



GUAN CHONG BERHAD
200401007722 (646226-K)

BOARD CHARTER

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1 Introduction

The Board of Guan Chong Berhad (“GCB” or the “Company”), appointed by its shareholders, is accountable to them for the corporate governance and performance of the GCB Group of Companies (“GCB Group” or “Group”). The GCB Board of Directors (“Board”) fulfils this accountability by ensuring that GCB has an appropriate corporate governance structure aimed at creating and protecting shareholder value.

The Board derives its authority to act from the shareholders’ mandate in accordance with the Memorandum and Articles of Association of the Company and all other applicable laws, regulations, directives and guidelines.

Guan Chong Berhad was incorporated in Malaysia on 22 March 2004 as a public limited company and subsequently listed on the Main Market of Bursa Malaysia on 8 April 2005.

The Vision and Mission of the Company are as follows:

- Vision: To be the world’s most preferred and leading cocoa partner
- Mission: We at GCB Cocoa are committed to be the leading supplier of Cocoa Ingredients. We deliver Quality Cocoa and professional services, and form alliances with strong local partners to provide long-term and reliable relationships with customers worldwide.

2 Purpose

This Board Charter, which is established by the Board, sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and power of the Board, various Board Committees, including the requirement of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.

3 The Board

The Board should consist of qualified individuals with different backgrounds and mix of specialisations, collectively bringing considerable knowledge, judgment and experience to the Board. The Board directs the Group's risk assessment, strategic planning, succession planning and financial and operational management to ensure that its obligations to shareholders and other stakeholders are understood and met.

The Board provides the leadership necessary to enable the Group's business objectives to be met within the framework of internal controls described in the Statement of Corporate Governance ("Statement").

(i) Duties and Responsibilities of the Board

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:

- To review and adopt a strategic plan for the Group, including giving inputs to address the sustainability of the Group's business;
- To oversee the conduct of the Group's business, including the Group's and Management Team's performance, and evaluating whether or not its businesses are being properly managed;
- To identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- To ensure that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- To give inputs to the development and implementation of an investor relations programme and stakeholder communications policy;
- To review the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- To review conflict-of-interest issues relating to a substantial shareholder or a director of the Company and its subsidiaries and to determine appropriate mitigation plan(s);
- To review corporate governance practices of the Company and its subsidiaries and to determine appropriate mitigation plan(s) if inadequate;
- To review and approve the appointment and legal representative of the Company and its subsidiaries (as the case maybe);

(i) Duties and Responsibilities of the Board (cont'd)

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities (cont'd):

- To assess performance of the Director, Board and Board Committees of the Company and member of Key Senior Management of the Group;
- To review directors' fees and benefits payable to the Director of the Company and its subsidiaries and which shall be ultimately recommended to the shareholders of the Company and its subsidiaries for approval in a general meeting;
- To review the implementation of any employee share option scheme of the Company and its subsidiaries (if involved allotment to a director, major shareholder or chief executive of the Company or a holding company of the Company, including person connected to such persons), the rules applicable to any such scheme and any amendments to such rules for recommendation to the shareholders of the Company for approval;
- To review and approve the implementation of any employee share option scheme of the subsidiaries (except involved allotment to a director, major shareholder or chief executive of the Company or a holding company of the Company, including person connected to such persons per (r) above), the rules applicable to any such scheme and any amendments to such rules;
- To review and approve amendments to the Constitution of the Company and its subsidiaries (as applicable) and recommend such amendments to the shareholders of the Company and its subsidiaries respectively for approval (as the case maybe);
- To recommend the convening of general meetings of shareholders of the Company, including recommending to the shareholders that any ordinary or special resolutions in respect of the Company;
- To review and approve the issuance prospectuses, circulars, takeover or merger documents or other regulatory documentations in relation to corporate exercise involving the Company and its subsidiaries;
- To review and approve prosecution, defence or settlement of legal or arbitration proceedings which have a material impact financially or in non-financial term involving the Company and its subsidiaries;
- Ensure the Code of Ethics and Conduct of the Company and its subsidiaries promote the core values of the Group established by the Board and ensure the implementation of appropriate internal control system to support, promote and ensure its compliance;
- Ensure the adequacy and effectiveness of the Group's Anti-Bribery and Corruption Management ("ABCM") system including promoting appropriate anti-bribery and corruption culture within the Group;

(i) Duties and Responsibilities of the Board (cont'd)

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities (cont'd):

- Oversee the development and implementation of Whistleblowing Policy for the Group (including its subsidiaries) to enable genuine concerns are objectively investigated and addressed with corrective actions; and
- Stay abreast with development in sustainability matters of the Company and its subsidiaries and ensure that sustainability strategies, priorities and targets as well as performance against these targets are communicated to internal and external stakeholders.

