



BOARD CHARTER

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Issue Date	Summary of Key Changes	Review Date
18 August 2023	<ol style="list-style-type: none"> 1. Enhanced the disclosure under functions, duties and responsibilities with reference to ILB Diversity Policy and Directors' Fit and Proper Policy 2. Added in the roles of EVC, CEO and MC 3. Enhanced the roles and functions of ARMC 4. Enhance the provision in relation to disclosure on Conflict of Interest and Conflict Resolution 	18 August 2023



BOARD CHARTER

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The Board Charter serves as a strategic guidance and effective oversight of management & provides an overview of :

- (i) The roles and responsibilities of the Board, Chairman, Executive Vice Chairman, individual directors, Chief Executive Officer and Management Committee.
- (ii) Delegation of authority by the Board to various Board committees established to assist the Board to execute its duties and responsibilities.
- (iii) Board operating procedures and practices pertaining to meetings, training and development, code of conduct and declarations of conflicts of interest.

1. BOARD STRUCTURE

a. Composition

- The number of directors shall be not less than 2 and not more than 15.
- At least 2 directors or one third (1/3) of the Board, whichever is the higher must be independent directors. If the number of directors of the Company is not a multiple of 3, then number nearest 1/3.
- The Board through the Nomination and Remuneration Committee (“NRC”) shall review the size and composition of the Board and Board Committees, which include the skill sets, experience and functional knowledge of its members on a periodic basis, to ensure an appropriate balance of skills, experience and diversity.

b. Appointment and Re-election

- The Board determines the appropriate size of the Board. New appointments recommended by the NRC should have the required mix of skills, experience & diversity (including gender).
- One-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. Any new or additional Director appointed by the Board during the year shall hold office until the next AGM and shall then be eligible for re-election.

c. Diversity

- The Board is committed to and recognizes the benefit of diversity. At ILB, diversity refers to all the attributes or characteristics that make individuals different from each other which includes, but is not limited to age, gender, experience, education, background, expertise, origin, disability, race, nationality, culture, language and perspectives.

- The NRC considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, ethnicity, age, experience and knowledge. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Company will work towards addressing this as and when vacancies arise and suitable candidates are identified. The Company's primary responsibility in new appointments to the Board and management must always be to select the best candidates available.
- In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities.

d. Directors' Fit and Proper Policy

- The Board had adopted the Directors' Fit and Proper Policy ("Policy") which set out the fit and proper criteria for the appointment of Directors on the Boards of ILB and its subsidiaries. The Policy is available at <https://www.ilb.com.my/investor-relations/ir-corporate-governance/>.
- In the application of the Policy, the Board and NRC are primarily responsible to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board and Directors who are seeking for re-election.
- For other key management personnel, decisions on appointments and assessments of fit and proper may be made by the Chief Executive Officer or designated personnel under the delegated authority of the Board and NRC.
- The Board is committed to ensure that each person who holds a director position has the appropriate skills and experience in line with the role that they hold, and will make all final determinations on the fitness and properness of the person.

2. ROLES AND RESPONSIBILITIES

a. Board of Directors

- i. Understanding shareholders' expectations; enhance shareholders' value.
- ii. Conscious balance of other stakeholders' interest & in line with Government policies.
- iii. Ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including established accounting policies.
- iv. Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business.
- v. To ensure high standards of ethics and corporate behaviour in the conduct of business.
- vi. Commitment in governing management and providing oversight of the Company; implementation of appropriate policies and procedures that govern management conduct; monitoring of performance and succession planning.

- vii. Implementation of appropriate measures to manage key risk factors.
- viii. To lead the implementation of sound governance structure, ESG goals and sustainability agenda of the Company.
- ix. To lead the implementation of Anti-Bribery and Anti-Corruption system.

b. Individual Directors

Directors are accountable to their shareholders and must use their best efforts to ensure that the Company and Group are properly managed and regularly improved so as to protect and enhance shareholder value. Their responsibilities include the following :

- i. Fiduciary duty to act in the interests of the Company, the shareholders & stakeholders.
- ii. Duty to exercise reasonable skill and care in the discharge of their functions.
- iii. To exercise the utmost good faith in all their actions and to act honestly in the discharge of their duties.
- iv. Acquire knowledge about the business of the Group & the statutory and regulatory requirements.
- v. Assist the Chairman in providing the Group with effective leadership.

c. Chairman

The Chairman is elected by the Board members to provide leadership at Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring integrity and effectiveness of the Board and its committees.

