



MATRIX CONCEPTS HOLDINGS BERHAD
(414615-U)

Board Charter

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1 Preamble

This Board Charter sets out general guiding principles of corporate governance to assist the Board of Directors of Matrix Concepts Holdings Berhad. The Board must act according to its obligations under the specific circumstances it faces; therefore, occasions may arise where it is appropriate for the Board to act differently than set out in this Charter. However, the Board is guided by the core principles of board leadership and effectiveness, effective audit and risk management as well as integrity in corporate reporting and meaningful relationship with stakeholders towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders' value while taking into account the interest of other stakeholders. It is with the aim of enshrining the Principles and Recommendations of corporate governance as promulgated by the Malaysian Code on Corporate Governance 2017, relevant chapters of the Listing Requirements of Bursa Malaysia Securities Berhad that this Board Charter is established.

Whilst the Charter serves as a reference point for the activities of the Board of Directors and its Committee, it should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of the Board are unique. The dynamics may shift as the composition of the Board changes, and Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by the changes.

This Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committee, the requirements of Directors in carrying out their stewardship role and in discharging their fiduciary duties towards the Company as well as the Board's operating practices.

This document is under the custody of the Company Secretary and shall be reviewed at least once every three (3) years for updates, where relevant.

In no way is the use of "he," "his," and "him" meant to trivialize the role of women. For simplification, male terms (e.g. "he" and "him") appear throughout the Charter and the reader is welcome to substitute "she" for "he," "hers" for "his," and "her" for "him" when gender can be implied.

2 Interpretation

In this Charter:

“AC” means Audit Committee of MCHB

“Board” means the Board of Directors of MCHB

“Bursa Securities” means Bursa Malaysia Securities Berhad

“Business” means the business of the Company and all its subsidiaries

“GMD” means the Group Managing Director of the Company

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense

“Charter” means the Board Charter of MCHB

“Code” means the Malaysian Code on Corporate Governance 2017

“Company” or “MCHB” means Matrix Concepts Holdings Berhad

“Company Secretary” means the secretary(ies) or the person (s) normally exercising the functions of a Company Secretary under Section 235 of the Companies Act 2016

“Independent Director” is defined in accordance with Paragraph 1.01 and Practice Note 13 of the Bursa Securities Main Market Listing Requirements. An Independent Director is one who is independent of Management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. Without limiting the generality of the foregoing, an Independent Director is one who:

- (a) is not an Executive Director of the Company or any related corporation of the Company or MCHB;
- (b) is not a family member of any Executive Director, officer or major shareholder of the Company or any related corporation of the Company or MCHB. For this purpose, “family member” means the spouse, parent, brother (and his spouse), sister (and her spouse), child, adopted child or step child (including their respective spouses);
- (c) has not been within the last 2 years and is not an officer (except as a Non-Executive Director) of the Company or any other related corporation of the Company or MCHB. For this purpose, “officer” has the meaning given in Section 2 of the Companies Act 2016;
- (d) is not a major shareholder of the Company or any related corporation of the Company or MCHB;
- (e) is not acting as a nominee or representative of any Executive Director or major shareholder of the Company or any related corporation of the Company;
- (f) has not been engaged as an adviser by the Company or any related corporation of the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company or any related corporation of the Company under such circumstances as prescribed by Bursa Securities; or
- (g) has not engaged in any transaction with the Company or any related corporation of the Company or MCHB under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company or any related corporation of the Company under such circumstances as prescribed by Bursa Securities.

In respect of paragraph (e) above, a nominee means a person who has been designated to act for another in his or her place. It denotes a person who is accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of another person.

“Listing Requirements” means Bursa Securities Main Market Listing Requirements

“Management” means the management personnel of the Company

“MCCG 2017” means the Malaysian Code on Corporate Governance 2017

3 Role of the Board

3.1 Role of the Board

The Board is responsible for the stewardship of MCHB's business and affairs on behalf of MCHB's shareholders with a view to enhance long term shareholders value as well as investor interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

Directors shall also exercise reasonable care, skill and diligence for a proper purpose and good faith, in the best interest of the Company.

