

PETALING TIN BERHAD
(324-H)

BOARD FRAMEWORK

Update : 30 March 2018

PETALING TIN BERHAD

BOARD FRAMEWORK

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BOARD FRAMEWORK

PREFACE

OVERVIEW OF BOARD FRAMEWORK

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BOARD FRAMEWORK

PREFACE

1.0 Overview of Board Framework

- 1.1 The overall objective of the Board Framework is to facilitate the Board's discharge of its fiduciary responsibility to effectively lead and control 'the Company'.
- 1.2 The Board Framework is developed by applying the following:-
- i. Corporate Governance Principles and Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG");
 - ii. Relevant provisions of the Bursa Malaysia Securities Listing Requirements (BMSLR);
 - iii. Relevant provisions of the Company's Constitution and,
 - iv. Relevant provisions of the Corporation laws in Malaysia ("the Act").
- 1.3 In establishing the Board Framework, key values, principles and ethos of the Company were set out by the Board, as policies and strategy development are based on these considerations. The Board Framework also includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the chairman and the CEO. The Board Framework also sets out processes and procedures for convening board meetings.
- 1.4 The Board Framework provides a basis of good governance for effective functioning and accountability of the Company to ensure that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole.
- 1.5 The Board Framework sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Framework is a source reference and primary induction literature, providing insights to prospective board members and senior management. It will also assist the board in the assessment of its own performance and that of its individual directors.
- 1.6 The underlying Board Policies established by this Board Framework is intended to ensure that the standards and principles governing the Board processes stipulated therein are crystallized for practical implementation.
- 1.7 The Board Framework principles are not exhaustive nor static due to evolving corporate governance regime and hence, shall be enhanced from time to time and approved by the Board for adoption.

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PART 1

BOARD OF DIRECTORS

Chapter 1	Constitution of the Board
Chapter 2	Principal Responsibilities of the Board
Chapter 3	Board Meeting Procedures
Chapter 4	Relationship of the Board to Management
Chapter 5	Access to Information
Chapter 6	Access to Advice

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CHAPTER 1 – CONSTITUTION OF THE BOARD

1.0 Constitution of the Board

1.1 There must be at least 2 but not more than 12 directors

2.0 Chairman

2.1 The task of the Chairman is to run the Board. The positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the board.

2.2 Separation of the positions of the Chairman and CEO promotes accountability and facilitates division of responsibilities between them. The responsibilities of the Chairman should include leading the Board in the oversight of management, while the CEO focuses on the business and day-to-day management of the company.

2.3 A Chairman who is an independent director can provide strong leadership by being able to marshal the Board's priorities more objectively. If the Chairman is not an independent director, then the Board should comprise a majority of independent directors to ensure balance of power and authority on the Board. The Chairman is primarily responsible for the following :-

2.4 The Chairman oversees the balance of membership of the Board, subject to the approval of the board and shareholders.

2.5 The Chairman who heads the board ensures that all relevant issues are on the agenda.

2.6 The Chairman organizes all information necessary for the Board to deal with the agenda and for providing this information and advice to directors. Further, ensuring that management supply accurate and complete information to the Board in a timely manner to enable the Board to discharge its duties effectively. Occasions may arise when the Board, headed by the Chairman, has to seek legal, financial, governance or expert advice in the course of their duties. The Board should be able to consult advisers and, when considered necessary, to seek independent professional advice. The Board should be entitled to do so at the company's expense through an agreed procedure. The Board should have procedures to allow its members access to information and advice. The Board should have access to all information pertaining to the Company.

2.7 The Chairman ensures that all directors, executive and non-executives alike, are enabled and encouraged to play their full part in its activities. This includes making certain that directors, especially non-executive directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings.

2.8 The Chairman also ensures that executive directors look beyond their executive function and accept their full share of responsibilities of governance.

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CHAPTER 1 – CONSTITUTION OF THE BOARD

3.0 Chief Executive Officer (“CEO”)

The CEO's task is to run the business and implement the policies and strategies adopted by the Board. The role and key responsibilities of the CEO includes:-

- 3.1 Developing and agree with the Board the corporate objectives which includes performance targets and long-term goals of the business, to be met by the CEO.
- 3.2 The CEO together with the Board should develop the descriptions for their respective functions. In addition, The respective roles and responsibilities of the Board and management should be clearly set out and understood to ensure accountability of both parties. Regular review of the division of responsibilities should be conducted to ensure that the needs of the Company are consistently met. This allocation of responsibilities should reflect the dynamic nature of the relationship necessary for the Company to adapt to changing circumstances.
- 3.3 Implementing the policies and strategies adopted by the Board.
- 3.4 Managing the businesses of the Group and making operational decisions.
- 3.5 Assessing and evaluating new business proposal.
- 3.6 Reviewing and monitoring the Company's performances and activities and to take action to improve its performance.
- 3.7 Proposing candidates for directorships.
- 3.8 Inform the Chairman and the Board of operational matters, where applicable.

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CHAPTER 1 – CONSTITUTION OF THE BOARD

4.0 Board Balance

- 4.1 The Board shall include a balance of executive directors and non-executive directors (including independent non-executive) such that no individual or small group of individuals can dominate the Board's decision making. Executive directors have direct responsibilities for business operations whereas non-executive directors are responsible for bringing independent objective judgment to bear on Board deliberations.
- 4.2 Executive directors have the responsibility of making and implementing operational decisions and running the Group's businesses.
- 4.3 Non-executive directors play key supporting roles, contributing their knowledge and experience towards the formulation of strategies and policies and in the decision making process.
- 4.4 Non-executive directors should be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources including key appointments and standards of conduct.
- 4.5 At least 2 directors or 1/3rd of the Board, whichever is higher, must be independent non-executive directors. Independent directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. However, The existence of independent directors on the board by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other Board members.
- 4.6 To ensure independence of directors, the Board undertakes an annual assessment of the independence of its independent directors. When assessing independence, the Board had focused beyond the independent director's background, economic and family relationships and have considered whether the independent director can continue to bring independent and objective judgment to board deliberations. The Nominating Committee has developed the criteria to assess independence. The Board applies these criteria upon admission, annually and when any new interest or relationship develops.
- 4.7 The Board discloses that it conducts such assessment in the annual report and in any notice convening a general meeting for the appointment and reappointment of independent directors.
- 4.8 In circumstance where the Company has a significant shareholder, in addition to the requirement that 1/3rd of the Board should comprise independent directors, the Board may include a number of directors which fairly reflects the investment in the company by shareholders other than the significant shareholder.
- 4.9 In circumstances where the shareholder holds less than the majority but is still the largest shareholder, the Board may have to exercise judgement in determining what is the appropriate number of directors which fairly reflects the investment in the Company by the remaining holders of the shares.

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CHAPTER 1 – CONSTITUTION OF THE BOARD

4.10 The size of the Board shall be optimum and the Board shall examine its size, with a view to determining the impact of the number on the effectiveness of the Board.

5.0 Vacation of office and removal of director

5.1 The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director

5.2 The assessment criteria for independence of directors should also include tenure. Long tenure can impair independence. For this reason, tenure of an independent director is capped at nine years. The nine years can either be a consecutive service of nine years or a cumulative service of nine years with intervals. An independent director who has served the Company for nine years may, in the interest of the company, continue to serve the Company but in the capacity of a non-independent director.

