and shall then be eligible for reelection.

Re-appointments of an Independent Director who has served for a cumulative term of more than nine years to continue serving in the same capacity requires the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such.

Section 129(2) of the Companies Act, 1965 requires Directors over the age of 70 to retire at every Annual General Meeting and offer themselves for re-appointment to hold office until the next Annual General Meeting.

The Articles of Association provide that at each Annual General Meeting, at least one Director shall retire from office, the Director to retire shall be the Director who has been longest in office provided always that all Directors retire once every three years.

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement and who otherwise meet the definition of independence as prescribed by the Bursa LR.

Every Independent Director shall provide a written declaration to the Nomination Committee and the Board confirming that he/she continue to fulfil the criteria of independence as set out in the Bursa LR during the annual assessment carried out by the Company.

The Board, together with the Nomination Committee shall undertake an assessment director independence of Independent Director annually and as and when new interest or relationship develops.

## **Roles and Responsibilities**

The Board of Directors is responsible for the long term success of the Group and must ensure that there is a framework of effective controls, which enables risk to be assessed and managed. While it is responsible for creating a framework within which the Group should be operating, Management is responsible for instituting compliance with laws and regulations including the achievement of the Group's corporate and social objectives. This demarcation of roles complements and reinforces the supervisory role of the Board.

The Board is specifically responsible for:

- approval of the Group's strategy and its budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and interim results, accounting policies and subject to shareholder approval, the appointment and remuneration of the external auditors;
- declaration and payment of dividends;
- changes to the Group structure and the issue of any securities;
- establishing and maintaining the Group's risk appetite, system of internal control, governance and approval authorities;
- monitoring executive performance and succession planning;
- reviewing standards of ethics and policy in relation to health, safety, environment and community responsibilities; and
- continuous education programmes for the Directors, management and employees.

The Board entrusts and grants some of its authority to the Principal Officer as well as recognized Committees comprising Non-Executive Directors.

There is clear segregation of responsibilities between the Chairman, who is an Independent Non-Executive Director, and the Principal Officer to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are presented. The Principal Officer is supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board.

The Non-Executive Directors are independent of the Management. Their function is to constructively question the Management and monitor its ability to deliver on targets and business plans within the risk appetite set by the Board. They have free and open interaction with the Management at all levels, and they engage with the external and internal auditors on matters regarding the overseeing of the business and operations.

The roles and responsibilities of Non-Executive Directors include the following:

- providing impartial (where the Director is also Independent) and objective views, appraisals and opinions in deliberations of the Board;
- safeguarding the principle of check and balance in proceedings of the Board;
- mitigating occurrences of conflict in interest in policy making and daily operations of the Group; and
- constructively challenging and contributing to the development of the Group.

### **Ethics**

The Companies Act, 1965 and Bursa LR subject the Directors to disclosure requirements. Directors shall comply with the Companies Act, 1965 in connection with disclosure of shareholding and interests in the Group and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly duties or interests that might be created in conflict with his/her duty or interest as a Director of the Company. General notice given by a Director is tabled at the Board Meetings and the declarations made are recorded in the minutes of the Board Meeting, in line with the Companies Act, 1965.

The guiding principles adopted by the Directors are based on moral duty, sincerity, integrity and responsibility. The Directors observe a code of ethics in accordance with that expected from each of their respective professional bodies and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

These principles include:

- prohibitions on employees using their position for personal gain;
- prohibitions on improper business practices;
- a requirement for compliance with all internal approval and authorisation procedures and legal requirements; and
- a requirement to disclose potential conflicts of interest and potential related party contracts.

The Company Secretary is available for advice on any matter which may give rise to cause for concern in relation to the ethics.

### **Role of Committees**

The Board decides on all major aspects of the activities of the Company and in common with other listed companies of similar size and organization, it decides upon most such matters as full Board. The Board in discharging its duties is assisted by three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference which define their membership, authorities and responsibilities.

All deliberation, findings and recommendation made by these Committees will be brought to the attention of the Board who is collectively responsible for the Group's business, strategy, risk management, operational and financial performance.