3.2 Formal schedule of matters

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company are firmly in its hands. These matters comprise:

- strategic issues and planning, including performance reviews and promoting business sustainability;
- setting the risk appetite for the Company and MCHB's business;
- acquisition and disposal of shares, businesses, mergers and acquisitions;
- financial performance report;
- ethical standards through a code of conduct; and
- disposal of assets.

3.3 The principal responsibilities of the Board

The principal responsibilities of the Board are to:

- review and adopt a sustainable strategic business development plan for MCHB to support long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- oversee the conduct of the businesses and evaluate whether or not the businesses are being properly managed as well as supervise and assess Management performance to determine whether the business is being properly managed;
- understand and identify the principal risks and ensure that business decisions involve the taking of appropriate risks and there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- implement succession planning, including appointing, training, assessing the performance of Directors and Committee members and, where appropriate, replacing Directors of the Company;
- ensure that there are programmes in place to provide for the orderly succession of Senior Management;
- review 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 including formalising ethical values through a code of conduct; and

- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.

3.4 Code of Ethics

The Board shall exercise proper conduct and good business ethics in the management of the Company in the best interests of the Company by fulfilling its fiduciary duty and observing reasonable care, skills and diligence in a reasonable manner in any business judgement.

The Board also encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace, without the risk of reprisal.

4 Board Structure

4.1 Board composition and mix

The following are duties assumed by the Board, through the Nomination Committee in connection with the Board composition and mix:

- 4.1.1 The Board shall have an appropriate mix of skills, knowledge, experience, independent elements and gender diversification for an effective Board that fit the Group's objectives and strategic goals.
- 4.1.2 The Board recognises the importance of independence and objectivity in its decision making process. Where the Chairman of the Board is not an Independent Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

Whilst the Company's Constitution stipulate a minimum of two (2) and not more than nine (9) Directors, with at least one third (1/3) or number nearest to one third (1/3) of the Board comprising of Independent Directors, the Board is cognizant of the need to keep its size at a reasonable level vis-à-vis the needs of the Company in order to be effective. To be in line with the Code, the Board maintained at least half of the Board comprises of Independent Directors.

- 4.1.3 The Board shall consider the need for its composition to reflect a range of skill mix, gender diversification and expertise. High levels of professional skills, knowledge, expertise, experience and appropriate personal qualities are pre-requisites for directorship in the Company. Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, possess high ethical standards, sound practical sense, and total commitment to furthering the interests of the Company's shareholders and the achievement of the Company's goals.
- 4.1.4 The Board shall be responsible to oversee the selection of the Directors as well as be tasked with assessing and recommending the candidature of Directors, appointment of Directors to Board Committee(s), review of the succession plans and training programme.

For the selection of Directors, the Board shall take steps to ensure that women candidates are sought in the recruitment exercise in addition to consider the character, experience, competence, integrity and time, as well as the following factors:

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

4.1.5 The Board shall also facilitate the induction and training programmes for Directors, whenever appropriate.

4.1.6 The Board shall have in place a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. For this purpose, the positions of Chairman of the Board and the GMD are to be held by different persons.

4.1.7 The Board shall undertake an annual assessment of the independence of its Independent Directors. Emphasis of assessing independence should be focussed beyond the background, economic and family relationships of the Director. Criteria for the assessment shall be in line with the definition of Independent Director as provided in **Section 2** of this Charter.

4.1.8 Consideration shall also be made as to whether the Independent Director can continue to bring independence and objective judgment to the Board's deliberations.

4.2 Remuneration and compensation

4.2.1 Remuneration setting

The Board of MCHB through the Remuneration Committee shall be responsible for the following in relation to remuneration:

- determine the remuneration of Directors;
- approve the Company's remuneration policy for Directors through a transparent and independent process; and
- determine the terms of employment of Directors.

