

BOARD CHARTER INSKEN

1.0 INTRODUCTION

- The Board of Trustees (“Board”) of **INSTITUT KEUSAHAWANAN NEGARA BERHAD (“INSKEN” or “Company”)** is fully committed to ensuring that the highest standard of corporate governance including accountability and transparency is practised by the Company as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholders’ value and all stakeholders’ interest.
- This Board Charter incorporates the Principles and Practices of the Malaysian Code on Corporate Governance (“MCCG”) as considered appropriate on corporate governance, certain aspects of the Company’s Constitution and relevant portions of the Companies Act 2016 (“CA 2016”) in so far as the duties and responsibilities of Trustees are concerned.

2.0 PURPOSE

- This Board Charter sets out the authority, role, functions, compositions and responsibilities of the Board to assist the Board members to be aware of their duties and responsibilities.
- This Board Charter shall serve as source of reference and primary induction literature to provide insights to existing and prospective Board members in their performance and discharge of their fiduciary duties and responsibilities.

3.0 AUTHORITY

- The Board derives its authority to act from the Constitution of the Company and the prevailing laws and regulations governing companies in Malaysia.

4.0 COMPOSITION, APPOINTMENT AND RE-ELECTION

- The Constitution of the Company provides for a minimum of **three (3) Trustees** and a maximum of **nine (9) Trustees**.
- The Board should comprise suitably qualified individuals with diverse set of skills, knowledge, expertise and experience. On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills.
- The Board considers the appointment of new trustees upon the recommendation from the Nomination and Remuneration Committee. In making these recommendations, the Nomination and Remuneration Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity, their ability to discharge such responsibilities/functions as expected from the Board.
- The Constitution of the Company provides that at least one-third (1/3) of the Trustees are subject to retirement by rotation at each Annual General Meeting and that all the Trustees shall retire once in every three years. A retiring Trustee is eligible for re-election. The Constitution also provides that a Trustee who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.
- The Chief Executive Officer (CEO) is the conduit between the Management and the Board in ensuring the success of the Company's human resources, financial management and governance function. The CEO is responsible for the effective implementation policies and procedures established by the Board as well as to oversee the financial conduct of the business to ensure its smooth and efficient operations.

- The Trustees are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- The Trustees are not engaged in the daily operations and management of the Company. This ensures that the Trustees remain free of conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Trustees through their vast and wide corporate experiences, and qualifications provide effective contributions and support to the Board.

5.0 INDEPENDENCE OF TRUSTEE

- The Board assesses the independence of the Trustees annually by having regard to the criteria adopted for assessing the independence of Trustees. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.
- As recommended by Practice 4.2 of the MCCG, the tenure of an independence trustees shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent trustees may continue to serve on the Board but subject to the re-designation as a non-independent trustees. If the Board continues to retain the independent trustee after the twelfth (12) year, the approval of shareholders will be sought through a two-tier voting process as described in the Guidance to Practice 4.2 of the MCCG.

6.0 OTHER DIRECTORSHIPS

- All the Board members shall notify the Chairman of the Board before accepting any new directorships in private and public listed companies incorporated in Malaysia as well as directorships in

corporations with similar businesses operating in the same jurisdiction.

- In line with best corporate governance practices, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships in other companies. In this instance, Board members are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year.
- The Chairman of the Board shall notify all the Board members before accepting any new directorships in private and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction.

7.0 CHAIRMAN AND COMPANY CHIEF EXECUTIVE OFFICER

- The positions of the Chairman and Chief Executive Officer are held by two different individuals. Their roles are separate and distinct from each other, with clearly defined responsibilities between the running of the Board and the management of the Company's daily operations respectively, to ensure a balance of power and authority.

7.1 APPOINTMENT OF CHAIRMAN

The appointment of Chairman shall require the consent for the Minister of the reporting ministry. (Article 35 of the Constitution)

7.2 ROLE OF CHAIRMAN

The Chairman ensures the smooth and effective functioning of the Board. The responsibilities of the Chairman of the Board, amongst others, are as follows:

- (a) to provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;
- (b) to set the Board agenda and ensure the Board members receive complete and accurate information in a timely manner;
- (c) to lead in discussions at meetings and ensure efficient and effective conduct of the Board meetings;
- (d) to encourage active participation and allow dissenting views to be freely expressed;
- (e) to promote constructive and respectful relations between Board members and manage the interface between the Board and Management
- (f) to facilitate effective communication between the Board and the stakeholders;
- (g) to lead the Board in establishing and monitoring good corporate governance practices in the Company;
- (h) to assists with developing the Company's corporate strategy, growing the Company's market profile and establishing new corporate relationships;
- (i) to work with Management in reviewing plans, defining issues, maintaining accountability and in any marketing efforts that would allow to effectively position the Company as the preferred training and coaching institution hence facilitate growth; and
- (j) to commit time necessary to discharge effectively his role as Chairman.