5.3 The shareholders may, in exceptional cases and subject to the assessment of the Nominating Committee, decide that an independent director can remain as an independent director after serving a cumulative term of nine years. In such a situation, the Board must make a recommendation and provide strong justification to the shareholders in a general meeting.

5.4 The office of a director shall become vacant if the director:-

i. becomes of unsound mind;

ii. becomes a bankrupt; or

iii. is absent from more than 50% of the total board of directors' meetings held during a financial year.

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

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CHAPTER 2 – PRINCIPAL RESPONSIBILITIES OF THE BOARD

1.0 Principal Responsibilities of the Board

The principal duties and responsibilities of the Board to effectively lead and control the Company. The responsibilities includes management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board should establish clear functions reserved for the board and those delegated to management. The respective roles and responsibilities of the Board and management should be clearly set out and understood to ensure accountability of both parties. Other principal duties and responsibilities includes the following :-

- 1.1 The role of the Board is to review, challenge and approve management's proposal on a strategic plan for the Company. The board brings objectivity and breadth of judgment to the strategic planning process as they are not involved in day-to-day management of the business. The Board should satisfy itself that management has taken into account all appropriate considerations in establishing the strategic plan for the Company. The Board is also responsible for monitoring the implementation of the strategic plan by management.
- 1.2 A basic function of the Board is to oversee the performance of management to determine whether the business is being properly managed. The Board's obligation to oversee the performance of management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the Board must ensure that there are measures in place against which management's performance can be assessed.
- 1.3 To identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to manage these risks. The Board must understand the principal risks of all aspects of the Company's business and recognize that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The Board must therefore ensure that there are systems in place which effectively monitor and manage these risks.
- 1.4 The Board should determine the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets. Internal controls are important for risk management and the Board should be committed to articulating, implementing and reviewing the company's internal controls system. Periodic testing of the effectiveness and efficiency of the internal controls procedures and processes must be conducted to ensure that the system is viable, robust and that they are in compliance with applicable laws, regulations, rules, directives and guidelines. The Board should disclose in the annual report the main features of the Company's risk management framework and internal controls system.
- 1.5 To have succession planning including appointing, training, fixing the compensation of and where appropriate, replacing senior management. The Board should ensure that all candidates appointed to senior management positions are of sufficient caliber. The Board should also be satisfied that there are programs in place to provide for the orderly succession of senior management.

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CHAPTER 2 – PRINCIPAL RESPONSIBILITIES OF THE BOARD

- 1.6 To oversee the development and implementation of a shareholder communications policy for the Company. The responsibility of the Board is to ensure that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders is considered by the Company when making business decisions.
- 1.7 To present a balanced and understandable assessment of the Company's position and prospects.
- 1.8 To maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.
- 1.9 To establish a corporate culture which engenders ethical conduct that permeates throughout the Company. The Board needs to formalize and commit to ethical values through a code of conduct and ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. The code of conduct should include appropriate communication and feedback channels which facilitate whistle blowing. To periodically review the code of conduct.
- 1.10 To formalize the Company's strategies on promoting sustainability. Attention should be given to environmental, social and governance (ESG) aspects of business which underpin sustainability and in enhancing investor perception and public trust. The Board should ensure the Company discloses these policies and their implementation in the annual report
- 1.11 To establish formal and transparent arrangements for maintaining an appropriate relationship with the Company's auditors. The Board through the Audit Committee should have policies and procedures to assess the suitability and independence of external auditors. The Audit Committee should review and monitor the suitability and independence of external auditors. The independence of external auditors can be impaired by the provision of non-audit services to the Company. The Audit Committee should therefore establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors. To provide support for an assessment on independence, the Audit Committee should obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- 1.12 The Board should establish an internal audit function, determine its remit and identify a head of internal audit who reports directly to the Audit Committee. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to the Board that the internal controls are operating effectively. Internal auditors should carry out their functions according to the standards set by recognized professional bodies. Internal auditors should also conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Company.

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CHAPTER 2 – PRINCIPAL RESPONSIBILITIES OF THE BOARD

- 1.13 To review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

2.0 Other duties and Responsibilities

The other duties and responsibilities of the directors are included in the following provisions:-

- 2.1 Disclosures of interests in contracts, property, offices etc.
- 2.2 Duty and liability of directors
- 2.3 Approval of Company required for disposal by directors of Company's undertaking or property.
- 2.4 Approval of Company required for issue of shares by directors.
- 2.5 Substantial property transactions involving directors.
- 2.6 Loans to directors.
- 2.7 Prohibition of loans to persons connected with directors.
- 2.8 General duty to make disclosure.
- 2.9 Provisions indemnifying directors or officers.
- 2.10 Profit & loss account, balance sheet and directors' report.
- 2.11 Appointment and remuneration of auditors.
- 2.12 Borrowing powers of the Board.

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CHAPTER 2 – PRINCIPAL RESPONSIBILITIES OF THE BOARD

3.0 Annual Disclosures

- 3.1 The Board should have internal corporate disclosure policies and procedures which are practical and include feedback from management. These policies and procedures should ensure compliance with the disclosure requirements as set out in the BMSLR. In formulating these policies and procedures, the board should be guided by best practices.
- 3.2 The Board should encourage the Company to leverage on information technology for effective dissemination of information. Companies should consider wider usage of information technology in communicating with stakeholders including establishing a dedicated section for corporate governance on their website. This section should provide information such as the Board Charter, rights of shareholders and the annual report.
- 3.3 The Board shall disclose on an annual basis the following information pursuant to the BMSLR and the Principles and Recommendations of the MCCG:-
- 3.4 Whether 1/3rd of the Board is independent. Whether the Board had undertaken an assessment of its independent directors annually. The Board should conduct such assessment for the appointment and reappointment of independent directors.
- 3.5 In circumstances where the Company has a significant shareholder, whether it satisfies the requirements to fairly reflect through board representation, the investment of the minority shareholders in the Company.
- 3.6 The identity of the senior independent non-executive director of the Board in the Annual Report to whom concerns may be conveyed
- 3.7 The nomination and election process of Board members including requirement for mix of skills, experience and other qualities of the Board including core competencies which the non-executive directors bring to the Board. The Nominating Committee is charged with the responsibility of overseeing the selection and assessment of directors. This includes assessing and recommending to the Board the candidature of directors, review of Board's succession plans and training programs for the Board. The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors. In assessing suitability of candidates, considerations should be given to the competencies, commitment, contribution and performance.
- 3.8 The particulars of each director.
- 3.9 The number of Board meetings held in the financial year.
- 3.10 The details of attendance of each individual director in respect of meetings held.

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CHAPTER 2 – PRINCIPAL RESPONSIBILITIES OF THE BOARD

- 3.11 Membership of the Remuneration Committee in the directors' report. Remuneration policies and procedures to attract and retain directors. The board should establish a Remuneration Committee to perform this function. The remuneration package should be aligned with the business strategy and long-term objectives of the Company. Remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities. The Remuneration Committee should consist exclusively or a majority of non executive directors, drawing advice from experts, if necessary.
- 3.12 The number of Audit Committee meetings held in a financial year.
- 3.13 Details of the attendance of each individual director in respect of Audit Committee meetings.
- 3.14 A narrative statement of how the Company has applied the Principles and Recommendations set out in the MCCG to its particular circumstances and
- 3.15 A statement explaining the Board's responsibility for preparing the annual audited accounts.
- 3.16 A statement about the state of internal control of the Company as a Group.
- 3.17 Any other annual disclosures required by the BMSLR and/or the Principles and Recommendations of the MCCG from time to time.

