



MAJUPERAK HOLDINGS BERHAD

BOARD CHARTER

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“**Board**”) of **MAJUPERAK HOLDINGS BERHAD** (“**MHB**” or “**Company**”) has adopted this Board Charter (“**Charter**”) which collectively leads and is responsible for the success of the Company and its subsidiaries (“**MHB Group**”) by providing entrepreneurial leadership and direction as well as supervision of the management. The Board is the ultimate decision-making body.

The Charter sets out the composition, roles, functions and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

2. BOARD STRUCTURE

2.1 Composition of the Board

The Board shall ensure that its composition reflects a diversity of backgrounds, skills, experience and knowledge in the areas of business, economics, finance, legal, general management and strategy as may be required to facilitate the decision making of the Company.

The number of Directors shall neither be less than two (2) nor be more than twelve (12) as set out in the Company’s Articles of Association.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Main LR**”), the Company shall ensure that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are Independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall be used.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director’s re-designation as a Non-Independent Director. The Board must justify and seek shareholders’ approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

In addition, the Board shall periodically conduct a formal review of its own performance. These mechanisms act as a regular check on the composition of the Board and the appropriateness of the mix of skills, experience, expertise, gender and diversity of the Board members for the Company.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

BOARD CHARTER

2.2 Recruitment and Appointment of Directors

Based on the recommendation of the Nomination and Remuneration Committee (“NRC”) of the Board, the Board shall have power at any time, to appoint any person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Board although the total number of Directors shall not at any time exceed the maximum number fixed in the Articles of Association of the Company.

For the recruitment or appointment of new Directors, the NRC shall ensure the review criterias are met before making recommendations to the Board. These include the review of skills, experience and strength in the qualities necessary for the discharge of responsibilities in an effective and competent manner. Apart from these, to ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the NC shall consider the number of directorships held in other Public Listed Companies’ (PLC) when determining candidates for recommendation to the Board. In view of this, potential candidates are not allowed to hold directorships in more than five PLCs (as prescribed in Paragraph 15.06 of the Listing Requirements). Other factors considered by the NRC shall include the candidates’ ability to satisfy the test of independence taking into account the candidate’s character, integrity and professionalism. Diversity of the Board’s composition is also important to facilitate optimal decision-making by harnessing different insights and perspectives.

2.3 Tenure of Directors

Pursuant to the Company’s Articles of Association, an election of Directors takes place subsequent to their appointment each year where one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one- third (1/3), shall retire by rotation from office and shall be eligible for re-election at each annual general meeting and that each Director shall retire from office at least once in every three (3) years and shall be eligible for re-election.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot.

2.4 Independence of Directors

The Board shall assess the independence of the Directors under the annual assessment of the Board by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors.

3. BOARD ROLES

3.1 Duties and Responsibilities of Directors

The Board assumes, amongst others, the following duties and responsibilities:

- a) to review and approve the strategic business plans for MHB Group;
- b) to review and manage principal risks affecting MHB Group;
- c) to review the adequacy and integrity of MHB Group's internal control systems;
- d) to oversee the conduct and the performance of MHB Group's businesses;
- e) to establish a succession plan;
- f) to approve the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes;
- g) to approve the policies relating to corporate branding, public relations, investor relations and shareholder communication programmes;
- h) to approve material acquisitions and disposals of undertakings and properties;
- i) to approve major borrowing or giving of security over assets;
- j) to approve material agreements; and
- k) to approve changes to the management and control structure within the Group, including key policies, delegated authority limits, etc.

3.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:

- a) approval of corporate plans and programmes;
- b) approval of new ventures;
- c) approval of annual and interim financial results of MHB Group;
- d) approval of the internal and external audit plans;
- e) acceptance of audit reports including management letters;
- f) approval of material acquisitions and disposals of undertakings and properties;
- g) approval of major borrowing or giving of security over assets;
- h) approval of material agreements; and
- i) approval of changes to the management and control structure within MHB Group, including key policies, delegated authority limits, etc.