The Board shall ensure that Management has implemented policies that encapsulate the following broad principles which are periodically reviewed:

- remuneration packages that reflects the Board's appetite for risk, against a risk culture which facilitates the effective achievement of long term corporate objectives and goals;
- performance targets should be set to achieve long-term growth and high growth targets whilst accompanied by a justification and information on risk management; and
- remuneration arrangements that are based on tax efficient mechanisms and should not lead to increased costs for the Company.

4.2.2 Remuneration framework

The Company shall ensure that its remuneration framework for Directors is robust and effective enough in the following areas:

- attracting and retaining key personnel of requisite quality that increases productivity and profitability in the long run;
- motivating and creating incentives for Directors to perform at their best;
- focusing attention on the achievement of desired goals and objectives; and
- the remuneration and incentives of Independent Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at board meetings.

A remuneration framework shall be designed in such a manner that it supports the strategies and long term vision of the Company as well as provide adequate motivational incentive for Directors to pursue the long term growth and success of the Company.

5 Board Leadership

5.1 Role of the Chairman

The Chairman of the Board shall be appointed from one of its representatives to the Board and shall be entitled to a second or casting vote at any meeting of the Board or at any general meeting of the Company.

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:

- ensuring the adequacy and integrity of the governance process;
- maintaining regular dialogue with the GMD over all operational matters and consulting with the remainder of the Board members promptly over any matters that give him or her cause for major concern;
- functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion; that appropriate discussions take place and that relevant opinions amongst members are forthcoming. The Chairman ensures that discussions result in logical and understandable outcomes;
- ensuring that all Directors are enabled and encouraged to participate at Board meetings and allowing dissenting views to be freely expressed. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- ensuring that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance;
- guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis;
- managing the interface between the Board and Management;

- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- performing other responsibilities assigned by the Board from time to time.

5.2 Role of the Executive and Non-Executive Directors

5.2.1 Executive Directors are, as employees, involved in the day-to-day management of the Company.

5.2.2 Non-Executive Directors can be further classified as:

- Those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their "permitted" shareholdings in the Company;
- Those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect; or
- Those who are not employees of the Company but are standing as nominees for substantial shareholders.

The Companies Act 2016 makes no distinction between Executive and Non-Executive Directors in terms of the legal duties that are imposed on Directors.

Non-Executive Directors may act as a bridge between Management and shareholders. They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

5.3 Role of the Independent Non-Executive Director

5.3.1 Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his or her duties, he or she ought to approach any approval that is being sought at the Board's level for a transaction or any matter with a watchful eye and with an inquiring mind.

5.3.2 An Independent Director is especially important in areas where the interests of Management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.

5.3.3 It is important to bear in mind the Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators spelt out in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.

5.3.4 The attributes of collegial yet independent decision-making that must be vested in the Independent Director would be determined in part by the character of the individual and that of the whole ethos of the Board.

5.3.5 The Board consists of a Senior Independent Director who act as an interfacing board for the Chairman and an intermediary for other directors, when necessary. The Senior Independent Director is also the point of contact for shareholders and other stakeholders.

5.4 Role of the GMD

5.4.1 The position of GMD in essence is to ensure the effective implementation of the Company's strategic plan and policies established by the Board, to manage the daily conduct of the business to ensure its smooth operations, supervision and management of the Company subject to such directions and instructions from the Board.

5.4.2 The GMD is accountable to the Board for the achievement of the Company's goals and objectives and observance of Management's limits.

5.4.3 At each of its scheduled meetings, the Board should expect to receive from or through the GMD:

- summary reports on the performance and activities of MCHB and specific proposals for strategic investment, tender participation, capital expenditure acquisitions and disposal (if any);
- such assurances as the Board considers necessary to confirm that Management's limits are being observed;
- report to the Board annually on the GMD succession planning process; and
- report to the Board annually on the Company's program for developing Management talent.

