

**Approved & adopted by the NRC & BOD
of MIG on 30.5.2018**



MELEWAR INDUSTRIAL GROUP BERHAD

(Company No. 8444-W)

BOARD CHARTER

(Revised on 30 May 2018)

I. BACKGROUND OF THE COMPANY

MELEWAR INDUSTRIAL GROUP BERHAD

The year 1969 heralded the establishment of a Malaysian-Japanese joint venture into the steel pipe manufacturing with the establishment of Aurora Steel Tube Manufacturing Sendirian Berhad. The Company went into production with one production line in January 1970 at its factory in Jalan Gudang Shah Alam.

To mark the participation of Maruichi Steel Tube Ltd, Osaka, Japan in 1972, a new name was adopted for the Company – Maruichi Malaysia Steel Tube Sendirian Berhad. Following a change in ownership, the Company was renamed as Melewar Industrial Group Berhad (MIG) in November 2003. Product brand was then changed to MIG-MELEWAR.

Within a matter of 2 years the Company expanded its operations; a second factory equipped with additional production lines and hot dip galvanizing facilities went into operation on a 7-acre site in Jalan Utas, Shah Alam in 1974. In 1975 the Company was converted into a public company.

The year 1982 saw the opening of the Company's No.3 factory at Persiaran Selangor, Shah Alam and the commencement of operation of the Company's 100% owned subsidiary, Melewar Steel Services Sdn Bhd, also in Shah Alam.

Maruichi Malaysia Steel Tube Berhad was listed on the Bursa Malaysia Securities Berhad in 1986. Our Corporate Headquarters and the latest No.5 factory were built at Persiaran Selangor in 1990. That same year also marked the commencement of operations of our subsidiary, Mycron Steel Berhad, the first Cold Rolled Coil manufacturer in Malaysia. Mycron Steel Berhad was listed on the Board of Bursa Malaysia Securities Berhad in June 2004.

Presently MIG has an installed capacity of more than 22,000m/tonnes per month with the ability to manufacture pipes from 10mm to 355mm O.D MIG's products are widely used in the construction, furniture, automotive, bicycle and engineering industries. Today after more than three decades of experience in the steel pipe industry, the brand MIG-MELEWAR spells quality, having made its name in the steel industry where its products are highly acclaimed by both local as well as international users.

Melewar Steel Tube Sdn Bhd, a wholly-owned subsidiary of the Company was disposed to Mycron Steel Berhad on 1 April 2015 for a total consideration of RM70.0 million.

II. INTRODUCTION

The Board of the Company ("Board") is collectively responsible for the long term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on Management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

This document outlines the Company's corporate governance policy in the form of a Board Charter, which is a written policy document that defines the respective roles, responsibilities and authorities of the Board, both individually and collectively, and of Management in setting the direction, management and the control of the organisation. As such, it establishes the guidelines within which the Directors and Officers are to operate as they carry out their respective roles. It does not in any way constitute legal advice or act as a substitute for legal advice.

This Board Charter is available on the Company's website at www.melewar-mig.com.

The purpose of this Board Charter is to document the policies upon which the Board has decided to meet its legal and other responsibilities.

The Company's Board Charter has four major sections:

- Part A – Defining Governance Roles;
- Part B – Board Processes;
- Part C – Key Board Functions; and
- Part D – Continuing Improvement.

While it is acknowledged that good governance is an important component of a successful company, it is also recognized that it is contingent upon the context in which it is practiced. Therefore, corporate governance needs to be a dynamic process. The Board Charter will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures. It is the responsibility of the Company Secretary to ensure that the Board is consulted regarding any changes and updates, that the Charter is kept current and is reviewed from time to time to ensure its effectiveness and that all Board members are provided with the latest versions of the Charter.

Nothing in this Charter must conflict with the Company's Constitution. If such a conflict occurs, the Constitution shall prevail.

