

## **BOARD CHARTER**

This Board Charter sets out the composition, roles and responsibilities of the Board of Directors ("Board"), and the processes for convening of Board Meetings in accordance with the principles of good corporate governance.

### **1. THE BOARD**

#### **1.1 Board Membership**

##### **1.1.1 Board Size and Composition**

The Board is responsible to determine the overall composition of the Board in terms of the appropriate size and the mix of knowledge, skills and experience necessary for the effective stewardship of the Group. The Board believes in having a healthy mix of age, experience and gender in the composition of the Board.

The Board shall comprise: -

- (a) not less than 3 directors and not more than 15 directors;
- (b) at least 50% independent directors;
- (c) at least 30% women directors.

The positions of Board Chairman and Executive Director shall be held by different individuals.

On annual basis, the Board via the Nominating Committee shall review the composition of the Board in terms of the appropriate size and mix of skills, balance between Executive, Non-Executive and Independent Directors as well as diversity including gender diversity and other core competencies required to ensure the composition mix is appropriate and relevant to the business of the Company.

##### **1.1.2 Nomination and Appointment of Directors**

The Nomination Committee is tasked with the responsibility of identifying, evaluating and making recommendations new nominees to the Board in the context of the needs of the Board. The appointment of a new Director is a matter for consideration and decision by the full Board.

All Directors of the Company and persons nominated to be appointed as Directors of the Company must not be disqualified under Section 198 of the Companies Act, 2016 and must have been assessed by the Nominating Committee to have complied with the requirements as set out in the Directors' Fit and Proper Policy of the Company.

A new director should commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board. Under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), a director of the Company must not hold more than 5 directorships in listed issuers. Directors should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.

### 1.1.3 Board Tenure

Generally, the Board members have no fixed term of appointment. The Constitution of the Company provides that all directors (including the Managing Director and Executive Director) shall retire once in every three years. At every annual general meeting, at least one-third of the directors and those appointed during the financial year shall retire from office, and they are eligible for re-election.

A director may continue to serve on the Board as an Independent Director beyond 9 years, subject to the following:

- (a) Based on the annual assessment of directors, the Nomination Committee has concluded and the Board has concurred that the services of the Independent Director are still required by the Company and that the director concerned remains free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with his/her exercise of unfettered and independent judgement.
- (b) Annual shareholders' approval being obtained for his/her re-election through a two-tier voting process.
- (c) The maximum tenure of an Independent Director shall not be more than a cumulative period of 12 years.

A long serving Independent Director may be re-designated as a Non-Independent Director if the Board continues to retain him/her after 12 years.

## 1.2 Role of the Board

The Board has the primary responsibility of leading and managing the business and affairs of the Group including ensuring compliance with the Group's corporate governance objectives.

The Directors' Code of Business Conduct and Ethics, requires the Directors to observe high ethical business standards in the performance of their duties as Directors and to act in the best interests of the Group and the shareholders of the Company (**Appendix A**).

The duties and responsibilities of the Board include, among others, the following: -

- (a) To review, approve and monitor the Group's overall strategic and financial plans.
- (b) To oversee the Group's business operations and financial performance to ensure that the businesses are being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets.
- (c) To establish the Group's corporate values, vision and mission, including governance systems and processes in line with the principles of good corporate governance.
- (d) To identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage risks.
- (e) To review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines.
- (f) To oversee the development and implementation of policies and/or programmes for effective communication with shareholders and/or investors.

## **1.2 Role of the Board (cont'd)**

- (g) To consider emerging issues which may be material to the Group's business and affairs and ensure that the Group has proper succession plan for senior management.
- (h) To address the Group's material sustainability risks and opportunities to support the Group's long-term strategy and success.

The Board has adopted an Authority Chart which sets out clearly the matters that are reserved specifically for the Board's approval/decision which include material acquisitions and disposals of assets, corporate plans and budgets, major investments and changes to the management and control structure of the Group.

