

MESINIAGA BERHAD

BOARD CHARTER

1. Overview

The Board Charter sets out the principal functions, composition, roles and responsibilities of the Board of Directors (“the Board”) of Mesiniaga Berhad (“the Company” or “the Group”).

The Board is primarily responsible for ensuring that the principles of good corporate governance are practiced and appropriate corporate governance structure is in place in the Group, in creating, protecting and enhancing shareholders’ and stakeholders’ values and in promoting sustainability.

The Board has a duty of being effective steward and guardian of the Group in setting its strategic direction and in overseeing the conduct of business and also in ensuring that the Group is in compliance with laws, upholding ethical values (Code of Business Conduct) and maintaining an effective governance structure to ensure appropriate level of internal controls and management of risks.

2. Objectives

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of the principles and practices of good corporate governance in their business conduct, as well as compliance with various laws and regulations governing them and the Group.

3. Board Composition and Size

The Board determines the Board size and composition, subject to the limit imposed by the Company’s Memorandum and Articles of Association (“M&A”). Unless otherwise determined by a general meeting, the number of Directors shall not be less than Two (2) or more than Ten (10).

The Composition of the Board shall have a balanced mix of skills, knowledge and expertise to ensure its effectiveness. As stipulated by the Bursa Securities Listing Requirement (“LR”), at least Two (2) directors or One Third (1/3) of the Board (whichever is higher) shall consist of independent directors.

The tenure of an independent director shall not exceed a cumulative term of Nine (9) years unless redesignated as a non-independent director or with proper justification and shareholders’ approval at the Annual General Meeting of retaining the director as an independent director.

Before accepting the appointment to the Board, a candidate must be aware that he/she is required to devote sufficient time to attend to the Group’s matter.

In accordance with the Malaysian Code on Corporate Governance 2012 (“CCG”), a director must notify before accepting a new directorship elsewhere.

4. Board Functions

The Board takes responsibility of the overall performance of the Group and its obligations to the Group’s shareholders and stakeholders.

The Directors may exercise all such powers of the Group and do all such acts on behalf of the Group in managing the business of the Group within the scope of the Group's M&A and of the Companies Act, 1965, and their subsequent amendments thereto.

5. Roles & Responsibilities of the Board

The Board is entrusted with leading and overseeing the business of the Group. The Board is responsible for the Group's progress and for ensuring that the Group is well managed. It also sets the Group's strategic direction and objectives. The Board is also responsible for approving performance targets, monitoring the Management's achievements, providing overall policy guidance and ensuring that policies and procedures for internal control systems are in place.

In line with the best practices recommended by the CCG, the Board also assumes the role in formulating succession planning that includes appointing, training, fixing the compensation where appropriate, and replacing senior management. This is implemented through the overseeing of the Group's human capital development process and compensation against predetermined evaluation criteria.

5.1 Board of Directors

The principal roles and responsibilities of the Board members are as follows:-

- a. Reviewing and adopting a strategic plan for the Group;
- b. Overseeing the conduct of the Group's business to evaluate whether the business is properly managed and promote sustainability;
- c. Should at all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercising of its powers in discharging its duties;
- d. Identifying principal risks and ensuring implementation of appropriate systems to manage these risks;
- e. Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing Senior Management;
- f. Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, ensuring regulatory compliance to the applicable laws, regulations, rules and directives.
- g. Adhere to Code of Ethics for Company Directors issued by Companies Commissions of Malaysia. Supports sound corporate governance and processes in setting standards and corporate values to promote integrity.

5.2 Independent Director

The responsibilities of an independent director include the following:-

- a. Enhances the independence and objectivity of the Board's deliberations from the executive arm of the Group.

- b. Mitigates any possible conflict of interests between the policy-making process and the day-to-day management of the Group.
- c. Constructively challenges and contributes to the development of business strategies and direction of the Group.
- d. Ensures the Board uses adequate systems and controls to safeguard the interests of the Group.
- e. Ensures effective 'check and balance' in the proceedings of the Board.
- f. Monitors and provides an objective view on the performance of executive directors and management in meeting the agreed goals and objectives.