5.4.4 The GMD is expected to act within all specific authorities delegated to him by the Board.

5.4.5 Generally, the GMD is responsible to the Chairman/ Board for the following, with regards to the Company and MCHB:

- executive management of the business covering, inter-alia, the development of a strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance and the analysis of management reports;
- developing long term strategic and short term profit plans, designed to ensure that the Company's requirements for growth, profitability and return on capital are achieved;
- directing and controlling all aspects of the business operations in a cost effective manner;
- effectively oversees the human resource of the organisation with respect to key positions and ensures the general well-being of employees, determination of remuneration as well as terms and conditions of employment for Senior Management in consultation with the Board, if required, and the issues pertaining to discipline of employees;
- effectively represents the interest of the Company/ MCHB with major clients, government and their agencies, and industries at large, to ensure general goodwill towards the Company/ MCHB and cooperation in planned development;
- assures the Company that its corporate identity, products and services are of high standards and are reflective of market environment;
- provides assistance to the Board in discharging its duties; and
- assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

5.5 Role of the Alternate Director

- 5.5.1 A Director of the Company shall be entitled at any time, and from time to time to appoint any person to act as his or her alternate and to terminate the appointment of such person and in that connection the provision of the Constitution shall be complied with.
- 5.5.2 The alternate director shall be entitled while holding office to receive notices of meetings of the Board and to attend and vote as a Director at any such meetings at which the Director appointing him or her is not present and generally to exercise all the powers, rights, duties and authorities as well as to perform all functions of the Director appointing him or her.

5.6 Tenure of Directors

- 5.6.1 Pursuant to the Company's Constitution, one third of the Directors or the number nearest to one third (1/3) shall retire from office and be eligible for re-election provided that all Directors including the Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election.
- 5.6.2 The Company shall ensure that the Directors, GMD and Finance Director (or its equivalent), has the character, experience, integrity, competence and time to effectively discharge their respective roles.
- 5.6.3 The tenure of the Executive Directors is tied to their executive office.
- 5.6.4 The assessment criteria for the independence of directors shall also include tenure. The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, the Board shall make a recommendation and provide strong justification and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

6 Board Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices as well as on procedural and regulatory requirements. As such, the latter plays an important role in supporting the Board by ensuring adherence to Board policies and procedures.

6.1 Appointment and removal of Company Secretary

The appointment and removal of Company Secretary is strictly a matter for the Board as a whole. The Board recognises that the Company Secretary shall be suitably trained, experienced, professionally qualified and capable of carrying out the duties required of the position. Qualifications may be determined subject to academic qualifications, experience in related field and/ or by virtue of examination and membership with professionally recognised institutions.

On an annual basis, the Company Secretary's performance shall be appraised by the Board.

6.2 Duties of the Company Secretary

The Company Secretary plays an important role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practices.

The responsibilities / duties of the Company Secretary include, but are not limited to the following:-

- advise the Board on its roles and responsibilities;
- facilitate the orientation of new directors and assist in director training and development;
- advise the Board on corporate disclosures and compliance with the securities regulations and Listing Requirements;
- monitor corporate governance developments and assist the board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues.
- advise the Board on all compliance issues pertaining to the Companies Act 2016; and
- the Company Secretary shall provide unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

6.3 Other responsibilities of the Company Secretary

Other responsibilities of the Company Secretary shall include:

- Manage all board and committee meeting logistics, attend and record minutes of all Board and committee meetings and facilitate Board communication;
- ensuring that Board procedures (especially those enshrined in the Company's Constitution) and applicable rules are observed;
- maintaining records of the Board and ensure effective management of the organisation records;
- preparing comprehensive minutes to document Board and shareholder's meeting proceedings and ensure conclusions are accurately recorded;
- manage processes pertaining to the annual shareholders' meeting; and
- carrying out other functions as deemed appropriate by the Board from time to time.