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CHAPTER 3 – BOARD MEETING PROCEDURES

1.0 Board Meeting Procedures

- 1.1 The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit
- 1.2 The Board shall convene at least 4 meetings in a financial year. Notwithstanding this, the Chairman shall have the discretion to call for additional meetings as and when the need arises
- 1.3 The agenda shall be determined by the Chairman in consultation with executive directors and company secretary. Any director may, through the Chairman, request for additional items to be included in the agenda
- 1.4 The notice containing the agenda of the meeting shall be circulated by the company secretary to every member of the Board prior to the meeting.
- 1.5 The Heads of Operations, Finance, Internal Audit and other relevant departments are responsible to gather and supply the requisite copies of report containing all necessary and essential information for the purpose of the meeting for the compilation and circulation by the company secretary prior to the meeting.
- 1.6 The directors shall endeavour to prepare themselves for and attend Board meetings. A director who is unable to attend a Board meeting shall notify the Chairman or company secretary at the earliest date possible.
- 1.7 The appropriate key senior management personnel of the Company or its subsidiaries shall attend such meeting based on invitation basis where their presence is considered appropriate as determined by the Chairman or the executive directors.
- 1.8 The Chairman or in his absence, one of the directors present being elected to be Chairman of the meeting shall preside at the meeting.
- 1.9 The quorum for each Board meeting shall be 2.
- 1.10 Questions arising at a meeting must be determined by a majority of votes of the directors present and voting and any such decision would for all purposes be deemed a decision of the directors.
- 1.11 Every director present at a meeting has 1 vote. In the case of an equality of votes, the Chairman of the meeting has a casting vote. However, the Chairman does not have a casting vote if there are only 2 directors present at the meeting or only 2 directors present at the meeting who are competent to vote on the question in issue.
- 1.12 A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provision of the Act.

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CHAPTER 3 – BOARD MEETING PROCEDURES

- 1.13 The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands (*refer to the Operations Manual*).
- 1.14 The company secretary shall be in attendance at each Board meeting and shall record the proceedings.
- 1.15 Minutes of all proceedings of Board meetings signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.
- 1.16 All minutes are confidential and shall be kept by the company secretary.
- 1.17 A circular resolution in writing, signed by a majority of directors, shall be valid and effectual as if it had been passed at a meeting duly convened and constituted.
- 1.18 The Board shall decide the manner and timing of the publication of its decision subject to the legal, statutory and regulatory requirements.

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CHAPTER 4 – RELATIONSHIP OF THE BOARD TO MANAGEMENT

1.0 Relationship of the Board to Management

- 1.1 The Board should establish clear functions reserved for the board and those delegated to management. The respective roles and responsibilities of the board and management should be clearly set out and understood to ensure accountability of both parties
- 1.2 The Board should develop and agree with the CEO, the corporate objectives, which include performance targets and long-term goals of the business, to be met by the CEO. Regular review of the division of responsibilities should be conducted to ensure that the needs of the company are consistently met. This allocation of responsibilities should reflect the dynamic nature of the relationship necessary for the company to adapt to changing circumstances.
- 1.3 A key principle to the effective functioning of the Board is that it is able to function independently of management. An adequate degree of independence and a process or practices should be in place to allow directors to meet and actively exchange views to effectively assess the direction of the Company and the performance of management.
- 1.4 The Chair or a director assigned this responsibility, is responsible for managing the processes of the Board and for ensuring that the Board discharges its responsibilities.
- 1.5 Appropriate procedures may involve a Board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the Board's relationship to management to a committee of the Board.
- 1.6 A basic function of the Board is to oversee the performance of management to determine whether the business is being properly managed. The Board's obligation to oversee the performance of management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the Board must ensure that there are measures in place against which management's performance can be assessed.

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CHAPTER 5 – ACCESS TO INFORMATION

1.0 Access to Information

The Board shall have access to all information within the Company whether as a full board or in their individual capacity in furtherance of their duties.

2.0 Supply of Information

The Board shall be supplied accurate and complete information in a timely manner to enable the board to discharge its duties effectively with information in a form and of a quality appropriate to enable it to discharge its duties.

3.0 Quality of Information

3.1 The Board shall receive information that is not just historical or bottom line and financial-oriented but information that goes beyond assessing the quantitative performance of the enterprise and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance and so on, when dealing with any item on the agenda.

3.2 The Chair of the Board shall undertake primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

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CHAPTER 6 – ACCESS TO ADVICE

1.0 Procedure for directors

- 1.1 Occasions may arise when the Board, whether as a full Board or in their individual capacities has to seek legal, financial, governance or expert advice in the course of their duties. Directors, are permitted to seek advice or obtain independent professional advice relating to the affairs of the Company or to their capacity as director except in respect of matters of commercial judgment. The Board should be entitled to do so at the company's expense through an agreed procedure
- 1.2 If a director considers that such advice is necessary, the director shall first discuss it with the Chairman in the selection of an appropriate adviser to avoid any conflict of interests.

2.0 Access to services of company secretary

- 2.1 The Board should ensure it is supported by a suitably qualified and competent company secretary. The Board regularly consults the company secretary on procedural and regulatory requirements. The company secretary also plays an important role in supporting the board by ensuring adherence to board policies and procedures.. All directors shall have access to the advice and services of the company secretary.
- 2.2 The Board should appoint a suitably qualified and competent company secretary who can support the Board in carrying out its roles and responsibilities and the removal of the secretary shall be a matter for the Board as a whole.
- 2.3 The Board shall recognise that the Chairman is entitled to the strong and positive support of the company secretary in ensuring the effective functioning of the Board.

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PART 2

BOARD COMMITTEES

Chapter 1	Board Committees
Chapter 2	Audit Committee
Chapter 3	Nomination Committee
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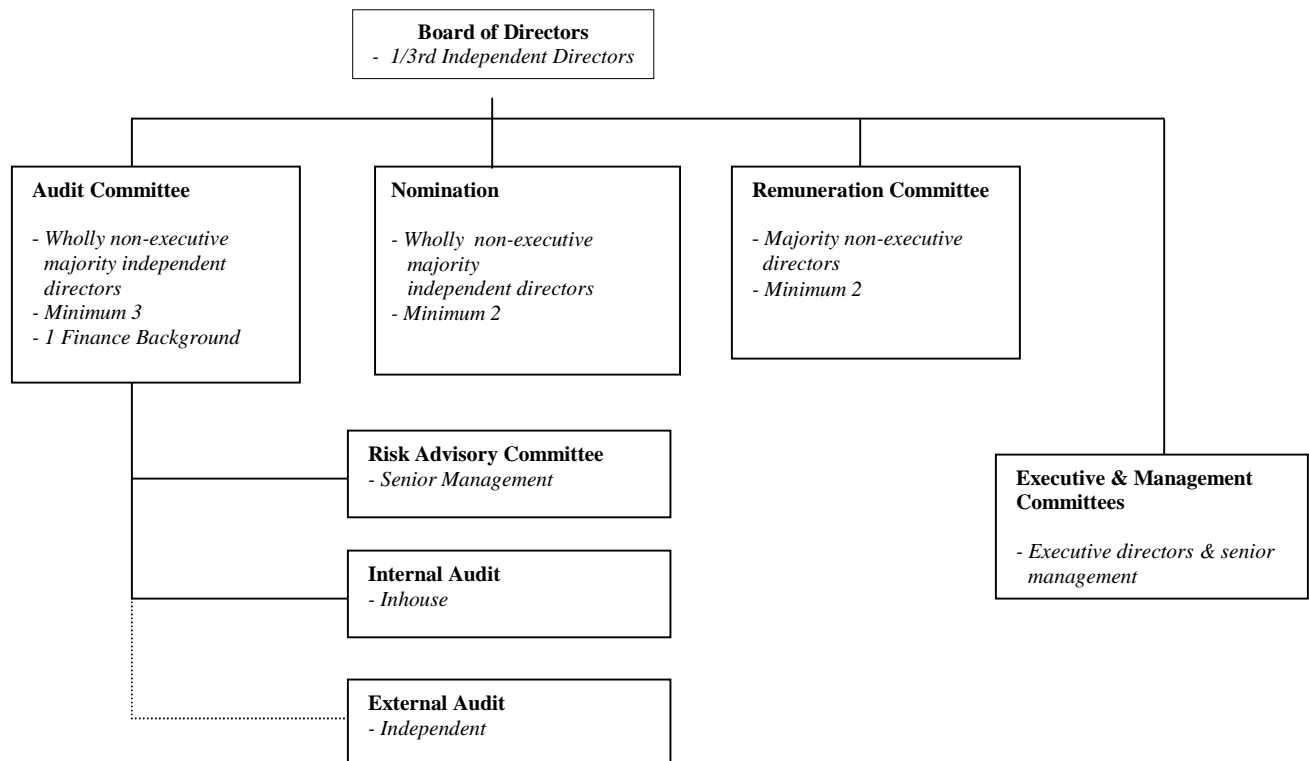
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CHAPTER 1 – BOARD COMMITTEES

