

MALAKOFF

A Member of  **MMC** Group

BOARD CHARTER

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Vision and Mission of the Company

The Board of Directors (“Board”) believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and maintaining investors’ confidence towards achieving Malakoff Corporation Berhad’s group of companies’ (“Group”) corporate objectives and vision to be a premier global power and water company as well as its following mission:

- Aspiring to become the preferred employer of choice;
- Deliver superior shareholder value;
- Sought after as a partner;
- Sustaining best in class operating discipline; and
- Earning respect as a good corporate citizen.

The purpose of this Board Charter is to promote the highest standards of Corporate Governance within the Group and to clarify, among others, the roles and responsibilities of the Board. This Board Charter serves as a source of reference of the Board’s roles and responsibilities but also as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities.

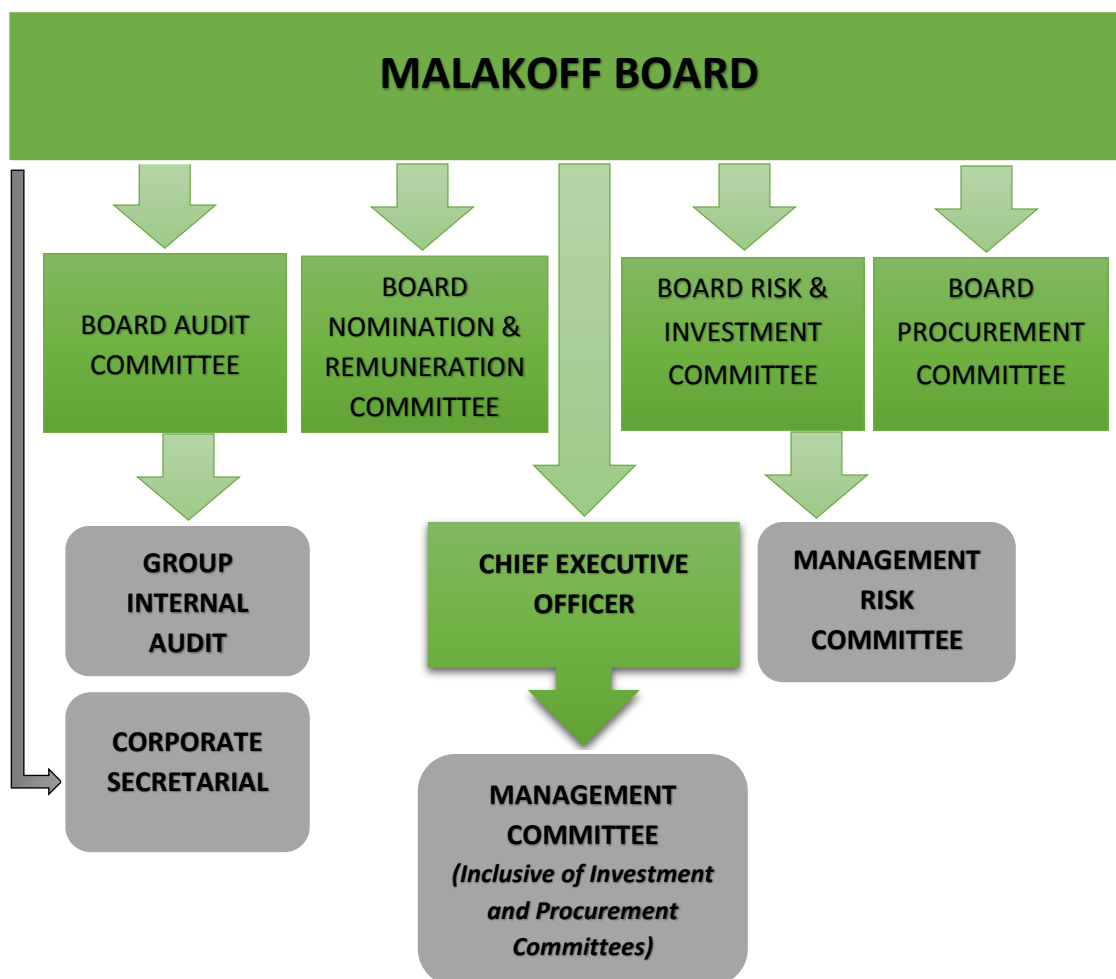
1. OBJECTIVE

- 1.1 The objective of this Board Charter is to guide the Board of Malakoff Corporation Berhad (“MCB” or “the Company”) in discharging its duties and responsibilities in accordance with the provisions of the Companies Act 2016 (“Companies Act”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.