7 Board Committee

The Board has the right to establish Committees from time to time, in the discharge of its duties and responsibilities. Where a Committee is formed, specific terms of reference of the Committee shall be established in writing to cover matters such as the objective, composition, functions, roles and responsibilities of the Committee, including whether the Committee has the power to decide or to make recommendation to the Board on specific matters. The terms of reference of the Board and its Committees shall be approved by the Board, as a whole.

7.1 Audit Committee (“AC”)

- 7.1.1 The primary objective of the AC is to assist the Board in fulfilling its fiduciary duties relating to internal control, risk management, corporate accounting and reporting practices of the Company. In accordance with the Listing Requirements, the Board shall review the terms of office and performance of the AC and each of its members annually to determine whether the AC has carried out its duties in accordance with its terms of reference.
- 7.1.2 The duties and responsibilities of the AC are as set out in the **Terms of Reference of the AC**, a document which is maintained separately from the Board Charter.

7.2 Nomination Committee (“NC”)

- 7.2.1 The composition of the NC shall comprise exclusively of non-executive Directors, a majority of whom shall be independent and chaired either by an Independent Director or the Senior Independent Director.
- 7.2.2 The Nomination Committee is responsible for proposing new members to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.
- 7.2.3 The Board shall undertake a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. The Board should also disclose how the assessment was carried out and its outcome.
- 7.2.4 The terms of reference of the Nomination Committee are as follows:
- To annually assess the required mix of skills, experience, effectiveness and other qualities, including core competencies which non-executive directors should bring to the Board and the Board should disclose how the assessment was carried out and its outcome will be disclosed in the Annual Report;
 - To recommend to the Board, candidates for all directorships by reviewing the composition of Independent Directors in the board by taking into consideration the tenure of Independent Directors which shall not exceed nine (9) years and assessment of the Independent Directors to be done annually including gender diversity policies and targets with encouragement on recruitment of female directors;
 - To consider, in making its recommendations, candidates for directorships within the bounds of practicability, by any other senior executive or any director or shareholder or source from a directors’ registry or open advertisements or the use of an independent search firm;
 - To recommend to the Board, directors to fill the seats on Board committee;
 - To assess the effectiveness of the Board as a whole, the committees of the Board, and the contributions of each individual director; and
 - To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year.

7.3 Remuneration Committee (“RC”)

The RC shall only consist of non-executive directors of whom majority shall be Independent Directors and chaired by an Independent Director.

The primary objective of RC is to review the remuneration packages, reward structure and fringe benefits applicable to the GMD, executive Directors and senior executives on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the GMD and the executive Directors with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the GMD, executive Directors and senior management, the RC may make reference to the packages offered by comparable companies, and may also obtain independent advice, where applicable. The remuneration package should also take into account the complexity of the Company’s business and the individual responsibilities as well as aligned with the business strategy and long-term objectives of the Company.

There is detailed disclosure in the Annual Report of the Company on named basis of the remuneration breakdown of each individual Directors to allow shareholders to make an informed decision when voting on the approval of Directors’ remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the Directors.

The Board shall also disclose in the Annual Report of the Company on a named basis, the top five senior management’s remuneration component in bands of RM50,000 to allow stakeholders to understand the link between senior management remuneration and the Company’s performance. However, the Board is encouraged as a step up basis, to disclose all the senior management remuneration component in bands of RM50,000. This will also enable stakeholders to determine whether the remuneration is fair and able to attract and retain talent.

The terms of reference of the RC are as follows:-

- To support the board in actively overseeing the design and operation of the Company’s remuneration system;
- To review and recommend to the Board on the total individual remuneration package for Executive Directors and Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance;
- To draw from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully;
- To review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director’s contribution, taking into account the level of expertise, commitment and responsibilities undertaken;
- To provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management as well as the overall remuneration framework of the Company; and
- To oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year.

7.4 Risk Management Committee (“RMC”)

The RMC shall comprise at least three (3) members and shall include the Chairman of the Audit Committee. A majority of the members shall be Independent Non-Executive Directors and the Chairman of the RMC shall be a Non-Executive Director.