PART A – DEFINING GOVERNANCE ROLES

1. OBJECTIVES OF THE BOARD

1.1 The objectives of the Board are as follows:

- to provide strategic guidance and effective oversight of Management;
- to challenge Management with questions based on informed knowledge;
- to oversee Management's plans, decisions and actions;
- to monitor Management's ethical conduct, financial reporting and regulatory compliance; and
- to be capable of effectively achieving good governance and protecting stakeholders' interest.

2. ROLE OF THE BOARD

2.1 The role of the Board is to effectively represent and promote the interests of the shareholders with a view to adding long term value to the Company's shares.

2.2 In discharging its responsibilities, the Board shall, amongst others:

- together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on management's proposals for the Company and monitor its implementation by Management;
- ensure that the strategic plan for the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess Management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;

- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.
- appoint the Group Managing Director / Group Chief Executive Officer ("GMD/GCEO"), setting the terms of the employment contract and terminating the GMD/GCEO's employment, where necessary, in the best interest of the Company;
- making all decisions that will have a major impact on the reputation or standing of the Group.

2.3 The Board will use its best endeavours to familiarize itself with issues of concern to shareholders.

2.4 In the normal course of events, day to day management of the Company will be in hands of Management and under the stewardship of the GMD/GCEO.

2.5 The Board will satisfy itself that the Company is achieving the Company Goals.

2.6 In addition the following are matters reserved for the decision of the Board:

- Acquisitions and disposals of assets of the Company or of its subsidiaries that are material in nature;
- Investment in new business;
- Divestment / sale of existing business;
- Related-party transactions of a material nature;
- Authority levels for core functions;
- Investment and treasury policies;
- Risk Management policies;
- Outsourcing of core business functions;
- Corporate proposal on fund raising;
- Compensation and remuneration of directors and key senior officers.

3. BOARD STRUCTURE

3.1 Composition and Size

3.1.1 Membership of the Board is subject to a minimum of two (2) directors and a maximum of twelve (12) directors. It is a requirement by Bursa where at least 2 directors or 1/3 of the Board, whichever is higher, must be independent members.

3.1.2 Under the MCCG 2017, it is best practice that at least 1/2 of the Board comprises independent directors.

3.1.3 The Board will also consider issues with regards gender diversity.

3.2 Board Balance and Composition

- 3.2.1 The Board is a balanced board with a complementary blend of expertise with professionals drawn from varied backgrounds such as banking and finance, accounting, economics and the armed forces, bringing with them, in depth and diversity in experience, expertise and perspectives to the Group's business operations.
- 3.2.2 The Independent Non-Executive Directors is to provide an unbiased and independent view, advice and judgement to take into account the interest, not only of the Group but also shareholders, employees and communities in which the Group conducts business.
- 3.2.3 The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Directors are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience.
- 3.2.4 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Shareholders and the achievement of the Company's Goals.

4. DIRECTORS' CODE OF CONDUCT

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company are committed to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness.

The Company has in place the "Code of Conduct and Ethics for Directors" which is formulated to enhance corporate governance and the standards of professional and ethical practices of Directors within the Group. This document is available on the Company's website at www.melewar-mig.com.

5. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

5.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual potential conflict or interest situation as soon as it arises.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either :

- (a) conflict of interest related to an interest common to all Company members/shareholders; or
- (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

5.2 Related Party Transactions

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in quarterly and annual reports.

In general, the Bursa Listing Requirements stipulates criteria and the limit that requires related party transactions to be approved by the shareholders and which therefore the Board cannot approve these transactions. An exemption to this requirement occurs where a general mandate from shareholders' are obtained at general meetings.

The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process. Related parties also cover persons connected with Directors as defined under Section 197 of the Companies Act 2016.

Related party for this process means:

- (a) a spouse or de facto spouse of the Director or officer; or
- (b) a parent, son or daughter of the Director including adopted child and stepchild, brother, sister and the spouse or de facto spouse of the director's child, brother or sister; or
- (c) an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest ; or
- (d) the entity is accustomed or is under an obligation, whether formal or informal, or the majority of directors of the entity is accustomed to act in accordance with the directions, instructions or wishes of that Director ; or
- (e) that Director or persons connected with that Director or that Director and persons connected with him are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in the entity.