## **1.3 Role of Individual Directors**

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their duties and responsibilities as Directors. Broadly, these include the following:

- (a) To act in good faith and in the best interests of the Company/Group as a whole and for proper purpose.
- (b) To act with care and diligence of a reasonable person subject to the business judgement rule.
- (c) To avoid conflicts of interest with the Company/Group in a personal or professional capacity.
- (d) To refrain from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.
- (e) To disclose and abstain from voting on matters of material personal interest.
- (f) To comply with corporation laws, securities legislation and Listing Requirements.

## **1.4 Role of Non-Executive Chairman**

The responsibilities of the Non-Executive Chairman include, among others, the following:-

- (a) To ensure the smooth functioning of the Board and the effective conduct of business by the Board at board meetings.
- (b) To provide leadership to the Board and is responsible for the development needs of the Board.
- (c) To manage the Board's communications and the Board's effective supervision over the Management.
- (d) To ensure the orderly conduct of the proceedings of shareholders' meetings.
- (e) To instil good corporate governance practices in the Company/Group.
- (f) To protect the interest and provide for the information needs of various stakeholders.
- (g) To maintain good contact and effective relationships with shareholders and investors.

## **1.5 Role of Executive Director**

The Executive Director is responsible for the following:-

- (a) To oversee and manage the day-to-day operations of the Group to ensure smooth and effective running of the Group.
- (b) To develop and implement the Group's business strategies, plans and policies.
- (c) To ensure the effective supervision and control of the general management and operations of the Group.
- (d) To ensure that an effective management succession plan is in place to sustain continuity of operations of the Group.
- (e) To put in place adequate systems and controls to safeguard the interests of the Group.
- (f) To keep the Board well informed of the salient issues concerning the Group's operations and ensure that material matters are brought to the attention of the Board in an accurate and timely manner.

## **1.6 Role of Non-Executive Directors**

The roles of the Non-Executive Directors include, among others, the following: -

- (a) To provide independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in the deliberations of the Board.
- (b) To provide the relevant checks and balances in the proceedings of the Board.
- (c) To constructively challenge and contribute to the development of the business strategies and direction of the Group.
- (d) To ensure that appropriate standards of corporate governance are practised in the Group.
- (e) To ensure that there are adequate systems and controls to safeguard the interests of the Group and all stakeholders.

## **1.7 Independent Directors**

- (a) An Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meets the criteria for independence.
- (b) The Independent Directors provide independent judgements, experience and objectivity without being subordinated to operational considerations.
- (c) The Independent Directors help to ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.
- (d) The views of the Independent Directors should carry significant weight in the Board's decision-making process.

## **2. BOARD STRUCTURES AND PROCEDURES**

### **2.1 Board Committees**

The Board has established the following core committees to assist in the discharge of its duties and responsibilities in accordance with the approved terms of reference of the respective Committees: -

#### **(a) Audit Committee**

The Audit Committee assists the Board in reviewing the Group's financial reporting process, the system of internal control and management of risk, the audit process and the Group's process for monitoring compliance with laws and regulations and such other matters which may be delegated by the Board.

#### **(b) Nomination Committee**

The Nomination Committee assists the Board in proposing new nominees for the Board and Board Committees, assessing the Directors on an ongoing basis, as well as in overseeing the overall composition of the Board.

#### **(c) Remuneration Committee**

The Remuneration Committee assists the Board in formulating the remuneration policy such as rewards and benefits and other terms of employment of executive director as well as for the senior management and staff.

#### **(d) Risk Management Committee**

The Risk Management Committee assists the Board in reviewing and assessing the Group's enterprise risk management framework and risk appetite, assessing the adequacy of the Group's risk management framework implemented and reviewing any significant risks that exist in the Group and ensuring the steps were taken to mitigate the risk within its risk appetite.