3.3 Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that year.

In preparing the financial statements for each financial year, the Directors have to ensure the following:

- The appropriate accounting policies have been adopted and applied consistently
- The judgements and estimates made were prudent and reasonable
- The applicable accounting standards have been followed
- The financial statements have been prepared on a going concern basis

BOARD CHARTER

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 2016 and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Company.

3.4 Chairman and Chief Executive Officer (“CEO”)

The Board ensures that its Chairman is a non-executive member of the Board.

The roles of the Non-Executive Chairman and the CEO are distinct and separate to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the CEO has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The CEO is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to MHB Group.

The responsibilities of the Chairman, amongst others, are as follows:

- a) to lead the Board in the oversight of the management and ensure its effectiveness of all aspects of its role;
- b) to ensure the efficient organisation and conduct of the Board’s function and meetings;
- c) to facilitate the effective contribution of all Directors at Board meetings;
- d) to promote constructive and respectful relations between Directors, and between the Board and Management; and
- e) to ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the CEO, amongst others, are as follows:

- a) to develop and implement corporate strategies for MHB Group;
- b) to supervise heads of divisions and departments who are responsible for all functions contributing to the success of MHB Group;
- c) to ensure the efficiency and effectiveness of the operation for MHB Group;
- d) to assess business opportunities which are of potential benefit to MHB Group; and
- e) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.5 Senior Independent Director

The responsibilities of the Senior Independent Director, amongst others, are as follows:

- a) a sounding Board for the Chairman;
- b) an intermediary for other directors when necessary;
- c) the point of the contact for shareholders and other stakeholders;
- d) to ensure the efficiency and effectiveness of the operation for MHB Group;

BOARD CHARTER

3.6 Board Committee

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to certain Committees with each operating within its clearly defined terms of reference. The Chairman of the various Committees will report to the Board on the key issues deliberated by the Committees and the outcome of the Committee meetings at the Board meetings.

The Board has, at the date of this Charter, established the following Committees to assist the Board in the execution of its duties:

- a) Audit Committee
- b) Nomination and Remuneration Committee

The Board shall also delegate specific functions to ad hoc committees on an “as needs” basis as and when necessary. The terms of reference and powers delegated to any such committee will be agreed by the Board at the time the committee is established as set out in Board resolutions. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

3.7 Qualified and Competent Company Secretaries

The Company Secretaries play an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting MHB Group.

The eight (8) specific responsibilities of the Company Secretaries are as follows:

- a) to advise the Board and Management on governance issues;
- b) to ensure their policies and procedures and the Company’s compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance;
- c) provide support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.
- d) to attend all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented;
- e) to ensure proper upkeep of statutory registers and records;
- f) to assist Chairman in the preparation for and conduct of meetings;
- g) to assist Chairman in determining the annual Board plan and the administration of other strategic issues; and
- h) to assist in the induction of new directors, and continuously update the Board on changes to Main LR, other related legislations and regulations.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. All Members, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

3.8 Formalised Ethical Standards

The Directors shall adhere to the best practice in corporate governance and observing the highest standards of integrity and behaviour in activities which they are involved, including interaction with all stakeholders, and within the community and environment in which the Group operates.

3.8.1 Code of Conduct

The Group's Code of Conduct for both Directors and employees governs the standards of ethics and good conduct expected of Directors and employees, respectively. The Code of Conduct includes principles relating to fair dealings, confidentiality and protection of Company matters and documents, conflict of interest, reporting on non-compliance (including sexual harassment) as compliance with laws and regulations.