6. EMERGENCY CONTACT PROCEDURES

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a written resolution or other business.

7. THE ROLE OF THE COMPANY SECRETARY

7.1 The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

7.2 The tasks of the Company Secretary shall include:

(A) Meeting and Minutes

- notifying the Directors in advance of a meeting of the Board;
- ensuring that the agenda and Board papers as and when they are required, are prepared and forwarded to Directors prior to Board meetings;
- recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- maintaining a complete set of Board papers at the Company's main office;
- preparing for and attending all annual and extraordinary general meetings of the Company; and
- recording, maintaining and distributing the minutes of all general meetings of the Company.

(B) Compliance

- overseeing the Company's compliance program and ensuring all company legislative obligations are met;
- ensuring all requirements of the Companies' Act, Bursa Listing Requirements and any other regulatory body are fully met; and
- providing advice on corporate governance principles and Director liability.

(C) Governance Administration

- maintaining a Register of Company Policies as approved by the Board;
- maintaining, updating and ensuring that all directors have access to an up-to-date copy of the Board Charter and associated governance documentation;
- maintaining the complete list of the delegations of authority;
- reporting at Board meetings the documents executed under a power of attorney, documents executed in accordance with the relevant sections of the Companies Act and/or Articles of Association of the Company under the common seal; and
- any other services the Chairman or Board may require.

8. DUTIES AND RESPONSIBILITIES

8.1 Chairman

The roles and responsibilities of the Chairman are as follows:

1. Provide leadership for the Board so that the Board can perform its responsibilities effectively ;
2. Setting the board agenda and ensuring that board members receive complete, accurate and timely information in a timely manner ;
3. Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole ;
4. To chair shareholder meeting and lead board meetings and discussions ;
5. To act as Company's ambassador, both within domestic market and internationally;
6. To facilitate and encourage active participation and effective contribution of non-executive directors as well as allow dissenting views to be freely expressed ;
7. To manage the interface between Board and Management ;
8. To act as a liaison between the Company and Government Officials, embassy and foreign investors;
9. To be the main spokesperson for the Company;
10. Leading the Board in establishing and monitoring good corporate governance practices in the Company ; and
11. To be in charge of branding and corporate imaging of the Company.

8.2 Group Managing Director / Group Chief Executive Officer

The roles and responsibilities of the GMD/GCEO are as follows:

1. To ensure the implementation of the decisions of the Board and the strategy adopted by the Board;
2. To assume full accountability to Board for all aspects of Company's day-to-day operations and overall performance;
3. To be responsible for overall system of controls in place for the Company;
4. To monitor closely operating financial results in accordance with plans and forecasts/goals;
5. To ensure accurate and timely preparation of information for the Board;
6. To ensure an effective and motivated management team and its succession planning;
7. To formulate strategy of communication in matters affecting both internal and external parties; and
8. To represent the Company to major customers, employees, suppliers and professional associations.

8.3 Directors

The roles and responsibility of the Directors specifically spelt out under Section 213 of the Companies Act 2016 amongst which are as follows:

1. To discharge its fiduciary duties and responsibilities for a proper purpose and in good faith in the best interest of the Company ;
2. To exercise reasonable care, skill and diligence reasonably expected of directors;
3. To commit to serve the Company with due diligence and integrity ;
4. To commit to the time required to fulfill the role and perform their responsibilities effectively ;
5. To disclose interest (direct or indirect) in contracts or arrangements with any company in the Group or property held which may give rise to a conflict or interest-such disclosure to be given in writing to the Board;
6. To disclose any proposals or transactions amounting to a Related Party Transaction requiring announcements, circulars, or shareholders' approval, not being in the ordinary course of business;
7. To approve annual audited accounts;

8. To approve remuneration of auditors and make recommendation for appointment and removal of auditors after which approvals from the shareholders are to be sought;
9. To ensure that the accounts of the Company are made out in accordance with applicable approved accounting standards;
10. To call for AGM, EGM and approving notices; and
11. To make appropriate recommendations in respect of matters that are specifically reserved for the approval of shareholders in general meetings.