Appointments to the RMC shall be for a period of three (3) years, which may be extended for further periods provided the Directors still meet the criteria for membership of the RMC.

The terms of reference of the RMC are as follows:-

- Advise the Board on the Company’s overall risk appetite, tolerance and strategy, taking into account of the current and prospective macroeconomic and financial environment.
- Review the Company’s capability to identify and manage new risk types;
- Review reports on any material breaches of risk limits and the adequacy of proposed action;
- Keep under review the effectiveness of the Company’s internal financial controls, and internal controls and risk management systems; and review and approve the statements to be included in the Annual Report concerning internal controls and risk management;
- Consider and approve the limits of risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- Review promptly all reports on the Company from the risk officer;
- Review and monitor management’s responsiveness to the findings and recommendations of the risk officer; and
- Recommend to the Board on the appointment / removal of risk officer.

Meetings of the RMC are held at least twice a year at appropriate times and otherwise as required.

7.5 Sustainability Committee (“SC”)

The SC shall be appointed by the Board from amongst their members and shall consist of at least three (3) members.

The terms of reference of the SC are as follows:-

- To advise the Board and recommending to it, the business strategies in the area of sustainability.
- To monitor the implementation of sustainability strategies as approved by the Board.
- To recommend sustainability related policies for adoption, and monitoring the implementation of the policies.

- To recommend sustainability matters identified as material to the Board for its approval.
- To oversee the overall management of stakeholder engagement, including ensuring grievance mechanisms are in place.
- To oversee the management of sustainability matters, with particular focus on matters material to the organisation.
- To oversee the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval.

Meetings of the SC are held as and when necessary, and at least once a year.

7.6 Employees' Share Option Scheme ("ESOS") Committee

All members of the ESOS Committee shall be appointed by the Board and shall comprised of not less than three (3) members, consisting of Directors and management staff of the Group.

The ESOS Committee is responsible in assisting the Board in administering the ESOS in accordance with the terms as set out in the Bylaws which is intended to motivate, retain and reward Eligible Persons who have contributed to the growth and success of the Group.

The terms of reference of ESOS Committee are as follows:-

- To determine the basis of allocation of ESOS Options to all Eligible Persons provided that all restrictions with regard to allocation of ESOS Options to directors and senior management of the Group as set out in the Bylaws are adhered to.
- To make the Offer to Eligible Persons upon such terms and conditions as it deems fit in accordance with the provisions of the Bylaws and with the power to vary, amend, waive or modify any of the terms and conditions of offer at any time and from time to time as it deems necessary and appropriate.
- To accept or reject any application for the exercise of ESOS Options as it deems fit in accordance with the provisions of the Bylaws.
- To carry out such other functions with regard to the ESOS as may be agreed upon from time to time with the Board.

Meetings of ESOS Committee are held as and when necessary.

8 Board Processes

8.1 Board meetings

8.1.1 Meetings shall be conducted at least on a quarterly basis or at frequency agreed as the Board may decide from time to time. If additional meetings are to be convened, a Director may request for such a meeting to table matters of urgency, and the Company Secretary, upon the request of the Chairman of the Board or any one (1) Director, shall convene a meeting. The Company Secretary shall prepare and distribute a notice for all required to attend the meetings.

8.1.2 The Chairman of the Board shall be Chairman at every meeting of the Company. If there is no such Chairman present or if he or she is not present within 15 minutes after the time set for the holding of the meeting, the members shall elect one of the members to be Chairman of the meeting.

- 8.1.3 All Directors of the Company are required to attend Board meetings. However, other officers of the Company may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as auditors, solicitors and consultants when the need arises. The primary role of the Chairman is to preside at the meeting and to ensure that the meeting is properly convened, constituted and conducted.
- 8.1.4 The quorum at a meeting of Directors necessary for the transaction of any business of the Company shall be minimum two (2) members. The quorum of an adjourned meeting shall be minimum two (2) members, or their respective alternate.
- 8.1.5 Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by a simple majority vote of the Directors present.
- 8.1.6 The Directors may participate in a meeting of the Directors by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating without the need for a Director to be in the physical presence of another Director(s) and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held.