1.0 Committees of the Board

- 1.1 The directors may delegate any of their powers (other than the power to make calls on or to forfeit shares) to a committee or committees consisting of such of their number as they think fit
- 1.2 A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the directors and a power so exercised will be deemed to have been exercised by the directors.
- 1.3 Where the Board appoints a committee, it shall spell out the authority of the committee, and in particular, whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation.
- 1.4 The diagram below depicts the structure and membership of the committees of the Board, namely the Audit Committee, Remuneration Committee and Nomination Committee in relation to other committees and assurance groups.



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CHAPTER 2 – AUDIT COMMITTEE

1.0 Importance of Internal Control Systems And Composition

The Board should establish a sound risk management framework and internal controls system. The Board should determine the company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the company's assets. Internal controls are important for risk management and the Board should be committed to articulating, implementing and reviewing the company's internal controls system. Periodic testing of the effectiveness and efficiency of the internal controls procedures and processes must be conducted to ensure that the system is viable and robust. The Board should disclose in the Annual Report the main features of the company's risk management framework and internal controls system.

The Board should establish an internal audit function and identify a head of internal audit who reports directly to the Audit Committee. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to the Board that the internal controls are operating effectively. Internal auditors should carry out their functions according to the standards set by recognized professional bodies. Internal auditors should also conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the company

- i. The Audit Committee shall be appointed by the directors amongst their numbers, comprising not less than 3 members, a majority of whom are independent and all of them should be non-executive directors. Moreover all members of the audit committee should be financially literate and at least one member must be :-
 - a. a member or eligible for membership of the Malaysian Institute of Accountants (MIA);
or
 - b. holder of a degree/masters/doctorate in accounting or finance; or
 - c. a member of a professional accounting body which is a full member of the International Federation of Accountants (IFAC); or
 - d. experienced (at least 7 years) as Chief Financial Officer or primarily responsible for financial management of a corporation.
- ii. In the event of any vacancy in the Audit Committee resulting in the number of members reducing to below 3, the Board must appoint a new member to fill the vacancy within 3 months of that event.
- iii. The Chairman of the Audit Committee shall be an independent non-executive director.

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CHAPTER 2 - AUDIT COMMITTEE

2.0 Terms of Reference

2.1 Purpose

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal control.

2.2 Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

2.3 Attendance of Meetings

The Head of Finance, Head of Internal Audit and a representative of External Audit shall normally attend meetings. Other officers may be invited to brief the Audit Committee on issues that are incorporated into the agenda. The company secretary shall be the secretary of the Committee.

2.4 Frequency of Meetings

The Audit Committee shall meet at least 4 times in a financial year with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. The Committee may meet with the external auditor without the executive Board members present, at least twice a year. Meanwhile, the Audit Committee Chairman should engage on a continuous basis with senior management, the internal auditor and the external auditor in order to be kept informed of matters affecting the Group.

2.5 Quorum

The quorum for a meeting shall be 2 members of whom a majority shall be independent directors.

2.6 Authority

The Audit Committee shall have the authority to investigate any matter within its terms of reference and the resources which are required to perform its duties. The Committee shall have full and unrestricted access to both internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, obtain independent professional or other advice, if necessary.

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CHAPTER 2 – AUDIT COMMITTEE

2.7 Duties

The duties of the Audit Committee include the following:

To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.

To discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.

To discuss with the external auditor, his evaluation of the system of internal controls; his audit report and the assistance given by the employees to the external auditor.

To review and monitor the suitability and independence of external auditors. The independence of external auditors can be impaired by the provision of non-audit services to the company. The Audit Committee should therefore establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors. To provide support for an assessment on independence, the Audit Committee should obtain written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee should ensure financial statements comply with applicable financial reporting standards. The Board must recognize the value of an effective Audit Committee in ensuring the company's financial statement is a reliable source of financial information. The Audit Committee must, amongst others, ensure that the company's financial statements comply with applicable financial reporting standards as this is integral to the reliability of financial statements.

To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointments or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

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CHAPTER 2 – AUDIT COMMITTEE

To consider any related party transactions and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

To consider the major findings of internal investigations and management's response.

To consider other topics, as defined by the Board

3.0 Procedure of Audit Committee

The procedure of the Audit Committee for the purpose of carrying out its responsibilities shall be as follows:-

- 3.1 The Audit Committee shall meet at least 4 times in a financial year. Notwithstanding this, the Chairman shall have the discretion to call for additional meetings as and when the need arises. Nevertheless, upon the request of the external auditor, the Chairman shall convene a meeting to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.
- 3.2 The company secretary shall extend a notice to each member of the Audit Committee prior to the meeting.
- 3.3 The Heads of Finance, Internal Audit and any other relevant departments are responsible to gather and supply the requisite copies of report containing all necessary and essential information for the purpose of the meeting for the compilation and circulation by the company secretary prior to the meeting.
- 3.4 Decision of the Audit Committee shall be determined by a majority of votes of the members present. In the case of an equality of votes, the Chairman of the Committee, or if he is not present, the Chairman of the meeting shall have a second or casting vote.
- 3.5 The company secretary who shall be in attendance at each Committee meeting shall record the proceedings. Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceeding.
- 3.6 Upon adoption by the Audit Committee, a copy of the minutes shall be extended to the Board for information.
- 3.7 All minutes are confidential and shall be kept by the company secretary.
- 3.8 In the absence of a meeting, any issues shall be resolved through circular resolution and be conveyed to the Board accordingly. A circular resolution in writing signed by a majority of members shall be valid and effectual as if it had been passed at a meeting duly convened and constituted.
- 3.9 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of BMSLR, the Audit Committee must promptly report such matter to the Bursa.