The Board Charter sets out the general guidelines in relation to the roles and responsibilities of the Board and its committees collectively as well as individually. It will also assist the Board in discharging its responsibility of ensuring that its obligations to its shareholders and other stakeholders are understood and met, being the highest body in the organization that provides thought leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of the Company’s strategies.

Whilst this Charter serves as a structured guide, especially for new Directors who are on-board, it shall not be construed as an exhaustive blueprint by Directors on corporate governance matters nor does it intend to replace or supersede the laws or other regulatory requirements of Malaysia.

- 1.2 The governance structure of the Board is as follows:



2. BOARD LEADERSHIP

There are two (2) primary responsibilities, namely the running of the Board and the executive responsibility for the running of the Company's business. There should be a clear division of responsibilities between the Chairman and the Group Managing Director/Group Chief Executive Officer to ensure a check and balance of power and authority, so that no one individual has unfettered powers of decision making.

The Board's primary commitment to the shareholders/company is to lead and oversee the business of MCB Group of companies and to ensure that the conduct of MCB Group of companies promotes business sustainability, integrity and complies with the relevant law, rules and regulations.

The roles of the Chairman and Group Managing Director/Group Chief Executive Officer in MCB are separate, each with responsibility clearly divided between them as follows:

2.1 Chairman

The Chairman of the Board is appointed from a member of the Board who is a Non-Executive Director. The Chairman provides visionary leadership and guidance to the Board in the governance aspects.

Some of the roles and responsibilities of the Chairman are as follows:

- (a) Provide Leadership to the Board so that the board can perform its responsibilities effectively;
- (b) Chair meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each member;
- (c) Chair meetings of shareholders and ensure effective communication with shareholders and relevant stakeholders;
- (d) Consultation with the Company Secretary in setting the Agenda for the Meeting and ensuring that board members receive complete and accurate information in a timely manner;
- (e) Act as liaison between the Board and Management. The Chairman should act as the main link between the Board and Management and particularly between the Board and the Chief Executive Officer;
- (f) Ensure proper committee structure, including assignments of members and committee chairmen. The Chairman should also ensure that there is a succession plan framework for the Board, evaluated by the Nomination and Remuneration Committee and approved by the Board;
- (g) Ensure that all Board members, upon taking up their office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of MCB Group of companies; and
- (h) Conduct performance assessment of the Board, its committees and individual Directors.
- (i) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (j) leading the Board in establishing and monitoring good corporate governance practices in the Company.

2.2 Chief Executive Officer

The Chief Executive Officer is accountable to the Board for the overall organisation, management, and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The Chief Executive Officer's financial authority is explicitly provided for in the Company's Limits of Authority approved by the Board. He is assisted in the management of the Group's businesses by the Management team.

The responsibilities of the Chief Executive Officer includes:

- (a) Foster a corporate culture among the employees that promotes ethical practices, encourages individual integrity, and fulfillment of corporate social responsibility;

- (b) Develop and recommend to the Board a long-term strategy and vision for the Company that will lead to the creation of shareholders' value;
- (c) Develop and recommend to the Board, the Company's operational plans and budgets that support the Company's long-term strategy;
- (d) Ensure achievement of the Company's objectives and goals, as contained in the strategic plan;
- (e) Manage the overall businesses and oversee the day to day operations of the Company;
- (f) Recommend management structure and operating authority levels which includes delegation of responsibilities to Management;
- (g) Ensure that the Company has an effective management team and an active plan for its development and succession. Reports to the Board annually on the succession and management development plan;
- (h) Formulate and oversee the implementation of major corporate policies;
- (i) Responsible for the financial management of the Company and oversee the handling of financial matters which includes keeping proper accounts and ensure efficient and effective use of all resources;
- (j) Report to the Board on key performance indicators ("KPIs") in relation to the financial results, market conditions and other developments; and
- (k) Reports to the Board on significant business decisions undertaken by the MCB Group of Companies.

3. BOARD COMPOSITION

MCB's Board comprises an Executive Director, Non-Independent Non-Executive Director and Independent Non-Executive Directors, thus achieving the desired level of objectivity and independence in the Board's deliberation and decision-making.