8.4 Independent Directors

Independent Directors carry additional responsibilities to ensure independence of the Board and to help mitigate any conflict of interest between the policy-making process and the day-day management of the Company. The responsibilities include the following:

1. To protect the interest of minority shareholders, other stakeholders and the general public;
2. To enhance the independence and objectivity of the Board's deliberations from the executive arm;
3. To mitigate any possible conflict of interests between the policy-making and the day-to day management;
4. To constructively challenge and contribute to the development of strategies;
5. To ensure that the Board uses adequate systems and controls to safeguards the interests of the Company;
6. To provide the 'check and balance' function to the Board; and
7. To monitor and provide an objective view on the performance of executive directors and management in meeting the agreed goals and objectives.

8.5 Senior Independent Director

The Board shall identify an independent non-executive director to be the senior independent director to whom concerns may be conveyed. The responsibilities of the Senior Independent Director are as follows:

1. Ensure all independent directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by the Management that is necessary or appropriate for the independent directors to perform their duties effectively;
2. Consult the Chairman regarding the board meeting schedules to ensure the independent directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;

3. Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues for example issues that arise from “whistle-blowing”; and
4. Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or GMD/GCEO.

PART B – BOARD PROCESSES

1. BOARD MEETINGS

- 1.1 Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for Directors to:
- obtain and exchange information with the senior management team;
 - obtain and exchange information with each other; and
 - make decisions.
- 1.2 The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

2. TERMS OF REFERENCE

The Board shall be governed by the following terms of reference:

2.1 Terms of Membership

- 2.1.1 Members of the Board shall be appointed for an initial term of three years (3) after which they will be eligible for re-appointment during the Annual General Meeting (“AGM”).
- 2.1.2 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

2.2 Meetings

- 2.2.1 The Board shall meet at least four (4) times in a year.
- 2.2.2 A resolution in writing signed by majority of the members of the Board in accordance with the Company’s constitution shall be as valid and effectual in all respects as if it has been passed at a meeting of the Board duly convened.

2.3 Attendance at Meetings

- 2.3.1 The Board may invite any persons to be in attendance to assist in its deliberations.

2.4 Secretary to the Board

- 2.4.1 The Board is entitled to the services of a company secretary (“Secretary”).
- 2.4.2 The Secretary shall be responsible for drawing up the agenda in consultation with the chairperson and shall be responsible for keeping the minutes of the meeting of the Board, circulating them to Board members. The agenda together with relevant explanatory papers and documents shall be circulated to the Board members prior to each meeting.

2.5 Quorum and Voting at Meetings

2.5.1 In order for a decision of the Board to be valid, a quorum of Directors must be present. In accordance with Article 135 of the Company's Constitution, a quorum is two Directors present in person or by instantaneous communication device. Questions arising at Board meetings are to be decided by a majority of votes of Directors who are present and entitled to vote.

2.6 Conduct of Meeting

2.6.1 The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chairman will:

- ensure that all members are heard;
- retain sufficient control to ensure that the authority of the Chair is recognized. This may require a degree of formality to be introduced if this is necessary to advance the discussion:
- take care that the decisions are properly understood and well recorded; and
- ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

2.7 Directors' Circular Resolutions

2.7.1 A resolution in writing signed by majority of the Directors in accordance with Article 149 of the Company's Constitution shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held in accordance with the Company's Constitution.

3. BOARD MEETING AGENDA

3.1 Agenda Content

An agenda will be prepared for each Board and Committee meeting.

3.2 Agenda Preparation

The Company Secretary, in consultation with the Chairman and the GMD/GCEO is responsible for preparing an agenda for each Board meeting. However, any Director may request items to be added to the agenda for upcoming meetings.

4. BOARD PAPERS

4.1 Preparation and Circulation of Board Papers

The Company Secretary together with the GMD/GCEO is responsible for the preparation and circulation of Board papers should they be required. The Board papers if so required will be circulated to Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chairman, from the set of Board papers sent to that Director. In the case of the Chairman having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chairman.