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BOARD FRAMEWORK

CHAPTER 2 – AUDIT COMMITTEE

4.0 Audit Committee Report

4.1 The Audit Committee is to assist the Board to prepare an Audit Committee Report at the end of each financial year which must be clearly set out in the Annual Report of the Company and include the following:-

- i. The composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise)
- ii. The terms of reference of the Audit Committee
- iii. The number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member
- iv. A summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company
- v. A summary of activities of the Internal Audit Department

4.2 The Audit Committee is to assist the Board of Directors of the Company to make the following additional statements in its Annual Report:-

- i. A statement explaining the Board's responsibility for preparing the annual audited accounts.
- ii. A statement about the state of internal control and risk management of the Company which is duly reviewed by the external auditors.

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BOARD FRAMEWORK

CHAPTER 3 – NOMINATION COMMITTEE

1.0 Composition

- 1.1 The Nomination Committee shall be appointed by the directors amongst their numbers, comprising not less than 2 members.
- 1.2 The Board should establish a Nominating Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent. The Nominating Committee is charged with the responsibility of overseeing the selection and assessment of directors.
- 1.3 The Nominating Committee will contribute towards ensuring that board and key senior management composition meets the needs of the company. The chair of the Nominating Committee should be the senior independent director identified by the Board.

2.0 Terms of Reference

2.1 Purpose

The Nominating Committee's responsibilities include assessing and recommending to the Board the candidature of directors and key senior management, appointment of directors to board committees, review of board's succession plans and training programs for the Board. In assessing suitability of candidates, considerations should be given to the competencies, commitment, contribution and performance. The procedure of the Nomination Committee for the purpose of carrying out its responsibilities shall be as follows:-

- i The Board should establish a policy formalizing its approach to boardroom diversity. The Board through its Nominating Committee should take steps to ensure that women candidates are sought as part of its recruitment exercise. The Board should explicitly disclose in the Annual Report its gender diversity policies and targets and the measures taken to meet those targets.
- ii The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.
- iii The Board should set out expectations on time commitment for its members and protocols for accepting new directorships. Directors should devote sufficient time to carry out their responsibilities. The Board should obtain this commitment from its members at the time of appointment. Directors should notify the chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.
- iv The Board should ensure its members have access to appropriate continuing education programs. In a dynamic and complex business environment, it is imperative that directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programs and life-long learning. This will enable directors to sustain their active participation in board deliberations.

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CHAPTER 3 – NOMINATION COMMITTEE

2.2 Reporting Responsibilities

The Nomination Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board as it may think fit.

2.3 Attendance at Meetings

Other members of the Board or/and other appropriate officers may attend meetings upon the invitation of the Nomination Committee. The company secretary shall be the secretary of the Committee.

2.4 Frequency of Meetings

The Nomination Committee shall meet at least once a year, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities.

2.5 Quorum

The quorum for a meeting shall be 2 members.

2.6 Duties

The duties of the Nomination Committee include the following:-

- i. To recommend to the Board, candidates for all directorships and key senior management to be filled by shareholders or members of the Board.
- ii. To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder, and other independent sources.
- iii. To recommend to the Board, directors to fill the seats on Board Committees.
- iv. To assist the Board to implement a formal transparent procedure for the appointment of new directors to the Board.
- v. To ensure that all directors submit themselves for re-election at regular intervals and at least once every 3 years.
- vi. To ensure that any director appointed during the year holds office until the next following Annual General Meeting and is eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation.
- vii. To ensure that the election or appointment of two or more persons as directors shall not be effected by a single resolution at a general meeting unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

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CHAPTER 3 – NOMINATION COMMITTEE

- viii. To assist the Board to implement a process to be carried out by the Nominating Committee annually for assessing the effectiveness of the Board as a whole, the Board committee and contribution of each individual director.
- ix. To assist the Board to annually review the required mix of skills and experience and other qualities of the Board including core competencies which non-executive directors should bring to the Board (*refer to Appendix 4*).
- x. To assist the Board to annually assess the effectiveness of the Board as a whole (*refer to Appendix 1*), the Board committees (*refer to Appendix 2*) and the contribution of each individual director, including the independent non-executive directors and chief executive officer (*refer to Appendix 3*) and to present its recommendations to the Board. Directors should devote sufficient time to carry out their responsibilities. The Board through its Nomination Committee, should obtain this commitment from its members at the time of appointment. Directors should notify the chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.
- xi. To assist the Board to examine the size of the Board with a view to determining the impact of the number on the effectiveness of the Board.
- xii. To review formal succession planning.
- xiii. To facilitate board induction and training programs and for new recruits to the Board.
- xiv. To ensure that the composition of the Board of Directors is in compliance with the regulations, guidelines and where possible, to be in line with recommended best Practices.

3.0 Board evaluation process

The procedure of the Nomination Committee for assessing the effectiveness of the Board as a whole, the Board Committees, the contribution of each individual director and the optimum size of the Board shall be as follows:-

- 3.1 The Nomination Committee shall meet at least once a year with due notice given by the company secretary. Notwithstanding this, the Chairman shall have the discretion to call for additional meetings as when the need arises.
- 3.2 The company secretary shall extend the relevant evaluation forms to each member of the Board and/or Nomination Committee prior to the meeting and gather all necessary and essential information for the purpose of the meeting.
- 3.3 For the purpose of carrying out the various evaluation, the Nomination Committee shall base the assessment on established selection criteria as set out in the Evaluation Policy Framework (*refer to 5.0*)

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BOARD FRAMEWORK

CHAPTER 3 – NOMINATION COMMITTEE

- 3.4 The company secretary who shall be in attendance at each Nomination Committee meeting shall record the proceedings. Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceeding.
- 3.5 All minutes are confidential and shall be kept by the company secretary.
- 3.6 Recommendations of the Nomination Committee shall be submitted to the Board for deliberation and approval within a reasonable time frame.

4.0 Procedure for New Nomination

The procedure of the Nomination Committee for the purpose of nominating a new director shall be as follows:-

- 4.1 The Nomination Committee shall meet as and when required such as the case when there is a proposal to appoint a new director to the Board arising from vacancy or the need to bring in new individuals with specific capabilities due to changing corporate strategy.
- 4.2 The company secretary shall extend a notice to each member of the Nomination Committee prior to the meeting and gather all necessary and essential information for the purpose of the meeting.
- 4.3 For the purpose of carrying out the evaluation to assess the suitability of the proposed candidates, the Nomination Committee shall base the assessment on established selection criteria as set out on the Evaluation Policy Framework (*refer to 5.0*).
- 4.4 Decision of the Nomination Committee shall be determined by a majority of votes of the members present. In the case of an equality of votes, the Chairman of the Committee, or if he is not present, the Chairman of the meeting shall have a second or casting vote.
- 4.5 The company secretary who shall be in attendance at each Nomination Committee meetings shall record the proceedings. Minutes of each meeting signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceeding.
- 4.6 All minutes are confidential and shall be kept by the company secretary.
- 4.7 In the absence of a meeting, any issues shall be resolved through circular resolution and be conveyed to the Board accordingly. A circular resolution in writing signed by a majority of members shall be valid and effectual as if it had been passed at a meeting duly convened and constituted.