The Company's Constitution stipulates that the number of Directors shall be not less than two (2) and not more than twelve (12). In addition, at least two (2) Directors or one third (1/3) of the Board, whichever is higher, shall be Independent Directors. This is in line with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The composition of the Board needs to demonstrate the range of experiences necessary for applying independent judgment on issues of strategy, performance, resource utilisation and standards of conduct, all of which are vital to the Company.

The present Directors of MCB provide a wealth of knowledge, experience and skills in the key areas of economic, accountancy, engineering, business and law, amongst others. The composition and size of the board is such that it facilitates the making of informed and critical decisions in ensuring MCB achieves the highest level of corporate governance.

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

3.1 Appointment and re-election of Director

A formal and transparent procedure exists vis-à-vis the appointment of new Director to the Board, the primary responsibility of which has been delegated to the

Nomination and Remuneration Committee (“NRC”). In making recommendation to the Board, the NRC will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director bring to the Board.

The Board members have no fixed term of appointment. Nevertheless, the Company’s Constitution states that at each Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3), shall retire from office. A Director retiring at general meeting shall hold office until the conclusion of that meeting.

A newly appointed Director will only hold office until the next Annual General Meeting at which they will retire and become available for re-election.

All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

All Directors shall notify and discuss with the Chairman prior to acceptance of any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

3.2 Independent Director

The Board is structured to ensure that it consists of one third (1/3) of Independent Directors with expertise and skills from various fields.

The definition of Independent Director follows that of the Listing Requirements, Paragraph 1.01 and Practice Note 13.

The independence of Independent Directors is assessed annually by taking into consideration of disclosure of interests as well as having regard to the criteria for assessing the independence of Directors in the annual Board Assessment.

3.3 Senior Independent Director (“SID”)

A Senior Independent Director is appointed among the Independent Directors, to whom concerns of fellow members as well as the shareholders and stakeholders may be conveyed and a sounding board for the Chairman.

3.4 Vacation of Office by Director

The Company’s Constitution and Paragraph 15.05 of the Listing Requirements provide the circumstances of which an office of a Director shall become vacant.

4. DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board is explicitly responsible for the stewardship of the Company as well as in discharging its obligations. Hence, the Board assumes, amongst others, the following duties and responsibilities:

- (a) Review and adopt the overall strategic plans and programmes for the Company and the Group:-
- Provide strategic direction for the Company by guiding Senior Management in developing corporate strategy and will review, challenge and approve Management's strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;
 - Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability; and
 - Monitor the implementation of the strategic plan by Management.
- (b) Oversee and evaluate the conduct of business of the Company and the Group:-
- supervising, evaluating and assessing the performance of Management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which Management's performance can be assessed;
 - Review, challenge and approve Management's proposals for the Group and monitor its implementation by Management; and
 - Monitor compliance with established policies and procedures
- (c) Review and ensure that transaction entered into with a related party is fair, reasonable and not to the detriment of minority shareholders;
- (d) Identify principal risks and ensure implementation of a proper risk management system to manage such risks;
- 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
- (e) Establish a succession plan;
- 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;
- (f) Develop and implement a shareholder communication policy for the Company
- ensure that the company has in place procedures to enable effective communication with stakeholders.
- (g) Review the adequacy and the integrity of the management information and internal controls systems of the Company and the Group.
- ensure the integrity of the company's financial and non-financial reporting
- (f) Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;

The conduct of the Board members shall be consistent with their duties and responsibilities to the Company and the shareholders.

The Directors shall always act within the limitations imposed by the Board on its activities. The Directors' responsibilities and limitations are primarily set out in the Company's Constitution, the Companies Act, the Listing Requirements, Capital Markets and Services Act 2007, the Board's and/or shareholders' resolutions or any other relevant Acts/Legislations.

5. BOARD COMMITTEES

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. Delegating authority to the Board Committees does not in any way absolve the Board from discharging their duties and responsibilities.

The MCB Board has established four (4) standing committees, each operating within defined terms of reference, to assist the Board in discharging its responsibilities. The minutes of each Committee's meetings are circulated to all Board members so that each Director is aware of the deliberations and resolutions made.