(ii) Policy and Strategies

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Board Committees or Management):

- acquisition and disposal or closure of a business;
- declaration of dividends and approval of financial statements, including accounting policies of the Group;
- establishment of new businesses;
- annual strategic plan;
- capital investment and disposal of tangible assets from existing business to third party;
- increase or reduction by a subsidiary of its authorized or issued capital;
- financing on the Group's activities;
- any corporate restructuring not covered by the above-mentioned paragraphs;
- the change of name of any company in the GCB Group and establishment of any new company;
- separate and consolidated financial statements of the Company and its subsidiaries and public statements which reflect significant issues of the Group's policy or strategy
- strategy, business plans and annual budgets of the Company and its subsidiaries and of any subsequent material changes in strategic direction or material deviations in business plans by the Company and its subsidiaries;

(ii) Policy and Strategies (cont'd)

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Board Committees or Management) (cont'd):

- significant changes in accounting policies and practices of the Company and its subsidiaries;
- material acquisitions and disposal of assets not in the ordinary course of business of the Company and its subsidiaries;
- Change relating to the capital structure, including but not limited to, reduction of capital, share and other securities issues (except under employee share option schemes) and share buy-backs (including the use of treasury shares) (including the terms and conditions of such changes in capital structure) of the Company and its subsidiaries;
- raise or increase borrowing facilities involving material amounts of the Company and its subsidiaries;
- changes to the structure, size and composition of the Board of the Company and its subsidiaries, following recommendations from the Nominating Committee;
- any delegation of authorities to MD/CEO and the executive directors of the Company and its subsidiaries;
- risk management policies of the Company and its subsidiaries;
- appointment and removal of the Company Secretary of the Company and its subsidiaries;
- establishment of Board Committees of the Company and its subsidiaries (to the extent applicable), their membership, delegated duties and authorities and the terms of reference; and
- remunerations payable in relation to the contract of employment of the Director of the Company and its subsidiaries and member of Key Senior Management of the Group.

(iii) Roles of Chairman and Chief Executive Officer

The Board will ensure that its Chairman is a non-executive member of the Board. The roles of the Chairman and the Chief Executive Officer are distinct and separated to ensure a balance of power and authority.

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Representing the Board to Shareholders and ensure effective communication with shareholders;
- Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
- Ensure that all Board committees are properly established, composed and operated;
- Ensure comprehensive induction programmes for new directors and updates for all directors as and when necessary;
- Support the Chief Executive Officer in the development of strategy and, more broadly, to support and advise the Chief Executive Officer;
- Establish a harmonious and open relationship with the Chief Executive Officer; and
- Ensure that general meetings support meaningful engagement between the board, senior management and shareholders.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Chief Executive Officer, amongst others, are as follows:

- Developing the strategic direction of the Group;
- Ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its
- Ensure that the objectives and standards of performance are understood by the Management and employees of the GCB Group;
- Ensure that the operational planning and control systems are in place;

(iii) Roles of Chairman and Chief Executive Officer (cont'd)

The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Chief Executive Officer, amongst others, are as follows (cont'd):

- Monitoring performance against plans and/or budget;
- Taking remedial action, where necessary;
- To discharge the responsibilities delegated by the Board of the Company and to execute authorities delegated effectively and efficiently;
- Ensure that the financial management practice of the Company and its subsidiaries is performed at the highest level of integrity and transparency;
- Ensure the Company and its subsidiaries have adequate resources, has an effective management team and structure, develop management skills and put in place an effective management succession plan for business continuity;
- Ensure that adequate and effective governance, risk management and internal control system for the Company and its subsidiaries are instituted;
- Design, implement (subject to approval by the Board of the Company) and continuously improve the Group's Anti-Bribery & Corruption Management ("ABCM") as well as ensuring sufficient resources is allocated for such implementation at the Company and the subsidiary level;
- Design, implement (subject to approval by the Board of the Company), continuously improve and promote the Group's sustainability management at the Company and the subsidiary level as well as ensuring sufficient resources is allocated for implementation thereof; and
- Implement group wide Code of Conduct and policies and procedures as well as ensuring sufficient resources is allocated for such implementation at the Company and the subsidiary level.

(iv) Powers delegated to Management

The Board shall delegate to the Chief Executive Officer, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.

(v) Duties and Responsibilities of Management

- To manage the development activities of the GCB Group;
- To manage and administer day-to-day operations of GCB Group; and
- To be responsible for the overall operational and business management and profit performance of GCB Group.