5.3 Chairman

The Chairman of the Board shall provide leadership to the Board of Directors. The key to discharge this responsibility would be by ensuring that effective governance processes are in place. The Chairman is accountable to the Board and acts as a liaison between the Board and the Management of the Group.

The main duties and responsibilities of the Chairman are as follows :-

- a. To act as a liaison between management and the Board;
- b. To keep abreast of the activities of the Group and management so that sufficient information is provided to enable the directors to form appropriate judgment;
- c. To approve arrangements for Annual and Extraordinary General Meetings;
- d. To chair Board and General Meetings;
- e. To review and sign minutes of Board meetings;
- f. To call special meetings of the Board when necessary;

5.4 Senior Independent Director

The Board shall appoint a Senior Independent Non-Executive Director who will be the avenue for shareholders to enquire about the Group and convey their concerns.

5.5 Board Committees

The Board shall establish Board Committees and this shall include the Nomination & Remuneration Committee and the Audit & Risk Management Committee. Particularly in regards to the Nomination & Remuneration Committee and the Audit & Risk Management Committee, members of the Committees must comply with the criteria as determined by the LR. Each Committee shall have a defined terms of reference which must be approved by the Board.

The Chairman of each Board Committee shall report the items discussed and actions taken together with their recommendations to the Board at each Board Meeting.

5.6 The Managing Director (Chief Executive Officer)

The Managing Director (Chief Executive Officer)'s key responsibilities are as follows:

- a. To achieve the Group's stated financial targets.
- b. To achieve the Group's targeted customer satisfaction score.
- c. To achieve the Group's employee engagement score.
- d. To ensure retention of top talents within the Group.
- e. To represent the Group for engagement with shareholders including attendance at the AGM.
- f. To represent the Board in signing the audited financial reports.
- g. To be responsible in ensuring that the accounts of the Group and its financial affairs have been managed reliably.
- h. To represent the Group in contractual agreements with customers, partners and/or principals.
- i. To ensure that the Group is in compliance with all regulations related to its business operations.
- j. To lead the management team in implementing strategies and policies.

5.6 Company Secretary

The Company Secretary shall be responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and its Group of companies, as well as the principles of best practices on corporate governance. The Company Secretary is also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing the role as an advisor to the Directors, the duties of the Company Secretary also include, amongst others, attending all Board meetings, ensuring that the proceedings of Board meetings and decisions made thereof are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations, communicating the decisions of the Board to the Management for further action, ensuring all appointments and resignations of Directors are in accordance with the relevant legislations, formulation and review of Board Charter periodically, handling Company share transactions, coordinating on dividend payments, and making corporate disclosure announcements.

The appointment and removal of the Company Secretary shall be exclusively be within the purview of the Board.

6. Board Meetings and Procedures

6.1 Frequency of Meeting

The Board shall meet as and when it thinks fit but not less than Four (4) times annually. Minutes of meeting must be documented.

The quorum for the Board meeting shall be Two (2) members.

6.2 Meeting and Minutes

The agenda of a Board meeting shall be determined in consultation with the Chairman of the Board and shall be circulated by the Secretary in advance of the meeting to all members.

In accordance with the Article 124 of the Company's, a resolution in writing signed by all Directors shall be effective for all purposes as a resolution passed at a meeting of the Directors duly convened held and constituted.

The Board may invite other persons to attend its meeting, as it may from time to time consider desirable, to assist the Board in the fulfilment of its duties.

7. Access to Advice

The Board and individual Board members have direct access to the officers of the Group including the Company Secretary. If and when necessary, the Board may also engage the services of independent advisors in the furtherance of its duties at the expense of the Group.

8. Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following :-

- Shareholding in the Group and its related companies, whether direct or indirect; and
- Directorships or interest in any other companies.

In addition to the above, any member of the Board who has a material interest, either directly or through a spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits.

9. New Board Members

New Board Members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Directors :-

- Board Charter;
- Memorandum & Articles of Association;
- The Board's committees, composition and terms of reference (if any);

- Latest Annual Reports and financial statement; and
- Organisation Chart

10. Review of the Board Charter

The Board shall review the Board Charter at least once in a financial year and makes necessary amendments, where the Board deems necessary.