8.2 Agenda

- 8.2.1 The notice for a Board meeting shall be given in writing at least seven (7) days, or shorter notice, due to extenuating circumstances, prior to the meeting agreed jointly by all Directors, specifying the date, time and place of the meeting and the business to be transacted.
- 8.2.2 The Chairman in consultation with the GMD should determine the agenda with the assistance from the Company Secretary. The agenda should address priority strategic issues, rather than detailed operational ones, and ensure that there is enough time for discussion.

8.3 Circular resolutions

- 8.3.1 In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.
- 8.3.2 Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, telex, facsimile or telegram by the majority members of the Board and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate Board meeting for formal record keeping.

8.4 Meeting papers

- 8.4.1 To allow sufficient time for Directors to consider the relevant agenda items, Board papers and relevant information on the agenda items shall be circulated at least seven (7) days prior to the meeting, or a shorter period due to extenuating circumstances, prior to the meeting to enable Directors time to review its materials, and where necessary, conduct independent analysis or request additional materials.
- 8.4.2 When there is a need to table a report, a brief description of findings and/ or recommendations shall be prepared as additional information.

8.5 Access to information

8.5.1 A record of submissions, papers and materials presented to the Board shall be maintained and held by the Company Secretary, together with minutes of meetings, and shall be accessible to the Directors upon request.

8.5.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

8.6 Independent professional advice

8.6.1 The Board, as a whole, as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her responsibilities as a Director.

8.6.2 If a Director considers such advice necessary for the discharge of duties and responsibilities as Director and for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.

8.6.3 Subject to the prior approval of the Chairman, the cost of the advice shall be reimbursed by the Company but the Director concerned shall ensure, so far as is practicable, that the cost is reasonable.

8.7 Induction process and continuing education

8.7.1 The objective of the induction process is to facilitate Directors in their understanding of the Company, its culture and operations.

8.7.2 The induction of Directors shall include the following:

- time with other officers of the Company (in particular, the Chairman, the Company Secretary and, if the Independent Director is a functional specialist, his or her counterpart);
- furnishing a copy of the previous Board meeting minutes for at least the past two (2) months, the business/ strategic plan, pertinent management reports, profile of key competitors and significant reports by consultants on areas of Board responsibilities;
- visits to key sites (including overseas locations if such business units are integral and significant to the Company); and
- an induction programme of about 1 to 2 days, focusing on the above key elements, and also presentations from various divisions within the Company on their strengths, weaknesses and aspirations.

8.7.3 Directors shall devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning to stay abreast with recent developments and sustain their active participation in the Board's deliberation.

8.7.4 At the start of each year, the Board collectively should discuss to assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of directors' responsibility.

8.7.5 The costs of the induction or continuing education program shall be borne by the Company.

8.8 Directors' external commitments and conflict of interest

- 8.8.1 The Company's Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his or her interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain from casting his or her vote in any matter arising therefrom.
- 8.8.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 8.8.3 Directors shall devote sufficient time to carry out their responsibilities. The Board should obtain this commitment from its members at the time of appointment.

Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

A Director of the Company shall not hold more than the allowed number of directorships as prescribed in the relevant regulations.

Additional Board or AC meetings are often called as circumstances warrant during a given year. Hence, each Director is expected to attend meetings of the Board or AC.

- 8.8.4 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 8.8.5 For the purpose of the above-mentioned paragraphs, the Directors shall perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and annual/ ad hoc declaration of shareholding, including related party transactions and/ or conflict of interest situations, if any, for the Company's records (i.e. for all Directors).