The Directors are required to observe the Code of Conduct as follows:

- i) Compliance at all times with the Code of Conduct and the Board Charter.
- ii) Observe high standards of corporate governance at all times.
- iii) Adhere to the principles of integrity, objectivity, accountability, openness, honesty and leadership.
- iv) Act in good faith and in the best interest of the Group.
- v) Not to misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
- vi) Uphold accountability at all times. This includes ensuring that the Group's resources are properly safeguarded and the Group conducts its operations as economically, efficiently and effectively as possible at all times.
- vii) Declaration of any personal, professional or business interests that may conflict with Directors' responsibilities.
- viii) Not to accept gifts/benefits and hospitality which may create suspicion of any conflict between their position as a member of the Board and any private interest.

3.8.2 Whistleblowing Policy ("WP")

The Company's Whistleblowing Policy ("WP") seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Audit Committee ("AC") is responsible for overseeing the implementation of the WP for the Group's management, and all whistleblowing reports are addressed to the AC Chairman.

The CEO is responsible for overseeing the implementation of the WP for the Group's employees, where the CEO would address all whistle-blower reports made by employees or external parties as prescribed under the WP.

3.9 Board Meetings

The Board shall conduct at least four (4) regularly scheduled meetings annually, with additional meetings to be convened as and when necessary.

BOARD CHARTER

Any Director may at any time and the Company Secretaries shall on the requisition of a Director summon a meeting of the Directors by giving them not less than seven (7) days notice thereof unless such requirement is waived by them.

A full agenda of the meeting (unless otherwise waived by all the Directors) and all Board papers, including complicated issues or specific matters, would be distributed in advance at least 5 working days prior to the Meeting to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretaries, should such a need arise.

The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants to brief and clear the Directors' doubt or concern as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

The quorum of Board meeting is two (2) members, present in person.

Proceedings of all meetings are minuted and confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled Board meeting unless otherwise determined.

Directors' Circular Resolutions approved by all the Directors who may at the time of signing be present in Malaysia are as valid and effectual as if the resolutions had been passed at the meeting of the Directors duly called and convened.

The duly signed Minutes and Directors' Circular Resolutions are to be recorded in the Company's minutes book kept by the Company Secretaries. Actions on all matters arising from any meeting are reported at the following meeting.

3.10 Directors' Training and Continuing Education

The Directors are regularly updated by the Company Secretaries on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

Each director is required to attend at least one (1) seminar/course/workshop during a financial year.

The Board shall assess the training needs of the Directors from time to time.

BOARD CHARTER

3.11 Access to Information

The Directors shall have access to all information within the Company whether as full Board members or in their individual capacity, in furtherance to their duties. The Directors have also direct access to the advice and services of the Company Secretaries who are responsible for ensuring that all the Board procedures and the requirements of the Companies Act 2016, Main LR and other regulatory requirements are properly adhered.

The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

4. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board shall maintain an effective communication policy that enables both the Board and the management to communicate effectively with the shareholders and other stakeholders.

The shareholders will be informed of all material business matters affecting the state of affairs of the Company through the Annual Report and general meetings to be convened by the Company. The release of financial results on a quarterly basis and business acquisitions and disposals by way of public announcements will provide the shareholders and the investing public with an overview of MHB Group's performance, operations and directions. In addition, nominees of the Company's substantial shareholders who sit on the Board will provide a platform for interactions and direct communication between the members of the Board, management and shareholders.

The general meetings are the principal forum for dialogue with shareholders of the Company.

The Board will ensure that the general meetings are conducted in an efficient manner and serve as a channel for shareholders communication. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation in the question and answer session at the general meetings to ensure a high level of accountability and discussion of the company's strategy and goals. At each general meeting, the Directors and the Group Chief Executive Officer are available to provide responses to questions from the shareholders during the meeting.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders. At all times, the shareholders may communicate their queries through the Company Secretaries.

BOARD CHARTER

5. REVIEW OF THE CHARTER

The Charter has been adopted by the Board on 3 April 2018.

The Charter shall be reviewed by the Board periodically to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may have an impact on the discharge of the Board's objectives and responsibilities. Any subsequent amendment to the Charter should only be approved by the Board.

Dated: 3 April 2018