The Committees are:

5.1 BOARD AUDIT COMMITTEE ("BAC")

The primary objectives of the BAC are as follows:

- To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;
- To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- Serve as an independent and objective party from management in the review of the financial information of the Company and Group presented by management for the distribution to shareholders and the general public;
- Provide direction and oversight over the internal and external auditors of the Company to ensure their independence from management; and
- To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

The full terms of the reference of the BAC can be accessible on the Company's website: www.malakoff.com.my

5.2 BOARD NOMINATION & REMUNERATION COMMITTEE (“BNRC”)

The objectives of the Committee are to assist the Board of Directors of the Company (“Board”) in fulfilling its corporate governance responsibilities with regard to nomination and remuneration matters of the Board and Senior Management and which is broadly outline below:

Nomination matters

- Board appointments, re-elections and re-appointment by rotation and performance of the Board, Board Committee and individual Directors of the Company and the Group, as the case maybe;
- Developing a policy formalizing its approach on diversity obligations;
- Directors’ induction programs and continuing development;
- Recommending the nominees for each Board Committees and the respective boards of its subsidiaries and the Group. The recommendation of nominees for the boards of non-operating subsidiaries and associates (in which MCB has no controlling interest) will be determined by the Chairman of the Committee upon recommendation of the BNRC;
- Succession planning of the Board and appointment of Board members and Senior Management, where applicable;
- Lead the Board in its annual evaluation of the Board’s performance; and
- Reviewing annually the independence of Directors including where appropriate, criteria on assessing the independence of candidates’ appointment as Independent, Non-Executive Directors;

Remuneration matters

- To establish a formal and transparent policies and procedure for the establishment of a remuneration policy for the Directors of the Company and its Group, Board Committees, CEO, Executive Directors, if any, and the Senior Management; and
- To establish an objective remuneration structure for Directors of the Company and the Group, CEO, Executive Directors, if any and the Senior Management and to provide recommendations to the Board on the remuneration of the Board of the Company and the Group, CEO, Executive Directors and the Senior Management.

The existence of the BNRC does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the BNRC. The full terms of the reference of the BNRC can be accessible on the Company’s website: www.malakoff.com.my

5.3 BOARD RISK & INVESTMENT COMMITTEE (“BRIC”)

- The BRIC is established as a Committee of the Board to oversee the risk management activities of the MCB Group of companies (“Group”). It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.

- The other primary objective of the BRIC also includes reviewing and recommending to the Board, major investment(s) which may comprise the acquisition and divestment of businesses, companies, land and buildings and the bidding for binding tenders and contracts for new power and water generation projects and assessing the key associated risks, including funding options and costs, and investment returns of such investment in accordance to the Group's Investment Guideline and Policy.
- Review the effectiveness of MCB Group's strategies, policies, procedures, principles and practices pertaining to sustainability in upholding good economic, environmental and societal ("EES") practices; and
- Review sustainability statement of the Group to be incorporated in the Annual report or any other statement to be made public prior to recommending the same to the Board of approval.

The full terms of the reference of the BRIC can be accessible on the Company's website: www.malakoff.com.my

5.4 BOARD PROCUREMENT COMMITTEE ("BPC")

The Board, had, approved the formation of the BPC as a Committee to review and approve the procurement activities of the Group within its authority limits under the Company's LOA. With the formation of the BPC, the Board can now fully focus on critical business and strategy matters whilst due attention is given by this Committee to review and approve procurement activities undertaken by the management for the Group.

The BPC undertakes the following functions, roles and responsibilities:

- to review, evaluate and approve or disapprove procurements by the Group in accordance to the LOA approved by the Board; and
- to assist the Board in regulating compliance in line with the Group's Procurement Policies and Procedures.

The BPC shall convene meetings on a need basis to deliberate and recommend, procurement awards of the Group to meet the business needs of the Group.

The full terms of the reference of the BPC can be accessible on the Company's website: www.malakoff.com.my

6. BOARD MEETINGS

The Board meets every quarter with additional meetings convened as and when urgent issues and/or important decision are required to be addressed between the scheduled meetings. The Company Secretary shall manage all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communications.

6.1 Quorum

The Company's Constitution provides that the quorum for Board meetings shall be two (2) members.

6.2 Agenda and meetings papers

The agenda for each meeting shall be circulated to the Board members not less than five (5) days before each meeting, unless otherwise waived, in respect of Board meeting called at short notice for urgent matter(s) requiring the Board's immediate attention.