The Chairman is required to :

- i. Facilitate all Board meetings and ensure the appropriate level of interaction among Board members & senior management.
- ii. Ensure a balance of skills, knowledge and experience within the Board and effective reporting and communication.
- iii. Ensure that material matters in respect of the business or governance of the Group are tabled for Board decision making.
- iv. Monitor the performance of the members of the Board.
- v. Maintain a regular dialogue with the Executive Vice Chairman and Chief Executive Officer and consult with the other Board members as appropriate.

d. Executive Vice Chairman (“EVC”)

The EVC provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board. EVC is appointed by the Board on the recommendations of the NRC.

The EVC’s roles are as follows :

- i. Representing ILB in developing, maintaining and fostering effective relationship with stakeholders including partners in Hong Kong and China.
- ii. To foster and grow strong financial partnerships by building effective relationship with bankers and financial institutions through formulating strategic policy.
- iii. Provide leadership and advice to the CEO on significant capital expenditure decisions including major funding, strategic business expansion and major projects such as LSS and CGPP.
- iv. Takes lead responsibility for the maintenance and development of ILB's reputation by using his best endeavours to promote the good name and reputation of ILB and cultivate the business of ILB and its clientele across the globe.

e. Chief Executive Officer (“CEO”)

The CEO provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board. He is appointed by the Board on the recommendations of the NRC.

The CEO’s roles are as follows :

- i. Setting and Executing Organizational Strategy
 - Provide strategic input and leadership in overseeing the ongoing operations of all divisions in the company.
 - Manages and directs the company toward its primary goals and objectives.
 - Implement, improve, and enforce policies and procedures that will increase the financial and operational effectiveness of the company.
 - Representing ILB in developing, maintaining and fostering effective strategic relationship with stakeholders including partners in Hong Kong, China and Japan.
- ii. Manage and Plan for Capital Expenditure and Funding Requirement
 - Provide strategic input and leadership in overseeing the ongoing operations of all divisions in the company. Secure and ensure all capital expenditure and project funding of ILB Solar Projects be met.
 - Secure and ensure healthy cash flow within ILB to meet operating needs and working capital requirement.
- iii. Communicating Effectively with All Stakeholders
 - Ensures the company’s compliance with all applicable laws, rules, regulations, and standards regulated by the Government, Bursa Malaysia, Bank Negara Malaysia, Securities Commission and all other relevant agencies.
 - Serves as the company’s representative to the Board of Directors, shareholders, employees, customers, the Government, and the public.

f. Management Committee (“MC”)

The MC is established by the Board as a medium between the Board, Board Committees and the Management with a primary function and duty to oversee and ensure all Board decisions and instructions to the Management are implemented smoothly and efficiently vis-a-vis to evaluate and make appropriate recommendation to the Board Committees and/or Board on all matters presented to the MC by the Management which requires Board’s decision and approval.

The MC also entrusted by the Board to lead the ESG and Sustainability agenda of ILB.

g. Responsibilities of Board Committees

The Board has set up Board committees with different functions to assist the Board in discharging its fiduciary duties. It is each committee’s duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision.

i. Audit and Risk Management Committee

The statutory functions of the Committee as per Paragraph 15.12 of Bursa Malaysia Main Market Listing Requirements are as follows:-

- (1) review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of ILB to the external auditor;
 - (e) the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (f) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
 - (g) the quarterly results and year-end financial statements, before the approval by the board of directors, focusing particularly on -
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements.
 - (h) any related party transaction and conflict of interest situation that arose, persist or may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
 - (i) any letter of resignation from the external auditors of the listed issuer; and
 - (j) whether there is reason (supported by grounds) to believe that the listed issuer’s external auditor is not suitable for re-appointment; and

(2) recommend the nomination of a person or persons as external auditors.