4.2 Retention of Board Papers

The Company Secretary maintains a complete set of Board papers at the Company's registered office. However, individual Directors may retain their own Board papers in a secure location.

5. BOARD MINUTES

- 5.1 Minutes are in essence to record the matters discussed at a Board meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors. All decisions will be recorded in the minutes by means of a formal resolution.

6. BOARD CALENDAR

- 6.1 In order to provide an even distribution of work over each financial year, the Board will adopt a twelve-month Board Calendar. Included will be all scheduled Board and Committee meetings as well as major corporate and Board activities to be carried out in particular months. Once initiated it will be updated and approved prior to the start of each financial year.

7. BOARD PROCEDURES

- 7.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- 7.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully and constructively in Board's discussion and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as soon as possible and confirm in writing to the Company Secretary.

- 7.3 Board discussions will be open and constructive; recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- 7.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

8. BOARD COMMITTEES

The Board shall establish Board Committees to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively. The Board Committees make regular reports to the Board on their activities.

8.1 Executive Committee

The Executive Committee shall comprise executive and non-executive directors who are non independent, of not less than three (3) members, of which a member must be the GMD/GCEO of the Company who shall be the Chairman of the Executive Committee. The Executive Committee functions on Terms of Reference approved by the Board.

8.2 Audit Committee

The Audit Committee shall consist of minimum three (3) non-executive directors with majority of them being Independent Directors. The Committee will meet at least four (4) times annually. The Audit Committee functions on Terms of Reference approved by the Board.

8.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall consist of non-executive directors only, a majority of whom are independent. The minimum number of members is three (3) directors. The Committee will at least meet once a year to assess the effectiveness of the Board and the contribution of individual directors and determines the training needs of directors. The Nomination and Remuneration Committee functions on a Terms of Reference approved by the Board.

The Nomination and Remuneration Committee shall also at least once a year review the remuneration packages of the directors, GMD/GCEO and key senior officers of the Company and its subsidiary companies.

8.4 Risk & Sustainability Management Committee

The Risk & Sustainability Management Committee shall consist of minimum three (3) non-executive directors, with majority of them being Independent Directors. The Committee shall meet at least once every quarter. The Risk & Sustainability Management Committee functions on a Terms of Reference approved by the Board.

PART C– KEY BOARD FUNCTION

1. THE BOARD AND STRATEGY

The Board will approve a formal strategic planning that articulates the respective roles and levels of involvement of the Board, Senior Management and other employees and will review the overall strategic plan for the Company on a regular basis.

2. CONTACTS AND ADVISORY ROLE

2.1 GMD/GCEO Advisory Role

It is recognized that a key directorial duty is providing a sounding board for GMD/GCEO ideas and challenges. Recognising that the GMD/GCEO-Board relationship is critical to effective corporate governance, Directors should provide frank and honest advice to the GMD/GCEO. It is expected that the Chairman will play a key part of this role and will maintain regular contact with the GMD/GCEO.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

2.2 Protocol for Interaction with Internal and External Parties

2.2.1 *Media Contact and Comment*

- (i) The Board had on 28 August 2007 approved the Corporate Disclosure Policies and Procedures (“CDPP”) which sets out clear policies and procedures on corporate disclosure to ensure the public receives all material information necessary for informed investing and enjoy equal access to such information.

Based on the CDPP, the Board had agreed for the CFO to be appointed as the Corporate Disclosure Officer (“CDO”) and the Chairman to be the Company’s Authorized Spokespersons (“Spokespersons”).

The responsibilities of the CDO and Spokespersons are as follows :

(a) CDO

- (i) ensuring compliance with the LR of Bursa Securities; and
- (ii) overseeing and co-ordinating disclosure of material information to Bursa Securities, analysts, institutional investors, media and investing public.

(b) Authorized Spokespersons

- (i) shall liaise with the CDO on information to be disclosed and to ensure that all material information is disclosed in such a manner to ensure equal access by all parties.