7.3 ROLE OF CHIEF EXECUTIVE OFFICER (CEO)

The CEO is responsible for the vision and strategic directions of the Company as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies. He is assisted by the Key Personnel (Directors of Programmes and Director of Corporate Services) for implementing the policies and decisions of the Board and overseeing the day-to-day operations of the Company.

The responsibilities of the Chief Executive Officer, include the following:-

- To develop and implement corporate strategies for the Company;
- To supervise Management and/or Head of Departments who are responsible for all functions contributing to the success of the Company;
- To ensure the efficiency and effectiveness of the operations of the Company;
- To assess and identify business opportunities which are viable and of potential benefit to the Company; and
- To bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

8.0 ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes, amongst others, the following roles and responsibilities in respect of the Company:

- Reviewing and adopting a strategic plan for the Company
- Overseeing and evaluating the conduct of the Company's businesses.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Establishing a succession plan for senior management.
- Formulation and implementation of corporate policies and procedures for the Company.
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

- Approving key matters such as programmes/ business activities, budgets, other financial matters and major capital expenditure in accordance with the limit of authority.
- Annual assessment of the Board, Board committees and individual Trustee.

9.0 MATTERS RESERVED FOR THE BOARD

- The following list of matters are reserved for the Board's attention and approval, except where they are expressly delegated by the Board to a Board Committee, the Chairman, or the Company CEO:
 - Approval of major capital commitments and capital expenditure;
 - Material acquisitions and disposal of assets and properties not in the ordinary course of business;
 - Changes to the Key Personnel and control structure with the Company;
 - Limits of Authority of the company;
 - Appointment of Board Members and Company Secretaries;
 - Conflict of interest issues relating to shareholders or Directors including approving related party transactions; and
 - Any matters or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, the Constitution, terms of reference of Board Committees and Limits of Authority.

10. BOARD COMMITTEES

- The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities.
- The Board has established the following Committees which shall be operated under clearly defined terms of reference:
 - Board Audit and Risk Committee
 - Nomination and Remuneration Committee
 - Tender and Procurement Committee
- The Chairman of the respective Committees will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.
- The Board may also delegate specific functions to ad hoc committees, a Trustee, employee or other person as and when required.
- Details of the membership, terms of reference, the duties and responsibilities of the respective Board Committees are available on the Company's website www.insken.gov.my

11. BOARD MEETINGS AND SUPPLY OF INFORMATION

- The Board will have minimally four (4) scheduled meetings annually, with a minimum quorum of two members (2) and additional meetings to be convened as and when necessary. Members of the Management may be invited to attend and speak at meetings on matters relating to their responsibility.

- All meetings shall be chaired by the Chairman of the Board. In the absence of the Chairman to preside over the Board meeting, the Trustees present shall choose one of their number to be Chairperson of the meeting.
- Notice of meeting setting out the agenda and accompanied by the relevant Board papers are given to Trustees in sufficient time of **7 days in advance** to enable the Trustees to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.
- Unless otherwise determined by the Trustees from time to time, **14 days' notice** of all Directors' meeting shall be given to all Trustees. Any Trustee may waive notice of any meeting either prospectively or retrospectively.
- As a Company practice, any Trustee who wishes to seek independent professional advice in the furtherance of his duties may do so at the Company's expense.
- Trustees shall have access to all the information and records of the Company.

12. CODE OF ETHICS

The Board should at all times observe the following code of ethics:

- Should be conscious of the interest of all the stakeholders of the Company;
- Should at all times promote professionalism;
- Should devote time and effort to attend meetings and discharge the responsibilities;
- Should disclose immediately all contractual interests whether directly or indirectly with the Company;

- Should neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- Should at all time act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- Should be willing to exercise independent judgement and to protect the interest of the Company; and
- Should ensure that the operations of the Company do not harm the interest and well-being of the environment and society.

13. REVIEW OF THE BOARD CHARTER

- The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.