6.3 Voting

Questions arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and in case of equality of votes, the Chairman shall have a second or casting vote. Directors can cause their disagreement with the decision agreed by the majority of the Board together with their reasons to be noted in the minutes of meetings.

6.4 Minutes of meeting

The Company Secretary shall minute the proceedings and resolution of all Board and Committees' meetings. All resolutions are recorded and thereafter circulated to the Directors for comments before the minutes are finalised and confirmed. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to all Members of the Board.

6.5 Participation of Members

Board Members are expected to make all efforts to attend Board meetings and prepare thoroughly for deliberations of the Board. Board Members are expected to participate in Board discussions and activities and to bring the benefit of their particular knowledge, skills and abilities to the Board deliberations.

Board discussions should be open and constructive, recognizing that genuinely held differences of opinion could, in circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where necessary, call for a vote. All discussions and their records will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law.

6.6 Conflicts of Interest

Board members are required to inform the Board of conflicts or potential conflicts of interests they may have in relation to particular items of business transacted by the Group.

Board members shall abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

7. BOARD EVALUATION AND PERFORMANCE

The NRC on an annual basis, undertakes a formal and transparent process in evaluating the effectiveness of individual Directors, the Board as a whole and its committees, as well as the performance of the Executive Director in respect of their respective skills and experience, pursuant to the Annual Assessment exercise.

The evaluation is based on a combination of self and peer assessment performed via a customized questionnaire will be circulated to all Board members of which the responses will be collected and collated by the Company Secretary, on behalf of the NRC. The NRC, upon discussion of the results, will present the findings to the Board.

8. BOARD DIVERSITY

The Board aims to maintain a diversity of expertise, skills and attributes among the Directors. In addition, the Board is also committed in pursuing gender, age and ethnicity diversity across the Group as a combination of personalities that provides a comprehensive range of perspective and experiences resulting in improved quality of decision making.

To meet the objectives of having diversity in ethnic, gender and age as the Company recognizes that diversity is a critical attribute of a well-functioning and contributing to a sustainable development of the Company, a Diversity Policy was approved by the Board on 21 November 2017. The full details of the Diversity Policy can be accessible on the Company's website: www.malakoff.com.my

9. DIRECTORS' REMUNERATION

The Board will determine the level of remuneration paid to Directors, taking into consideration the recommendations of the NRC.

The level and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose.

The component parts of remuneration should be structured so as to link reward to corporate and individual performance. As for Independent Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the said Independent Non-Executive Directors.

Non-Executive Directors will be paid directors' fee. Additional allowance shall be paid based on their responsibilities in the Board and on the Committees and/or for any other special skills and expertise that they bring to the Board. Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Executive Director shall receive no fees but shall be paid as fulltime employees of the Company.

A formal and transparent procedure has been established by MCB for developing the policy on executive remuneration and for fixing the remuneration packages of individual Board members.

The Board should report to the shareholders on the Directors' remuneration and this should be included in the annual report of the Company.

10. DIRECTORS' TRAINING

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge his/her duties and promote active participation in the Board's deliberation. The Board through the NRC shall assess the training need of the Directors from time to time with the Company Secretary facilitating the training and development trainings identified.

For new Directors, once appointed, the Director will receive a Letter of Appointment together with relevant documents. An in-house orientation will also be organised by Management initiated by the Company Secretary.

11. BOARD'S RELATIONSHIP WITH SHAREHOLDERS

The Board must endeavor to familiarise itself with issues of concern to the shareholders.

The Company encourages its shareholders to attend its Annual General Meeting, which provides opportunities for the shareholders to put forth questions on the Company's business and affairs to the Board.

The Board shall evaluate economic, political, social and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business of the Company or the interests of the shareholders and, if necessary, take outside expert advice.

12. MANAGEMENT OF RISK

The Board is responsible for the total process of risk management and has endorsed an ongoing risk management and internal control framework which applies throughout the Group to determine, evaluate and manage significant risks.

The Board must appreciate the business risk issues and key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives.

The Board must ensure that appropriate system are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's assets and reputation are adequately protected.

The process is regularly reviewed by the Board through the BRIC, taking into consideration changes in the business environment, strategies and functional activities of the Group from time to time.

13. COMPANY SECRETARY

The Company Secretary has a key role to play in ensuring that Board policies and procedures are both followed and reviewed regularly. It is also the responsibility of the Company Secretary in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers and support the Board in carrying the roles and responsibilities.