- (ii) shall not disclose material information that has not been previously made public to analysts, financial reporters and institutional investors.
- (ii) The Board has also designated the GMD/GCEO, CFO or the Chairman (where appropriate) to speak to the press on matters associated with the Company. In speaking to the press, the GMD/GCEO, CFO or the Chairman will not comment on price sensitive information that has not already been disclosed to Bursa Securities, however, they may clarify previously released information. To assist in safeguarding against the inadvertent disclosure of price sensitive information the GMD/GCEO, CFO and the Chairman will be informed of what the Company has previously disclosed to the market on any issue prior to briefing anyone outside the Company.
- (iii) The Chairman is authorised to comment on:
- Annual and quarterly results at the time of the release of the annual or quarterly report
 - Resolutions to be put to General Meetings of the Company
 - Changes in Directors, any matter related to the composition of the Board or Board processes
 - Any speculation concerning Board meetings or the outcomes of Board meetings
 - Other matters specifically related to shareholders

There will be times when Directors and employees will be approached by the media for public comment. On such occasions, the Director(s) or employee(s) should comply with the following:

1. refer the person to the GMD/GCEO, CFO or Chairman of the Board as appropriate for comment;
2. refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the GMD/GCEO, CFO or the Chairman of the Board; and
3. report the person who contacted the director/employee, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the GMD/GCEO, CFO or the Chairman of the Board.

2.2.2 External Communications including Analyst Briefings and responses to Shareholder Questions

The Company discloses its financial and operational results to the market each year/quarter as well as informing the market of other events throughout the year as they occur. Annual, half-yearly and quarterly financial reports, media releases and AGM speeches, if any, are all lodged with the Bursa Securities. As all financial information is disclosed through the Bursa Securities, the Company will only comment on factual errors in information and underlying assumptions when commenting on market analysts' financial projections, rather than commenting on the projections themselves.

In addition to the above disclosures, the Company does conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously formally disclosed to the market via a Bursa Securities announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market via the Bursa Securities.

After the conclusion of each briefing or discussion if any price sensitive information was disclosed it will be announced immediately to the Bursa Securities.

3. MONITORING

Another essential function of the Board is to monitor the performance of the organization in implementing its strategy and overall operational performance.

4. COMPLIANCE

The Board is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's compliance systems. The Board has an external independent auditor who is responsible for verifying the Company's compliance systems and reporting to the Board on those systems.

5. RISK MANAGEMENT

5.1 Since Risk Management is a complex and critical component of the Company's governance, the Board will oversee and guide the detail of this area. The GMD/GCEO will be charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated.

5.2 The Board recognizes the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Company. Procedures have been established at the Board and Executive Management levels, which are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting.

5.3 Risk Management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company will be to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and
- Senior Management, the Board and investors understand the risk profile of the Company.

5.4 In line with these objectives, the risk management system will cover:

- Operations risk;
- Financial reporting; and
- Compliance.

5.5 The Board will review all major strategies and purchases for their impact on the risk facing the Company and make appropriate recommendations to the Board. The Company will also undertake an annual review of operations to update its risk profile.

5.6 The Board will receive a quarterly report on those areas of risk identified by the Risk Manager. In addition, the GMD/GCEO and CFO will provide written assurance that the risk management system is effective, efficient and accurately reflected in the Company's financial statements.

5.7 Benefits of Risk Management and Internal Control Procedures

5.7.1 Some of the benefits identified in establishing and maintaining risk management procedures are as follows:

- More effective strategic planning.
- Better cost control
- Enhancing shareholder value by minimizing losses and maximizing opportunities.
- Increased knowledge and understanding of exposure to risk.
- A systematic, well-informed and thorough method of decision making.
- Increased preparedness for outside review.
- Minimized disruptions.
- Better utilisation of resources.

- Strengthening culture for continued improvement.
- Creating a best practice and quality organization.