### **Audit Committee**

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal risk management and control functions for making recommendations to the Board in relation to the appointment of the Group's internal and external auditors.

### **Remuneration Committee**

The Committee is responsible for developing the remuneration policy for the Principal Officer, Management Officers and Staff, in doing so, the Committee carries out the annual review of the overall remuneration policy and recommends this to the Board for approval.

### **Nomination Committee**

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or the Board Committees. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for the annual evaluation of the Board, its commitments and its Directors.

### **Meetings**

The Board meets a minimum of four (4) times a year and these meetings are scheduled in advance before the end of the current financial year in order to enable the Directors to have ample time to plan ahead; supplementary meeting are held as and when necessary.

Due notice is given of scheduled meetings, all meetings are minuted, including issues discussed and conclusions made. All proceedings are minuted and signed by the Chairman of the meetings.

The agenda for each Board meeting and papers relating to the agenda are disseminated to all Directors at least seven (7) days before the meeting, this is to ensure that meetings are properly structured and to provide the Directors sufficient review time, and seek clarifications, if any.

### **Performance**

The Board recognises the importance of assessing the effectiveness of the Board as a whole and its Committees. The Board reviews and evaluates the performance of the Board as a whole and its Committees on an annual basis.

The Company Secretary shall distribute the evaluation form to the Board and Board Committees for completion on an annual basis. The information obtained or disclosed during the evaluation process shall be kept confidential and will not be used or disclosed except as defined herein.

The Nomination Committee shall oversee the implementation of the evaluation process and at the conclusion of this process, the Chairman of the Nomination Committee shall report the outcome to the Board of Directors identifying the issues and making appropriate recommendations. The Board of Directors shall then deliberate on the report and decide/agree on any action plans, where relevant.

As part of the Board self-evaluation process, an annual written confirmation shall be obtained from each of the Company's Independent Non-Executive Directors stating to the effect that each of them continues to fulfil the definition of independence as set out in the Bursa LR.

### **Training and Induction**

The Board, through the Committees, ensure a structured orientation and continuous education programme is in place for new and existing members of the Board. This includes, briefings, seminars and updates on issues relevant to the Group and the environment in which it operates.

The Director who is appointed for the first time as a Director of listed company must complete the Mandatory Accreditation Programme ("MAP") within the time set as defined in the Bursa LR.

For new Directors, in addition to the MAP, an induction programme is provided. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations, time commitment required and its governance agreements. Such inductions typically include meetings with senior management, visits to the Group's business segments where they receive a thorough briefing on the business. Such inductions are monitored by the Chairman and supported by the Company Secretary, to ensure that new and recently appointed Directors gain sufficient knowledge about the Group to enable them to contribute to deliberations as soon as possible as well as be aware of the expectations required from them.

The Board shall disclose in the Annual Report the trainings attended by the Directors and to provide reasons for the non-attendance for each Director.

### **Remuneration Policies**

- Determining the policy for the remuneration of the Principal Officer, Chairman, Management Officers and such members of the staff that it chooses to consider;
- Reviewing remuneration trends across the Group including the salary increases proposed annually for all Group employees;
- Appointment and termination agreements for senior management;
- Determining targets for bonuses;
- Executive remuneration packages should take into account the linkage between pay, performance and nature of work by rewarding both effective management and by making the enhancement of shareholder value a critical success factor in setting of incentives, both short and long term; and
- The overall level of salary, incentives pension and other benefits should be competitive when compared with other companies of similar size and within the industry.

The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting.

There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

### **Supply of Information**

All Directors have unrestricted access to advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information for its decision making, that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained.

All Directors have full and immediate access to information relating to the Group's business and affairs in the discharge of their duties, there is nevertheless a formal procedure sanctioned by the Board in this regard. There is also a formal procedure, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in furtherance of the duties at the Group's expense.

### **Financial Reporting**

The Company aims to present clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards so as to present a true and fair view of the state of affairs of the Group.

### **Review of Board Charter**

This Board Charter was updated and adopted by the Board on 24 February 2017. The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.