The duties and responsibilities of the Committee as entrusted by the Board shall be :-

- a) to meet the external and internal auditors at least twice a year in the absence of the Executive Directors, the CEO and senior management to discuss issues or reservations arising from the audits and any other matters that the auditors may wish to present for the attention of the Committee, where necessary.
- b) to report to the Board of its compliance with laws and regulations, related party transactions, code of ethics, material activities, significant results and findings from internal and external audit, internal control, corporate governance and risk management functions.
- c) to monitor the implementation of sound governance structure, ESG goals and sustainability agenda of the Company.
- d) to monitor the implementation of Anti-Bribery and Anti-Corruption system.
- e) to undertake such other responsibilities as may be agreed to by the Board.

ii. Nomination and Remuneration Committee

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise at least 3 members, all of whom are non-executive Directors, majority of whom are independent.

The duties and responsibilities of the Committee are as follows :

1. To regularly review the Board structure, size and composition.
2. To review and recommend new nominees for appointment to the Board of Directors.
3. To assess the performance of Directors on an on-going basis & the effectiveness of the Board as a whole.
4. To recommend to the Board to fill the seats on Board Committees.
5. To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
6. To recommend to the Board for continuation Directors who are due for retirement by rotation and the Executive Directors.
7. To recommend to the Board the framework of Executive Directors' remuneration package.
8. To recommend to the Board any performance related pay schemes for Executive Directors.

3. BOARD PROCESSES

a. Scheduling of Board meetings

The Board meets at least 4 times every year based upon a set schedule.

Apart from the pre-scheduled Board meetings, the Board may, for the purpose of urgent matters, convene ad-hoc Board meetings at any time during the year.

b. Agenda for Board meetings

The agenda of the meeting will reflect matters requiring Board decision & approval.

The Secretary shall discuss with the EVC and CEO on the agenda items.

A Director may request for inclusion of a matter in the agenda 7 days before a particular Board meeting.

All Board meeting materials will be distributed at least 3 days before the Board meeting except for confidential or price sensitive items which may be presented directly at the meeting.

c. Quorum

The quorum shall comprise 50% of the Board members, subject to a minimum of 2.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote. In case of an equality of votes, the Chairman shall have a second or casting vote.

d. Board and Directors Professional Development

The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Group's business operations.

1. Newly appointed Board members are mandated to attend the Mandatory Accreditation Programmes Part 1 required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment.
2. Newly appointed Board members are mandated to attend the Mandatory Accreditation Programmes Part 2 required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 18 months from the date of appointment
3. Newly appointed Board members, when taking up office, are to be fully briefed on the terms of their appointment, duties and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates.
4. Formal training and continuous education programs and workshops for the directors shall encompass topics on directorship, business, industry, regulatory and legislative.
5. Informal sessions and discussion forums for the directors shall be held to share experiences and have constructive deliberations.

e. Code of Ethics and Conduct

The Board commits itself and its Directors to the Code of Ethics and Conduct adopted by the Group.

f. Disclosure on Conflict of Interest and Conflict Resolution

Every Director shall comply with the provisions of section 219 and 221 of the Companies Act 2016 in connection with the disclosure of the following:

- i. interest in shares, debentures, participatory interests, rights, options; and
- ii. interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on Conflict Resolution are, among others, the following :

- 1. Directors must act in good faith at all times in the best interests of the Company. The definition of "interest" shall bear the meaning provided in Section 8 of the Malaysian Companies Act 2016;
- 2. Directors have a general duty to make disclosure by giving written notice as soon as possible of such events and matters relating to himself as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements;
- 3. Directors can be regarded as having a conflict of interest where the company, he or she is associated with derives an advantage from him being a Director;
- 4. Therefore, a director is required at all times to declare such conflict and if so required by the Board, to withdraw from any voting or deliberation of a matter in which the Director or member may have an interest; and
- 5. No director may vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.

g. Professional advice

Each Director may obtain external legal or other independent professional advice at the Company's cost as it considers necessary.

Any external legal or other independent professional advice to be obtained by the Director must be formally proposed by the Director to the Chairman of the Board for endorsement.

REVIEW OF BOARD CHARTER

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Group and changes in the regulatory requirements.