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BOARD FRAMEWORK

CHAPTER 3 – NOMINATION COMMITTEE

4.0 Procedure for new nomination (*cont'*)

- 4.8 A report containing recommendations of the Nomination Committee including the basis of selection shall be submitted to the Board for deliberation and approval within a reasonable time frame
- 4.9 Upon the approval of the Board, the company secretary must ensure that all appointments of the new director are properly made, that all necessary information is obtained from the directors, both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements of the KLSE and other regulatory requirements,
- 4.10 The Nomination Committee shall also ensure that each new director on his first appointment goes through an orientation and education programme.

5.0 Evaluation Policy Framework

The Nomination Committee shall objectively assess the capabilities of the potential candidate or existing director based on a transparent evaluation criteria, taking into consideration the following criteria:-

- 5.1 Expertise in related areas of the Company's business
- 5.2 Vast accumulated experience and ability to play a complementary role which the Board may otherwise lack
- 5.3 Relevant qualification(s)
- 5.4 Contribution to effective decision making of the Board
- 5.5 Other commitment in terms of holding multiple directorship in other organizations, resources and time available to contribute effectively to the Board
- 5.6 Commitment via attendance at Board meetings
- 5.7 Understanding of the Company's vision and mission statements, goals and objectives, strategies, business plans and risk management

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BOARD FRAMEWORK

CHAPTER 3 – NOMINATION COMMITTEE

6.0 Director's training

The Nominating Committee should facilitate board induction and training programs. The nomination and election process of board members should be disclosed in the annual report.

- 6.1 Every director of the Company must ensure that he undergoes continuous training to equip himself to effectively discharge his duties as a director and for that purpose he must ensure that he attends such training programs as may be prescribed by Bursa Malaysia from time to time.
- 6.2 A new director on his first appointment shall go through an orientation and education program aimed at strengthening his understanding of the Company, the business, the environment and markets in which the Company operates. The program may include:-
- i. Briefings with the Chairman and/or CEO.
 - ii. Presentations from the senior management.
 - iii. Receipt of formal documents such as strategic and business plans, latest audited accounts, organization structure etc.
 - iv. Visits to sites/locations of the Company's operations/projects.
- 6.3 As part of the Board's succession planning, a director may be identified and assigned a mentor to guide, train and equip such director to assume new duties and responsibilities.

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BOARD FRAMEWORK

CHAPTER 4 – REMUNERATION COMMITTEE

1.0 Composition

- i. The Board should establish formal and transparent remuneration policies and procedures to attract and retain directors. Fair remuneration is critical to attract, retain and motivate directors. The remuneration package should be aligned with the business strategy and long-term objectives of the company. Remuneration of the board should reflect the board's responsibilities, expertise and complexity of the company's activities.
- ii. The Board should establish a Remuneration Committee to perform this function. The Remuneration Committee should consist exclusively of non executive directors, drawing advice from experts, if necessary. Companies without a Remuneration Committee should have board policies and procedures on matters that would otherwise be dealt with by the Remuneration Committee. Board remuneration policies and procedures should be disclosed in the annual report. The Chairman of the Remuneration Committee shall be a non-executive director.
- iii. The Remuneration Committee shall be appointed by the directors amongst their numbers, comprising not less than 2 members majority of whom must be non-executive.

2.0 Terms of Reference

The primary objective of the Remuneration Committee (as a standing committee of the Board) is to assist the Board in developing and establishing competitive policies and packages in all its forms, drawing from outside, advice if deemed necessary.

2.1 Reporting Responsibilities

The Remuneration Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board as it may deem fit.

2.2 Attendance at Meetings

Other members of the Board or/and other appropriate officers may attend meetings upon the invitation of the Remuneration Committee. The company secretary shall be the secretary of the Committee.

2.3 Frequency of Meetings

The Remuneration Committee shall meet at least once a year, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities.

2.4 Quorum

The quorum for a meeting shall be 2 members.

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BOARD FRAMEWORK

CHAPTER 4 – REMUNERATION COMMITTEE

2.5 Duties

The duties of the Remuneration Committee include the following:-

- i. To assist the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and key senior management.
- ii. In the case of executive directors, to conduct continued assessment of individual director to ensure that remuneration is directly related to corporate and individual performance.
- iii. In respect of non-executive directors, to ensure via the Board as a whole, that the fees payable reflect the experience, time demanded of directors to discharge their duties and level of responsibilities undertaken.
- iv. To obtain advice and information from external consultant and source, if deemed necessary, on the appropriateness of the remuneration package by comparing the remuneration currently earned by the executive directors with those paid to executive directors of other companies of a similar size in a comparable industry.
- v. To advise on, and monitor, a suitable performance related formula i.e. whether the formula is based on individual performance, company profit performance, earnings per share, responsibilities etc.
- vi. To consider details of remuneration of each director and how these details should be presented in the Annual Report.
- vii. Whilst discharging the above duties, directors should abstain from discussion of their own remuneration.

3.0 Procedure of Remuneration Committee

The procedure of the Remuneration Committee for the purpose of recommending remuneration scheme and carrying out its responsibilities shall be as follows:-

- 3.1 The Remuneration Committee shall meet at least once a year. Notwithstanding this, the Chairman shall have the discretion to call for additional meetings as and when the need arises.
- 3.2 The company secretary shall extend a notice to each member of the Remuneration Committee prior to the meeting and gather all necessary and essential information for the purpose of the meeting.
- 3.3 For the purpose of determining the remuneration scheme, the Remuneration Committee shall base the proposed remuneration scheme as established in the Remuneration Policy Framework (*refer to 4.0*).

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CHAPTER 4 – REMUNERATION COMMITTEE

- 3.4 Decision of the Remuneration Committee shall be determined by a majority of votes of the members present. In the case of an equality of votes, the Chairman of the committee, or if he is not present, the Chairman of the meeting shall have a second or casting vote.
- 3.5 The company secretary who shall be in attendance at each Remuneration Committee meeting shall record the proceedings. Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceeding.
- 3.6 All minutes are confidential and shall be kept by the company secretary.
- 3.7 In the absence of a meeting, any issues shall be resolved through circular resolution and be conveyed to the Board accordingly. A circular resolution in writing signed by a majority of members shall be valid and effectual as if it had been passed at a meeting duly convened and constituted.
- 3.8 Recommendations of the Remuneration Committee shall be submitted to the Board for deliberation and approval within a reasonable time frame.

4.0 Remuneration Policy Framework

- 4.1 The established Remuneration Policy Framework shall be fair, equitable, competitive, performance driven and reflect current market norms and practices. Some broad and key principles to ascertain the level of remuneration that may be included in this policy framework are amongst others :-
- i. Remuneration policies shall consider the Company's financial performance which may include financial indicators such as profitability and market capitalization as well as individual performance for executive directors.
 - ii. The experience and level of responsibilities for non-executive directors.
 - iii. The benchmark performance from companies of a similar size in a comparable industry.
 - iv. The market conditions such as inflation rates and consumer price index.
 - v. The executive directors shall not receive commission on or percentage of turnover but shall be remunerated as employees of the Company in accordance to their contract of employment with the Company.
 - vi. Fees payable to non-executive directors must be fixed sum and not by a commission on or percentage of profits or turnover.