5.8 Internal Control Policy

- 5.8.1 The Board is ultimately responsible for the internal control framework and risk management of the Company and for regularly reviewing its effectiveness.
- 5.8.2 The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.
- 5.8.3 Annually the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.
- 5.8.4 The Board will review and discuss strategic risk and opportunities arising from changes in the Company's business environment regularly and on an as needs basis. The Board may delegate some of the abovementioned responsibility to committees of the Board but maintains the overall responsibility for the process.

6. DELEGATION OF AUTHORITY

- 6.1 Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or Management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.
- 6.2 Consequently, individual Directors have no individual authority to participate in the day-to-day Management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organizations.
- 6.3 The exception to this principle occurs where the Board explicitly delegates an authority to the Director individually. Additionally, it is recognized that all Executive Directors will carry significant delegated authority by virtue of their management position.
- 6.4 Similarly, Committee and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Terms of Reference.
- 6.5 In general, the Board delegates all powers and authorities required, to effectively and efficiently, carry out the Company's business. Exceptions to the delegations are provided in internal policy documents.

7. THE BOARD'S RELATIONSHIPS WITH SHAREHOLDERS

- 7.1 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.

PART D– CONTINUING IMPROVEMENT

1. DIRECTOR PROTECTION

1.1 Information Seeking Protocol

Directors will adhere to the following protocol when seeking information:

1. approach the GMD/GCEO/Company Secretary to request the required data;
2. if the data is not forthcoming, approach the Chairman;
3. if the information is still not forthcoming, write a letter to all Board members and the GMD/GCEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
4. as a last resort, employ the provisions of the Companies Act 2016.

1.2 Access to Professional Advice

- 1.2.1 A Director of the Company is expected to exercise consideration and independent judgment on the matters before them. To discharge this expectation a Director may, from time to time, need to seek independent, expert opinion on matters before them.
- 1.2.2 Prior to seeking professional advice a Director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chairman shall endeavour to coordinate the provision of the advice.
- 1.2.3 If the cost of professional advice is likely to exceed RM10,000/-, the Director shall seek authority from the Chairman prior to engaging an external expert. If the Chairman withholds authorization, the Director has the right to seek authority from the Board at the next Board meeting. If the cost of professional advice is likely to exceed RM20,000/-, then the Board's approval for the engagement of an external expert is required.
- 1.2.4 Advice so received should be received on behalf of the Board as a whole.

A separate Policy on this matter was approved by the Board on 25th October 2013.

1.3 Access to Board Papers

The Directors have the right to access board papers as granted by the Companies Act, 2016.

1.4 Insurance

The Company has Directors' and officers' Insurance Policies in place.

The total amount of insurance coverage for the Directors of the Company is RM30,000,000.

2. BOARD AND SENIOR EXECUTIVE EVALUATION

2.1 Evaluation Process

2.1.1 The Board considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability.

2.2 Board and Director Evaluations

2.2.1 The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Board will undertake an evaluation of Board and Directors performance. The Board will consider the outcome of such reviews in a dedicated meeting and develop a series of actions and goals to guide improvement. The Chairman will provide each Director with confidential feedback on his or her performance. This feedback is used to develop a development plan for each Director. The Board does not endorse the reappointment of a Director who is not satisfactorily performing the role.

2.3 Board Committee Evaluations

2.3.1 Once established, the Board will set a number of expectations for its Committees. These expectations are to be derived after considering the results of previous reviews if any, an assessment of the Company's current and future needs, and a review of each Committee's Terms of Reference ("TOR") or purpose. As a result of a review, the Board may amend or revoke a Committee's TOR.

2.3.2 The Board will review the performance of the Committee and itself against expectations. Based upon the review, individuals and groups will be provided with feedback on their performance. The results of the review will be a key input into the expectations set by the Board.

2.4 Senior Executive Evaluations

2.4.1 All Senior Executives at the Company will be subject to an annual performance evaluation. Each year, Senior Executives (including GMD/GCEO) will establish a set of performance targets. These targets are aligned to overall business goals and the Company's requirements of the position.