8.9 Representation of the Company and dissemination of information

- 8.9.1 The Board looks to Management to speak on behalf of MCHB and to manage the communication of information to shareholders, investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements. The Board authorises its GMD (or his/ her nominated person) to be the official spokesperson for MCHB.
- 8.9.2 The Board shall have corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as spelt out in the Listing Requirements.
- 8.9.3 The Company shall deploy the use of information technology in communicating with shareholders, including a dedicated section for Corporate Governance on the Company's website. This section shall provide information such as, amongst others, the Annual Report, Board Charter, Code of Conduct and Ethics, minutes of general meetings, policies and procedures to determine the remuneration of Directors and senior management as well as the respective terms of reference.

8.10 Risk Governance Framework

- 8.10.1 The Board shall set the level of risk tolerance for the Company and MCHB's business to reflect the long-term corporate strategies of the Company and MCHB.
- 8.10.2 The risk tolerance levels determined by the Board shall be embedded into the Company's risk culture which serves as a guidance in decision-making processes for both strategic and operational matters.
- 8.10.3 Risk management within the Company allows for risks to be identified, measured and treated in the context of the Company's risk culture. Risk management shall be applied consistently throughout the Company.
- 8.10.4 The Board shall establish an effective risk management and internal control framework that articulates, implements and monitors key business risks to safeguard the shareholders and Company. As an enhancement, the Board establishes a Risk Management Committee which comprises of a majority of Independent Directors to oversee the Company's risk management framework and policies.
- 8.10.5 The Board shall periodically review the risk positioning of the Company and to ensure it lies within the range of risk tolerance levels determined by the Board. Risk management should be included into the meeting agenda of the Board as a standing item, for the Board to deliberate on key risks which could have substantial impact on the sustainable performance or development of the Company.

8.11 The Company's Constitution and Management's limits

- 8.11.1 The Board operates pursuant to the powers conferred by the Company's Constitution, including any changes thereof as approved by shareholders at general meeting.
- 8.11.2 Management is expected to act within all specific authorities delegated to it by the Board as per MCHB's **Authority Limits**.
- 8.11.3 Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

9 Board Relationships With Shareholders

9.1 Effective communication and general meetings

- 9.1.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.
- 9.1.2 Communication with stakeholders can be achieved through various means which include:-
- establishing an investor relations function;
 - conducting engagement forums;
 - organising investor, analyst and media briefings; and
 - use of electronic means (e.g. website, social media, etc.)

9.1.3 It is the role of the Board to ensure that the general meetings of the Company are conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. This includes the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meeting. The Board shall focus its efforts on the following to enhance the value of the general meeting:

- ensure that each shareholder shall be entitled to receive not less than 28 days' written notice of all general meetings specifying the date, time and place of the meeting and the business to be transacted;
- ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution along with any background information and reports or recommendations that are relevant;
- ensure that all Directors attend the general meeting and having the Chair of board sub-committees present facilitates these conversations and allow shareholders to raise questions and concerns directly to those responsible;
- for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board Committees and the fact that a particular Director is independent, if relevant;
- ensure that the Chairman provides reasonable time for discussion at the meeting upon presentation of the Company's operations in the financial year and future prospects of the Company. Where appropriate, the Chairman shall also undertake to provide the inquirer with a written response to any significant question which cannot be answered immediately;
- ensure that substantive resolutions to be voted on are considered by poll and announce the detailed results depicting the votes cast for and against each resolution, including abstentions, in the future. The Chairman shall also inform shareholders of their right to demand a poll voting at the commencement of the general meeting;
- in facilitating greater shareholders' participation at the general meeting, the Company is considering leveraging technology to facilitate electronic voting and remote shareholder participation;
- ensure that there is a channel of communication through the Company Secretary on feedback and queries from shareholders;
- ensure that the Chairman of the Board shall be the Chairman of all shareholders' meeting; and
- ensure that all resolutions of the shareholders shall be adopted by a simple majority vote of the shareholders present and voting.

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