The Board, in its own best interests, must ensure that the Company Secretary is suitably qualified and remains competent to fulfil the functions for which he/she has been appointed. In this respect, the appointment and removal of the Company Secretary shall be the sole prerogative of the Board, as a whole.

The Company Secretary is responsible for ensuring that Board procedures are followed and that the application of the rules and regulations for the conduct of the affairs of the Board are complied with to ensure the Board's efficient operation. The Company Secretary is also responsible for ensuring compliance by the Company with the relevant regulations affecting the Company, including but not limited to the Companies Act 2016, the Listing Requirements and the Capital Market and Services Act, 2007 provisions, where applicable.

In addition to the statutory duties, Company Secretary must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company.

The Company Secretary must keep abreast of, and inform, the Board of current developments in the regulatory framework and governance practices.

The Board members have unlimited access to the services of the Company Secretary.

14. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure that the Directors are able to make independent and informed decision.

15. MATTERS RESERVED FOR THE BOARD

15.1 To ensure the direction and control of the Group are in the hands of the Board, the Board adopts a formal schedule of matters reserved for the Board's deliberation and decision.

15.2 The following summarises the list of matters reserved for the Board's deliberation and decision:

15.2.1 Board structure

- a) Appointment and recommendation for removal of MCB Directors including Senior Independent Director;
- b) Appointment and removal of the MCB Company Secretary.
- c) Establishment of Board Committees including Subsidiaries Boards, their members and the specific terms of reference.
- d) Appointment, removal and replacement of Board Committees including recommendation for appointment, removal and replacement of the Subsidiaries Boards.
- e) Appointment and extension of contracts of the CEO, Executive Directors, if any and the Senior Management

15.2.2 Remuneration matters

- a) Approval of the Board Remuneration Policy which include the remuneration packages for Non-Executive Directors of the Group, Board Committees and Subsidiaries Boards.
- b) Recommendation of Directors' fees for Non-Executive Directors, including fees for MCB's Non-Executive Directors appointed to the Board Committees and Subsidiary Boards, to be approved by shareholders.
- c) Approval of remuneration packages, including service contracts, for the CEO, the Executive Director(s), the Senior Management and any other person the Board determines.
- d) Determination of the corporate goals and objectives relevant to the remuneration of the CEO and evaluating the performance of the CEO in light of these objectives.
- e) Determination of the size of bonus/incentive pools as part of the Group's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of the Group.

15.2.3 Company and Group operations

- a) Review and approve the Company's and Group's strategic plans.
- b) Approval of material investment or divestment in a Company, material business, property or undertaking.
- c) Approval of investment or divestment of a capital project which represents a significant diversification from the Group's existing business activities.
- d) Approval of material changes in the activities of the Group and the Group's corporate structure.
- e) Approval of policies and bank mandates of the Company and Group.
- f) Approval of Limits of Authority ("LOA") for the Company and Group and its revision therein.
- g) Any decision to cease operation of all or any material part of the Group's business
- h) Material changes to the Group's organization structure

15.2.4 Financial

Note: Specific Board approval authorities are sanctioned in the LOA, for detail reference.

- a) Approval of annual budget of the Company and annual budget for the MCB Group (including capital expenditure budget).
- b) Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a predetermined threshold given to Management.
- c) Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia or the Securities Commission).
- d) To determine Dividend Policy and the amount, nature and timing of dividends to be paid.
- e) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
- f) Adoption of accounting policies in line with the Malaysian Financial Reporting Standards.
- g) Approval of the review on adequacy and effectiveness of the Group's system of risk management and internal controls.
- h) Determining treasury policies
- i) Commitment to new material bank, Facilities Agreements, borrowings or bonds.

15.2.5 Others

- a) Convening of general meetings;
- b) Granting of power of attorney by the Company.
- c) Entering into any corporate guarantee and indemnity issued by the Company.
- c) Recommendation for the changes in the Company's Memorandum and Articles of Association.
- d) Changes in financial year end.
- e) Recommendation for purchase of own shares by the Company.
- f) Recommendation for issue of debt instruments.