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BOARD FRAMEWORK

CHAPTER 4 – REMUNERATION COMMITTEE

4.0 Remuneration Policy Framework (cont’)

- vii. Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
 - viii. The non-executive directors shall be remunerated as members of Board with additional remuneration as members of Board Committee (i.e. Audit, Nomination or Remuneration Committees) or for any special service rendered.
 - ix. Any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.
 - x. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from Board meetings or any Board Committee or general meetings of the Company or otherwise in connection with the business of the Company.
 - xi. The directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to or to any person in respect of any director or ex-director who may hold or have held any executive office or any office of profit under the Company or any subsidiary company and for the purpose of providing any such pensions or other benefits to contribute to any scheme of fund or to pay premiums.
 - xii. The Company shall not pay a director remuneration (whether as a director or otherwise) free of income tax, or otherwise calculated by reference to or varying with the amount of his income tax, or the rate of income tax.
 - xiii. The Company shall not make any payment by way of compensation to any director for loss of office as an officer or as consideration for or in connection with his retirement or transfer of the whole or any part of the undertaking or property of the Company unless approval from shareholders has been obtained.
- 4.2 On an annual basis (or when the need arises as in the case of proposing remuneration for a new director), the Committee shall conduct a review and provide advice and recommendations to the Board on all aspects of reward and structure accorded to directors in terms of the following components:-
- i. Basic salaries and basis of increment applied for executive directors.
 - ii. Benefits in kind.
 - iii. Basic incentive scheme i.e. annual bonuses for executive directors.
 - iv. Additional incentive scheme i.e. Employee Share Option Scheme (ESOS) for executive directors subject to the approval of the relevant authorities and shareholders.
 - v. Director’s fee (fixed) for the non-executive directors subject to the approval of shareholders.

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BOARD FRAMEWORK

CHAPTER 5 – EXECUTIVE COMMITTEE

1.0 Composition

- i. The Executive Committee (“EXCO”) shall be appointed by the Board, comprising executive director(s) and senior management.
- ii. The Chairman of the EXCO shall be an executive director

2.0 Terms of Reference

2.1 Purpose

The primary objective of the EXCO to assist the Board in approving important corporate plans and actions on an ongoing basis and handling all delegated duties and responsibilities of the Board, and acting on them within the stipulated authority limits.

2.2 Reporting Responsibilities

The EXCO will report to the Board on the nature and extent of the functions performed by it and may make such recommendation to the Board as it may think fit.

2.3 Attendance at Meeting

Other members of the Board or/and other appropriate officers may attend meetings upon the invitation of the EXCO. The secretary of the meeting shall be appointed by the EXCO from time to time.

2.4 Frequency of Meetings

The EXCO shall meet once in every 2 months. Notwithstanding this, the Chairman shall have the discretion to call for additional meetings as and when the need arises.

2.5 Quorum

The quorum for a meeting shall be 2 members.

2.6 Duties

The duties of the Executive Committee include the following:-

- i. To consider and recommend policies for the approval of the Board.
- ii. To supervise and monitor the implementation of decisions of the Board and Audit Committee.
- iii. To consider and recommend new projects and expansion programmes for the Business and Operating Units.
- iv. To approve financial and operating budgets for operating units and actions required to meet them and thereafter, to seek the endorsement of the CEO or Board, where applicable.

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BOARD FRAMEWORK

CHAPTER 5 – EXECUTIVE COMMITTEE

2.6 Duties (Cont'd)

- v. To review and appraise the financial and operational performance of each operating unit and monitor on an on-going basis, actual results and deviations from established targets and subsequently, to investigate and establish corrective actions.
- vi. To review and develop all resources of the Group for efficient utilization.
- vii. To examine and advise on all matters submitted by the Group, making appropriate approvals if within its limits or referring to the Board if otherwise.
- viii. To resolve all matters which affect inter operating units.
- ix. To review and monitor the impact of all risk events that threaten shareholders' value and recommend an appropriate response to the same.

3.0 Procedure of EXCO

The procedure of the EXCO for the purpose of carrying out its responsibilities shall be as follows:-

- 3.1 The EXCO Chairman shall extend a notice to each of the EXCO member prior to the EXCO meeting.
- 3.2 The heads of operating / service units are responsible to gather and supply the requisite copies of report containing all necessary and essential information for the purpose of the meeting for compilation and circulation prior to the EXCO meeting.
- 3.3 The decision of the EXCO shall be determined by a majority of votes of the members present. In the case of an equality of votes, the Chairman of the Committee, or if he is not present, the Chairman of the meeting shall have a second or casting vote.
- 3.4 A secretary who shall be in attendance at each EXCO meeting shall record the proceedings. Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceeding.
- 3.5 In the absence of a meeting, any issues shall be resolved via an EXCO paper. An EXCO paper in writing signed and approved by all members shall be valid and effectual as if it had been passed at a meeting duly convened and constituted.
- 3.6 Recommendations of the EXCO shall be submitted to the CEO or Board, where applicable, for deliberation and approval within a reasonable time frame.
- 3.7 Upon approval of the CEO or the Board, where applicable, the EXCO shall ensure its execution or implementation soonest possible.

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BOARD FRAMEWORK

PART 3

SHAREHOLDERS

Chapter 1 Investor Relations Policy

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BOARD FRAMEWORK

CHAPTER 1 – INVESTOR RELATIONS POLICY

1.0 Objective

The primary objective of the Investor Relations Policy is to enable both the Board and management of the Company to communicate and maintain good relations with its shareholders, stakeholders and the public generally.

The responsibility of the Board is to ensure that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders is considered by the company when making business decisions

It is also to effectively interpret the operations of the Company to shareholders and to accommodate feedback from shareholders, which may be factored into the Company's business.

2.0 Role and Responsibilities

The Board and management of the Company shall apprise private and institutional shareholders who would be encouraged to make their views known and discuss any areas of concern in respect of the Company's performance, strategy and corporate governance.

3.0 Communication Channels

3.1 Announcements to the Stock Exchange

- i. The Company must, in accordance with the KLSE Listing Requirements, disclose to the public all material information necessary for informed investing and take reasonable steps to ensure that all who invest in its securities enjoy equal access to such information.
- ii. The Company must give to the KLSE for public release an interim financial report that is prepared on a quarterly basis ("Quarterly Report"), as soon as the figures have been approved by the Board, and in any event not later than 2 months after the end of each quarter of a financial year.

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BOARD FRAMEWORK

CHAPTER 1 – INVESTOR RELATIONS POLICY

3.2 Annual General Meeting (“AGM”)

- i. The Company must hold an AGM once in every calendar year and not more than 15 months after the holding of the last preceding AGM.
- ii. The Board should take reasonable steps to encourage shareholder participation at general meetings. General meetings are an important avenue through which shareholders can exercise their rights. The Board should take active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Board should direct the Company to disclose all relevant information to shareholders to enable them to exercise their rights. The Board should also consider adopting electronic voting to facilitate greater shareholder participation. The Board can demonstrate their commitment to shareholders by ensuring that the company publishes these measures on its corporate website.
- iii. The Company shall notify shareholders of an AGM by advertisement in a daily press at least 21 days before the date of AGM and in writing to the KLSE.
- iv. Each item of special business included in the notice of the AGM must be accompanied by a statement regarding the effects of a proposed resolution.
- v. The Company shall adhere to the provisions of the proceedings at general meetings stipulated in the Act and Articles accordingly.

The Board should promote effective communication and proactive engagements with shareholders. Direct engagement with shareholders provides a better appreciation of the company's objectives, quality of its management and challenges, while also making the Company aware of the expectations and concerns of its shareholders. This will assist shareholders in evaluating the company and facilitate the considered use of their votes. Board members and senior management are encouraged to have constructive engagements with shareholders about performance, corporate governance, and other matters affecting shareholders' interests.