2.4.2 An informal assessment of progress is carried out throughout the year. A full evaluation of the executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. Since the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan. Performance pay components of executives' packages are dependent on the outcome of the evolution.

3. NON-EXECUTIVE DIRECTORS' REMUNERATION

3.1 Fees

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The sum each Non-Executive Director is paid is determined by the Board from time to time.

3.2 Performance-Based Bonus

Non-Executive Directors do not receive performance-based bonuses other than in exceptional circumstances.

4. DIRECTOR DEVELOPMENT

The Company is committed to continuing development of its Directors and executives. In line with this commitment, there is an expectation that all Directors and the GMD/GCEO will commit to attending at least one training or professional development programme/seminar in each year. Any Director wishing to undertake either specific directorial training or personal development courses is expected to approach the Chairman for approval of the proposed course. Development may be in both governance and governance processes or in the Company's industry.

5. TRAINING PROGRAMME

5.1 All new Directors are required to undergo an induction programme to provide them with the necessary information to enable them to contribute effectively from the outset of their appointment. The induction programme prescribes internal briefings on the Group's operations and financial performance. All Directors will have to attend the Mandatory Accreditation Programme prescribed by Bursa Securities.

5.2 The Nomination and Remuneration Committee shall constantly evaluate the training needs of the Directors and recommend trainings to each Director to enable the Director to discharge his/her duties effectively and proficiently, taking into account the individual needs of each of the Directors.

5.3 Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

6. RELATIONSHIP OF THE BOARD TO MANAGEMENT

6.1 Many of the responsibility of the Board are delegated by the Board to Management. There shall be an adequate degree of independence and a process or practice in place to allow the Directors to meet and actively exchange views. In this way, the Board will be able to assess the direction of the Company and the performance of Management – one of the Board's principal responsibilities. The Management's responsibilities shall include the following:

- a) Delegation of various responsibilities to the Management
 - i. To ensure compliance with all applicable laws, acts, regulations, directives, rules, guidelines and such other acts enacted from time to time by the authorities.
 - ii. To ensure that the accounting records of the Group are properly recorded and kept.
 - iii. To implement plans that has been approved by the Board and reports its status to the Board.
 - iv. To ensure that employees work towards the objectives set by the Board.
 - v. Preparation of Strategy and Business Plans and Forecasts/ Goals for approval by the Board.
 - vi. Advise the Board on the strategic plans which include aims and objectives of the Company.
 - vii. Preparation and review annually the draft strategic plan for approval by the Board.
 - viii. Development of the Company's policies and procedures for the management of risk.
- b) Delegation on Direct Operational Decisions
 - i. Advice on acquisition and disposal of land and/or buildings or investments.
 - ii. To consider and make recommendations to the Board on action on litigation against or on behalf the Company.
 - iii. Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2016.

7. SUPPLY OF INFORMATION AND RIGHTS OF DIRECTORS

- 7.1 The Board shall receive information in a timely manner and of a quality appropriate to enable the Board to discharge its duties. Five (5) days prior to each board meeting, members of the Board are provided with information such as minutes of previous meetings, financial reports and other issues relevant to the business of the meeting to facilitate an informed decision-making process.
- 7.2 Subject to any applicable law, the Company shall ensure that every Director has the right to the resource, whenever necessary and reasonable for the performance of his duties, at the cost of the Company and in accordance with a procedure to be determined by the Board of Directors, including but not limited to:

- a) Obtaining full unrestricted access to any information pertaining to the Company;
- b) Obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- c) Obtaining independent professional or other advice.

7.3 The Board shall employ the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from the directors, both for the Company's own records and for the purpose of meeting statutory obligations, as well as obligations arising from the Listing Rules of Bursa Securities or other regulatory requirements.

8. QUALITY OF INFORMATION

8.1 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, environment performance and so on, when dealing with any item on the agenda. Reports received by the Board include the following:

- a) Monthly Management reports; and
- b) Operational Reports

II. REVIEW

This Board Charter shall be reviewed by the Board from time to time to ensure its effectiveness.