The above indicates those matters which the Board specifically reserves to themselves. The schedule is not, however, exclusive and does not derogate from the Board's overall duties and responsibilities. The Board may, at their discretion, delegate consideration and /or approval of any of the above matters to a Committee of the Board specifically constituted for that purpose. Furthermore, the Board Audit Committee, Board Nominations & Remuneration Committee, Board Risk and Investment Committee and Board Procurement Committee shall consider and determine such matters for which they are responsible in accordance with their terms of reference in force from time to time

16. CORPORATE DISCLOSURE POLICIES AND PROCEDURES

- 10.1 The Board shall to their best endeavours provide the shareholders and the public with accurate and complete information according to the relevant rules and regulation in a timely manner.
- 10.2 The Company shall adhere to all relevant rules and regulation imposed on the Company including the MMLR, the Act and Securities Industry Act 1983.
- 10.3 The Company shall follow closely the Corporate Disclosure Guidelines dated 22 September 2011 issued by Bursa Securities, when making the relevant announcement to Bursa Securities.
- 10.4 The approval of the release of the announcement shall be made according to the appropriate level of authority.

17. CODE OF CONDUCT

- 17.1 The Company has adopted a Code of Conduct (“the Code”) to be implemented throughout the Group, which demonstrates its commitment to doing business responsibly and ethically. By articulating the principles by which the Company conduct its business, the Code allows the employees to work and make decisions confidently and in a manner that supports its vision and values. The Code helps the Company achieves the right things in right manner at all times which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code shall apply to the Management and employees irrespective of their seniority or designations.

The Code of Conduct can be accessible on the Company’s website:
www.malakoff.com.my

18. WHISTLEBLOWING POLICY

- 18.1 The Board has established, reviewed and together with Management had implemented appropriate policies and procedures on whistleblowing.
- 18.2 The oversight of the whistleblowing function is under the purview of the Chief Internal Auditor, CEO and the Board, who shall ensure that all reported violations are properly investigated. They are also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

The Whistleblowing policy can be accessible on the Company’s website:
www.malakoff.com.my

19. DIRECTORS’ CODE OF ETHICS

- 19.1 Board members are required to observe the Directors’ Code of Ethics as follows:
 - 19.1.1 Compliance at all times with the Code of Ethics and this Board Charter.

- 19.1.2 Have a clear understanding of the aims, purposes, capabilities and capacity of the Company;
- 19.1.3 Keep abreast with the affairs of the Company and be kept informed of the Company's compliance with the relevant rules, legislation and contractual requirements;
- 19.1.4 Exercise his/her power of office for a proper purpose, in good faith, and in the best interest of the Company;
- 19.1.5 Exercise duty of care and diligence in fulfilling his/her functions and power of office;
- 19.1.6 Recognize his/her primary responsibility is to the Company as a whole but may, where appropriate, have regard for the interest of stakeholders of the Company;
- 19.1.7 Neither divert for own advantage any business opportunity that the Company is pursuing, nor use confidential information obtained by reason of his/her office for own benefits or that of others;
- 19.1.8 Confidential information obtained in the course of his/her office or duties remains the property of the Company and it is inappropriate to disclose, allow, or render it to be disclosed or leaked, unless that disclosures had been endorsed by the Board of Directors, or the person whom the information is provided, or is required by law;
- 19.1.9 At all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his/her powers in carrying out his/her duties;
- 19.1.10 Each Director shall protect the Company's funds, assets and information and shall not use the Company funds, assets or information to pursue personal opportunities or gain.
- 19.1.11 No Company funds, assets or information shall be used for any unlawful purpose.
- 19.1.12 Disclose immediately all contractual interests whether directly or indirectly with the Company;
- 19.1.13 Be willing to exercise independent judgment and actions, if necessary to openly object should the vital interest of the Company be at stake;
- 19.1.14 Take all reasonable steps to satisfy the soundness of all decisions taken by the Board;
- 19.1.15 Not to take improper advantage or misuse of the position of Director;
- 19.1.16 Not to engage in conduct likely to bring discredit upon the Company;

- 19.1.17 At all times nurture professionalism and improve the competency of management and employees;
- 19.1.18 Cultivate good relationship, conscious of the interest of shareholders, employees, customers, financier and creditors;
- 19.1.19 Ensure adequate safety measures and provide proper protection and coverage to employees of all divisions;
- 19.1.20 Promote and cultivate social and environmental responsibilities and encourage effective use of natural resources;
- 19.1.21 Devote time and effort to attend meetings and to know what is required of the board and each of its Directors, and to discharge those functions;
- 19.1.22 Always comply with the spirit, as well as, the principle of this Directors' Code.