- vi. The Chairman shall provide a reasonable time for discussion at the AGM and exercise his discretion wisely in entertaining questions from shareholders on the annual report and business operations.
- vii. In the event an AGM is anticipated to be well-attended, the Board may conduct a business presentation.
- viii. Shareholders are given the opportunity to vote on each separate issue.

The Board is encouraged to put substantive resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution. Companies are encouraged to employ electronic means or poll voting. The Chairman should inform shareholders of their right to demand a poll vote at the commencement of the general meeting.

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BOARD FRAMEWORK

CHAPTER 1 – INVESTOR RELATIONS POLICY

3.2 Annual General Meeting (“AGM”) (Cont’d)

- ix. The Company shall count all proxies lodged in advance of meeting and summary figures may be announced at the AGM.
- x. The Company may make information and presentations more accessible to shareholders and the public generally via the website of the Company. Shareholders may also direct their enquiries via telephone, fax or e-mail to the Company.

3.3 Extraordinary General Meeting (“EGM”)

A general meeting other than the Annual General Meeting will be called an EGM.

3.4 Dialogue with analysts and institutional shareholders

- i. The Company shall endeavour to maintain regular dialogue and contact with analysts and institutional shareholders, where practicable, on information that is publicly available on the performance of the Group, corporate governance and other matters affecting shareholders’ interest. The Board should promote effective communication and proactive engagements with shareholders. Direct engagement with shareholders provides a better appreciation of the Company’s objectives, quality of its management and challenges, while also making the Company aware of the expectations and concerns of its shareholders. This will assist shareholders in evaluating the company and facilitate the considered use of their votes. Board members and senior management are encouraged to have constructive engagements with shareholders about performance, corporate governance, and other matters affecting shareholders’ interests.
- ii. The spoke persons for the Company shall be the Chief Executive Officer, the Chief Operating Officer/ Chief Financial Officer, respectively.

3.5 General public via media

- i. The Board also endeavour to maintain effective communications with the media to ensure that news reports on the Company, its performance and products are reported accurately with the benefit of concise information and full understanding of the affairs of the Company.
- ii. A press conference may be held after an AGM or EGM, if deemed necessary, to further disseminate information to shareholders and the public at large.
- iii. The Company may endeavour to use printed media (e.g. direct mailing of specific materials, etc) or electronic media (e.g. website, CD’s) to achieve its objectives.

PETALING TIN BERHAD

BOARD FRAMEWORK

PART 4

APPENDICES

Appendix 1	Board Performance Evaluation Form
Appendix 2	Committee Evaluation Form
Appendix 3	Director Evaluation Form
Appendix 4	Board Make-up Evaluation Form

PETALING TIN BERHAD

BOARD FRAMEWORK

APPENDIX 1 - BOARD PERFORMANCE EVALUATION FORM

Directors may wish to measure their performance as a group against a number of important benchmarks. Please indicate by a tick (✓) against benchmark:-

1. The Board knows, understands and has a common purpose in aligning the Company's values, mission, goals, objectives, strategic and business plans.
2. The Board plays an effective role in monitoring and supervising management and reviews and adopts annual capital and operating budgets and monitors cash flow, profitability, net revenue and expenses, productivity and financially driven indicators to ensure that the company performs as projected.
3. A credible risk management framework exists for identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
4. The Board has a well defined policy on director selection and evaluation criteria.
5. There is an investor relations program or shareholder communications policy for the company to enhance accountability to the shareholders/investors.
6. The Board reviews the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
7. There is a level of independence on the Board as seen in the separation of roles of Chairman and CEO. Board goals expectations and concerns are well communicated to the CEO.
8. Board members evaluate their individual and overall board performance on a periodic basis.
9. The Board has and follows procedures for effective meetings. The Board members receive timely and accurate minutes, advance written agendas and meeting notes and clear and concise background material to prepare in advance of meetings.
10. Board members stay abreast of issues and trends affecting the Company and use this information to assess and guide the Company's performance not just year to year but for the long term.
11. The Board has the required mix of skills and experience.

For the financial year ended 31 March 20XX

Nomination Committee	Signature	Date
Datuk Haji Jaafar bin Abu Bakar		
Datuk Wan Kassim bin Ahmed		

PETALING TIN BERHAD

BOARD FRAMEWORK

APPENDIX 2 – COMMITTEE EVALUATION FORM

Please indicate against the following criteria :-

<input type="radio"/> Yes	<input checked="" type="radio"/> No
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Criteria	Audit Committee	Remuneration Committee	Nomination Committee
Appropriateness of Recommendations			
Level of Cooperation between Members			
Adherence to Terms of Reference			
Contribution to Overall Effectiveness of Corporation			

For the financial year ended 31 March 20XX_____

Nomination Committee	Signature	Date
Datuk Haji Jaafar bin Abu Bakar		
Datuk Wan Kassim bin Ahmed		

PETALING TIN BERHAD

BOARD FRAMEWORK

APPENDIX 3 – DIRECTOR EVALUATION FORM.

In respect of the following criteria, please assess the overall contribution of each director, kindly indicate acceptability by a tick (✓).

No	Criteria	Name	Assessmt
1.	Understanding of mission, goals, objectives, strategies	Datuk Haji Jaafar bin Abu Bakar *	
2.	Integrity	Datuk Wan Kassim bin Ahmed *	
3.	Competence	Dato' Nik Kamaruddin bin Ismail *	
4.	Leadership	Mr Chen Yiy Fon *	
5.	Business Knowledge	Mr Lim Mun Kee *	
6.	Industry Awareness		
7.	Meeting Attendance		
8.	Meeting Preparation and Involvement		
9.	Board Participation and Contribution to Decision Making		
10.	Committee Work		
11.	Long-Range Planning Contribution		
12.	Establishing and working towards a shared vision		
13.	Human relations and communication skills		

* To be endorsed by the Board as a whole

For the financial year ended 31 March 20XX

Nomination Committee	Signature	Date
Datuk Haji Jaafar bin Abu Bakar		
Datuk Wan Kassim bin Ahmed		

PETALING TIN BERHAD

BOARD FRAMEWORK

APPENDIX 4 – BOARD MAKE-UP EVALUATION FORM

In respect of requisite skills and experience, please indicate by a tick (✓) the respective member(s) whom the Board is placing primary reliance.

No.	Skills & Experience	* Datuk Haji Jaafar bin Abu Bakar	* Datuk Wan kassim bin Ahmed	* Dato' Nik Kamaruddin bin Ismail	* Mr Chen Yiy Fon	* Mr Lim Mun Kee			
1.	Strategic Planning								
2.	Company / Industry Knowledge								
3.	Corporate Governance								
4.	Risk Management								
5.	Financial Management								
6.	Corporate Finance								
7.	Government / Regulatory Experience								
8.	Human relations and communications skills								
9.	Investor / Public Relations								
10.	Environmental and social responsibility								

* To be endorsed by the Board as a whole

For the financial year ended 31 March 20XX _____

Nomination Committee	Signature	Date
Datuk Haji Jaafar bin Abu Bakar		
Datuk Wan Kassim bin Ahmed		

PETALING TIN BERHAD

BOARD FRAMEWORK

GLOSSARY

BMSLR	-	Bursa Malaysia Securities Listing Requirements
MCCG	-	Malaysian Code On Corporate Governance 2012
CEO	-	Chief Executive Officer
KLSE	-	Kuala Lumpur Stock Exchange
AGM	-	Annual General Meeting
EGM	-	Extraordinary General Meeting