The Chairman of the respective Committees will report to the Board on the recommendations of the Committees and the outcome of the Committees' meetings. The Board shall make an independent assessment of the recommendations of these Committees, having regard to the structures and operations of the Company/Group.

The Board may from time to time establish any other board committees as it considered necessary.

### **2.2 Board Meetings**

The Board shall conduct at least five(5) meetings a year with additional meetings to be convened as and when necessary. Under the Constitution of the Company, the quorum for transaction of business at the Board Meeting is 2 members.

The Notice of Meeting setting out the agenda together with the relevant Board papers shall be circulated to all the Board members prior to and in advance of each Board meeting.

The Chairman of the Board shall be responsible to ensure that the agenda items are adequately reviewed and discussed by the Board within a reasonable time frame.

Where a Director is directly or indirectly interested in any transaction entered into by the Company, he has a duty to make an immediate declaration to the Board and he is required to abstain from deliberations and decisions of the Board on the transaction.

## **2.2 Board Meetings (cont'd)**

The minutes of the Board meetings are signed by the Chairman of the meeting as correct record of the proceedings thereat upon confirmation by the Board at the following meeting. The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board.

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than the Board members, except as required by laws or as agreed by the Board.

## **2.3 Access to Information and Advice**

The Board, or individual directors, have full access to the Senior Management and advice of Company Secretary in relation to the information within the Group and to obtain independent professional advice to assist in the proper exercise of its powers and the discharge of its duties as directors, with the costs to be borne by the Company/Group.

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

## **2.4 Directors' Remuneration**

The Board as a whole determines the level of fees of Non-Executive Directors and Executive Directors.

The level of remuneration must be sufficient to attract and retain the Directors needed to run the Group successfully. The remuneration of the Executive Director is linked to the corporate and individual performance.

The annual Directors' fees and benefits payable to Non-Executive Directors shall be endorsed by the Board based on the recommendation of the Remuneration Committee and are tabled for approval by the shareholders of the Company at the Annual General Meeting.

## **2.5 Board Evaluation and Directors' Assessment**

The Nomination Committee shall review and evaluate the performance of the Board as a whole, the Board Committees and individual directors annually.

The Nomination Committee shall also carry out assessment on the independence status of the independent directors on an annual basis and when necessary.

## **2.6 Directors' Training And Continuing Education**

The Board is mindful of the need to keep abreast with changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates. The Board will assess the training needs of the Directors and ensure that Directors undergo relevant training programmes to update their knowledge and skills to enable them to effectively discharge their duties and to sustain active participation in the Board's deliberation.

### **3. FINANCIAL REPORTING**

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting. The Board ensures that the financial statements are prepared so as to give a true and fair view of the financial status of the Company in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act, 2016.

The Board, assisted by the Audit Committee, oversees the financial reporting process of the Group. The Audit Committee reviews and monitors the integrity and reliability of the Group's annual and interim financial statements prior to recommending for the Board's approval.

### **4. BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

The Board aims to ensure that shareholders are well-informed of all major developments affecting the Company/Group on a timely basis by means of various disclosures and announcements to Bursa Malaysia Securities Berhad. The Company maintains a corporate website at [www.mphbcap.com.my](http://www.mphbcap.com.my) which shareholders and investors can access for corporate information and new events relating to the Group.

The Company's annual general meetings will be the key avenue for communication and dialogue with the shareholders of the Company. The Board members, Senior Management as well as the Group's external auditors will be present at the annual general meetings to respond to shareholders' queries.

The Board has identified the Chairman of the Board as the main contact person to whom any shareholders' concerns may be conveyed.

As part of the Group's investor relations programmes, the Company will conduct meetings from time to time with fund managers, investors and analysts to keep them updated on the progress and developments of the business of the Group.

### **5. REVIEW OF BOARD CHARTER**

The Board will regularly review this Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and the relevant standards of corporate governance.