(vi) Board Composition and Size

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. Each directors should have the character, experience, integrity, competence and time to discharge their role effectively. The composition and size of the Board is such that it facilitates the decision making of the Company.

The Company will not appoint any active politician as a director of the Company. The board should comprises at least 30% women directors.

The Articles of Association of the Company provides that the number of directors shall be not less than two (2) and not more than eleven (11).

In accordance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company must ensure that at least two (2) directors or one-third (1/3) of the Board, whichever is higher are independent directors. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used. If a vacancy in Board results in non-compliance with the required composition, the vacancy must be filled within three (3) months (paragraph 15.02 of the Listing Requirements).

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company. In the event that the Chairman is not an Independent Director and/or the existing Independent Directors have not formed a majority on the Board of Directors, the Board must have its justification and make the relevant disclosure on such deviation in the Annual Report.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size the from time to time to ensure its appropriateness.

(vii) Qualification, vacation of office and removal of directors

The Board must ensure that no person is appointed or allowed to act as a director of the issuer or be involved whether directly or indirectly in the management of the issuer, including acting in an advisory capacity in relation to the issuer, if he –

- (a) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
- (b) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
- (c) has been convicted by a court of law of an offence under the securities laws or the corporations laws of the listed issuer's place of incorporation,

within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

The office of a director will become vacant if the director –

- (a) falls within the circumstances set out in section 208 of the Companies Act;
- (c) is absent from more than 50% of the total board of directors' meetings held during a financial year; or
- (d) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences set out in subparagraphs (a), (b) or (c) above.

If a director is appointed after the commencement of a financial year, then only the board of directors' meetings held after his appointment will be taken into account.

Where a director is removed from office, the Board must forward to the Exchange a copy of any written representations made by the director in question at the same time as copies of such representations are sent to shareholders under section 207(3)(b) of the Companies Act, unless copies of such representations need not be sent out by reason of the circumstances specified in section 207(5) of the Companies Act.

4 Board Tenure

The Articles of Association of the Company provides that all newly appointed directors shall retire and be re-elected by the shareholders at the Company's Annual General Meeting ("AGM"). Apart thereof, one-third (1/3) of the Board or if the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest 1/3 shall retire from office and be eligible for re-election at every AGM.

The tenure of an Independent Director shall not exceed a term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the subject Director as Independent Director after he has served a term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board will assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements on independence.

A Senior Independent Director is available to whom concerns of stakeholders may be conveyed. Where any Independent Director is of the view that he and/or she has an interest or relationship which is likely to impair their independence and believes that he and/or she may no longer be independent, the Director concerned is expected to advise the Chairman and/or the Board immediately and accordingly, to abstain from any deliberation on the matter in the Board meeting and from voting at the shareholders' meeting.

Each Director is required to inform the Chairman and/or the Company prior to accepting any new directorship in a public listed company. A director must not hold more than 5 directorship in listed companies.

5 Board Committees

The Board has established the following Board Committees to assist and advise the Board in fulfilling its duties and responsibilities:-

- i) Audit Committee ("AC")
- ii) Nomination Committee ("NC")
- iii) Remuneration Committee ("RC")
- iv) Risk Management Committee ("RMC")

The duties and responsibilities of respective board committees are defined in respective board committees Term of Reference ("TOR")

6 Board Meeting

The Board shall schedule at least (4) four meetings in a year. However, special meetings may be convened as required and/or at the discretion of the Chairman of the Board. The quorum shall not be less than two (2) members.

The agenda, the relevant reports and Board papers shall be furnished to Directors in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings.

All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions shall properly be recorded by the Company Secretary by way of minutes of meetings.

Minutes and key matters discussed during Annual General Meeting (“AGM”) should be published on the corporate website no later than 30 (“thirty”) business days after the general meeting.

7 Access to Information and Independent Advice

The Board and the Board Committees shall receive timely and up-to-date information and the Company Secretary, under the direction of the Chairman; ensure a balanced flow of information is disseminated for decisions to be made on an informed basis and for the effective discharge of the Board’s responsibilities. Director has the right to obtain full and unrestricted access to any information pertaining to the Company/Group.

A formal and structured agenda, together with a set of Board and Board Committees papers, shall be forwarded to all Directors at least seven (7) days prior to the Board and Board Committees meetings, to enable the Board to make decisions and for Directors to be prepared to deal with matters arising from such meetings.

The Management Team and external advisers, if any shall be invited to attend Board and Board Committees meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

All Directors shall have unrestricted access to the advice and services of the Group Secretary to enable them to discharge their duties effectively.

8 Business Ethics Policy and Code of Conduct

In line with good corporate governance practices, the Board, the Management and employees of the Group have made a commitment to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.