19.2 Guidelines on Acceptance of Gifts

- 19.2.1 The following set out guidelines on acceptance of gifts:
 - The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
 - Board Members acting as such must not give the impression that they have been influenced by a benefit to show favor or disfavor to any person or organization having dealings with the Company;
 - Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
 - Gifts other than of token value should generally be refused.

20. CONFLICT OF INTEREST

20.1 General Principles

- 20.1.1 Every Director has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company, or which divides his/her loyalty to the Company. Each Director must deal at arm's length with the Company and should disclose to the Chairman or CEO, any conflict or any appearance of a conflict of interest on his/her part.
- 20.1.2 Any activity which even appears to present such a conflict must be avoided or terminated unless, after such disclosure to the Board, it is determined

that the activity is not harmful to the Company or otherwise improper. The end result of the process of disclosure, discussion and consultation may well be the approval of certain relationships or transactions on the grounds that, despite initial appearances, no conflict in fact exists.

20.2 Disclosure of potential conflict of interest

20.2.1 Pursuant to Section 221 of the Companies Act, 2016, it is the duty of every Director to disclose potential conflict of interest as soon as practicable in accordance with the provision of the Companies Act 2016, on the following matters:

- He/she has direct or indirect interest in a contract or proposed contract with the Company [Section 221 (1)]. For the purpose of this section, an interest in the shares or debentures of the Company :-
 - Of the spouse of a Director of a Company (not being herself or himself a Director of the Company)
 - Of a child, including adopted child or stepchild, of a Director of the Company (not being himself or herself a Director of the Company) shall be treated as an interest in the contract and proposed contract (Section 221(9)); or
- He/she holds any office or possesses any property which may directly or indirectly conflict with his duties or interests as Director [Section 221 (6)].
- Any possible conflict of interest on the part of any Board member should be disclosed to other Board members and an official letter shall be given, in due course or within a reasonable period, to the Company Secretary for tabling to the Board members [Section 221 (4)].

20.2.2 Members of the Board are also required to notify the Company Secretary changes in the following:

- Shareholding in the Company and its related corporations, whether direct or indirect; and
- Directorships or interests in any other corporations

20.2.3 Such declarations should describe the interest clearly and state whether it carries direct or indirect financial and non-financial benefits.

20.2.4 Relevant interests in this context are as follows (are not exhaustive in nature):-

- Executive and Non-Executive Directorships, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.

- Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

20.2.5 The Company Secretary must record every declaration so made in the minutes of the Board meeting [Section 221(7)].

20.3 Register of Related Parties

20.3.1 The Company also maintains a formal Register of Related Parties. The register should include details of all Directorships and other relevant interests, declared by Board Members and key management personnel of the Company. The register should be kept up-to-date by the Company Secretary

20.4 Conduct in Meetings

20.4.1 Any Board Member who has an interest in a transaction/ contract under consideration by the Board should declare such interest at any meeting where the matter is being discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw and abstain from the meeting during the relevant discussion or decision.

20.4.2 The conflicted Director can be furnished with the relevant Board paper of the subject matter. However, subject to section 221 of the Companies Act 2016, a Director of a company who is in any way, whether directly or indirectly, interested in a transaction/contract entered into or proposed to be entered into by the Company, unless the interest is one that need not be disclosed under section 221, shall be counted only to make the quorum at the board meeting but shall not participate in any discussion while the proposed transaction/contract is being considered at the Board meeting and shall not vote on the transaction/contract or proposed contract.

20.4.3 All transaction/contracts which involve a conflicted Directors should be put forth for discussion and approval by the Board at a physical Board meeting, where practicable. If the Directors are unable to meet at a physical Board meeting and due to the urgency of the transaction/contract, the transaction/contract can be put forth for the approval of the Board vide Directors' Circular Resolution ("DCR"). The conflicted Directors are not required to sign the DCR as a form of absenteeism from the decision of the transaction/contracts in which they are conflicted.

20.4.4 Membership of Committees

Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

21. APPLICATION

21.1 The principles set out in this Charter are:

- (a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- (b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- (c) summarized in the annual report as part of a narrative statement by the Directors on Corporate Governance

21.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.

21.3 The abridged version of the Charter shall be made public in the Company's website.

22. REVIEW OF THE BOARD MANUAL

The Board Manual will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.