**MPHB CAPITAL BERHAD** (1010253-W)

**CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD OF DIRECTORS**

This Code of Conduct (“Code”) describes the standards of business conduct and ethical behaviour that each director of **MPHB CAPITAL BERHAD** (“MPHB CAPITAL” or “the Company”) is expected to uphold. This Code does not address every situation that may be encountered and is not a substitute for a Director’s exercise of good judgment and common sense. A Director who has a question about a particular circumstance that may implicate a provision of this Code should address the question with the Chairman of the Audit Committee, who may consult with internal or external counsel as appropriate.

Each director must comply not only with the terms, but also the intent of this Code.

**1. Conflict of Interest**

Directors have an obligation to act in the best interest of the Company. All directors should endeavour to avoid situations that present a potential or actual conflict between their interest and the interest of the Company. Where conflicts of interests do exist, or may appear to exist, the director shall excuse himself from discussion, voting or otherwise influencing a decision on any matter in which he has a conflict or potential conflict of interest.

**2. Corporate Opportunities**

Directors are prohibited from (a) taking for themselves personally any opportunities that belongs to the Company or are discovered through the use of corporate property, information, or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company for business opportunities; (d) improperly influence or attempt to influence any business transaction between the Company and another entity in which a Director has a direct or indirect financial interest or acts as an employee, officer or director or similar capacity.

**3. Confidentiality**

Directors should maintain the confidentiality of information entrusted to them by the Company except when disclosure is authorised or legally mandated. For the purposes of this Code, "confidential information" includes all non-public or proprietary information relating to the Company.

No director shall profit, or assist others to profit, from confidential or business opportunities that are available because of service to the Company.

**4. Fair Dealing**

Each director is expected to deal fairly with the respective Company's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Inappropriate use of proprietary information, misusing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

**5. Gifts**

Directors shall not seek or accept from third parties any favour in whatsoever form or howsoever described in connection with the business of the Company or their duties. Social amenities customarily associated with legitimate business relationships are permissible.

**6. Protection And Proper Use Of Company Assets**

Directors are expected to exercise their business judgment in a manner that protects the Company's assets and promotes their efficient use. All Company assets are to be used for legitimate business purposes.

**7. Anti-Bribery**

Directors shall never offer, give, ask for, accept or receive any form of bribes. A bribe occurs when someone attempts to influence a decision by offering some form of undue or improper advantage, incentive or favour.

**8. Insider Dealing**

Directors are prohibited to trade in the Company's securities affected by or on behalf of a person with knowledge of relevant but non-public material information regarding the Group.

**9. Compliance with Laws, Rules and Regulations**

Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company.

Directors shall fulfill the criteria for eligibility to be a director in accordance with the laws, rules and regulations applicable to the Company, including the Anti-Money Laundering and Anti-Terrorism Financing Act, 2001 and the Malaysian Anti-Corruption Commission Act, 2009. Should a sitting Director be adjudged to have brought the Company into disrepute, or committed a serious breach of the laws, rules and regulations applicable to the Company, then he/she shall be removed from office. The Group reserves the right to report any actions or activities suspected of being criminal in nature to the police or other relevant authorities.

**10. Reporting Any Illegal Or Unethical Behaviour**

Directors should promptly communicate any suspected violations of this Code to the Chairman of the Audit Committee. Suspected violations will be investigated by the Board or persons designated by the Board, and appropriate action will be taken in the event that a violation is confirmed.

Directors should promote ethical behaviour and review the Company's steps to (a) encourage employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation, (b) encourage employees to report violations of laws, rules, regulations, or the Company's employee code of conduct, and potential ethics violations or non-compliance to appropriate personnel; and (c) inform employees that the Company will not allow retaliation for reports made in good faith.

## **11. Waiver**

Any waiver of this Code can only be made by the Board of Directors and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver, and the Board's rationale for its decision.

## **12. Revision**

This Code will be revised from time to time to reflect changing legal, regulatory and ethical standards.