All Directors and employees are expected to behave ethically and professionally at all times in accordance to Company's Business Ethics Policy and Code of Conduct and thereby protect and promote the reputation and performance of the Company.

Director must exercise his powers for a proper purpose and in good faith in the best interest of the corporation.

A director who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of the corporation in which he sits as a board member. In the event of any conflict between his duty to act in the best interest of the corporation and his duty to his nominator, he must not subordinate his duty to act in the best interest of the corporation to his nominator.

In directing or managing the business and affairs of the corporation, a director must exercise reasonable care, skill and diligence by:

- (a) applying the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
- (b) applying any additional knowledge, skill and experience which the director has.

A director is required to among others to:

- (a) maintain a sound understanding of the business, and keep abreast of relevant developments to ensure he is able to discharge his duties and responsibilities effectively;
- (b) prepare for board meetings, contribute constructively to board discussions and decision-making, and conduct due inquiry before approving a matter;
- (c) ensure key transactions or critical decisions are deliberated and decided on by the board in a meeting; and
- (d) ensure his decisions and the basis for those decisions, including any dissenting views are made known and properly minuted.

9 Directors' Training

Under the Listing Requirements, the NC has assumed the onus of determining or overseeing the training needs of its Directors. In addition to the Mandatory Accreditation Programme prescribed by Bursa Securities, the Directors will continue to undertake relevant training courses offered by training organisations to stay abreast with developments in the industry, latest relevant regulatory requirements, accounting standards and corporate governance matters and to enhance their existing or acquire additional skills and knowledge in the discharge of their responsibilities.

10 Directors' Remuneration

The Remuneration Committee reviews and recommends the remuneration of the Executive Directors the Board for approval based on the performance of the GCB Group. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole recommends the remuneration of Non-Executive Directors in accordance with the experience and level of responsibilities undertaken, with individual Directors abstaining from decision in respect of their individual remuneration. The Board, where appropriate, recommends payment of fees to Directors for approval by shareholders at the Company's Annual General Meetings.

11 Company Secretary/Secretaries

The Company Secretary/Secretaries shall advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and their impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities.

The Company Secretary/Secretaries shall organize and attend all Board and Board Committees meetings and ensure meetings are properly convened; accurate and proper records are maintained accordingly at the registered office of the Company, and produced for inspection, if required. The appointment and removal of the Company Secretary/Secretaries is a matter for the Board as a whole to decide.

12 Shareholders and Other Communications

The Company is committed 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 amongst others, the following:

- timely release of announcements and disclosures to Bursa Securities, which include quarterly financial results, material contract and any other material information that may affect the investors' decision making;
- conducts regular dialogues with financial analysts as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests;
- encourage full participation of shareholders at all Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditors to attend the Annual General Meetings and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report;
- ensure notice of the AGM shall be given to the shareholders at least 28 days prior to the meeting; and
- shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website, www.gcbcocoa.com and Bursa Securities' website, www.bursamalaysia.com.

13 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders, as well as the review of the Group's operations in the Annual Report.

AC shall assist the Board in overseeing the Group's financial reporting process and ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia.

13 Financial Reporting (cont'd)

The Board shall ensure that accounting records and other records of the Company and the Group to:

- (a) sufficiently explain the business, transactions and financial position of the listed corporation and its subsidiaries;
- (b) enable the preparation of true and fair financial statements; and
- (c) enable the accounting and other records of the listed corporation and its subsidiaries to be conveniently and properly audited.

Where the financial statements of a subsidiary are required to be consolidated into the financial statements of a listed corporation, the subsidiary and its directors must provide the listed corporation with all information and record necessary to enable the preparation of the consolidated financial statements in accordance with the approved accounting standards.

The Board must ensure that all records above are retained for not less than seven years from the completion of the transactions or operations to which the entries or records relate.

14 Group Governance

The Board should ensure there is an adequate group wide framework on corporate governance being established and communicated between the listed corporation and its subsidiaries to enable it to discharge its responsibilities including oversight of group financial and non-financial performance, business strategy and priorities, risk management including material sustainability risks, and corporate governance policies and practices.

The Board should establish and ensure the group wide framework on corporate governance including a code of conduct and ethics, policies and procedures on anti-corruption, whistleblowing, managing conflict of interest, managing material sustainability risks, and board diversity including gender diversity.

Information in relation to the subsidiaries, including financial and non-financial information should be reported to the Board to enable the Board discharging their duties in overseeing not only the performance of the holding company but also on the performance of its subsidiaries, including assessing non-financial performance of the group.

15 Review of Board Charter

This Board Charter as approved by the Board shall be reviewed and approve any required amendments regularly and at least, annually to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account accordingly.