

1. INTRODUCTION

The Board of Directors (“the Board”) is responsible for undertaking the business and affairs of MBM Resources Berhad (“MBMR”) and its subsidiaries (collectively and each individually the “Company”) in the interest of its shareholders. In addition, the Board is responsible for identifying areas of significant business risk, ensuring arrangements are in place to adequately manage those risks and having in place effective internal controls.

In adhering to the responsibilities set out in this Charter, the Board members are expected to perform their duties with integrity, honesty and in a professional manner in accordance to the law in serving the interests of its shareholders.

2. PURPOSE OF THE BOARD CHARTER

The purpose of this Charter is to serve as the primary source of reference and induction literature that guides proper governance standards and conduct of existing and prospective members of the Board by clearly setting out the manner in which the Board exercises its authority and discharges and delegates responsibilities in managing the affairs of the Company.

This Charter is developed in accordance with Bursa Malaysia Securities Berhad (“the Exchange”)’s Main Market Listing Requirements (“MMLR”), Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) and other applicable regulatory and legislative requirements and best practices on corporate governance.

3. COMPOSITION OF THE BOARD

3.1 Structure

Under the Company’s Constitution, the Board is to be made up of a minimum of two Directors and a maximum of twelve Directors.

In accordance with the MMLR, the Company must ensure that at least two Directors or 1/3 of the Board, whichever is higher, are Independent Directors¹.

Should a vacancy in the Board occur resulting in the non-compliance with the MMLR, the Board shall fill the vacancy as soon as it is practicable and, in any event, within three months from the date of the vacancy².

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

¹ Paragraph 15.02 of MMLR

² Paragraph 15.02(3) of MMLR

3.2 Independence Criteria³

A Director will be considered independent if he or she 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 interests of the Company. Without limiting the generality of the foregoing, an Independent Director is one who:-

- is not an Executive Director of the Company or the Group or any related corporation of the Company (collectively referred as “the said Corporation”);
- is not, and has not been within the last three years an officer (except as an Independent Director) of the Company and the said Corporation. For this purpose, “officer” has the meaning given in Section 2 of the Companies Act 2016;
- is not a major shareholder of the Company;
- is not a family member of any Executive Director, officer or major shareholder of the Company;
- is not acting as a nominee or representative of any Executive Director or major shareholder of the Company⁴;
- has not been engaged as an adviser by the Company or the said Corporation under such circumstances as prescribed by the Exchange 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 the said Corporation under such circumstances as prescribed by the Exchange⁵; or
- has not engaged in any transaction with the Company or the said Corporation under such circumstances as prescribed by the Exchange 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 the said Corporation under such circumstances as prescribed by the Exchange⁶.

Pursuant to the MCGG 2017 recommendation, the tenure of the Company’s Independent Directors shall not exceed a cumulative term limit of nine years. Upon completion of the nine years, the Independent Director may continue to serve on the Board as Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine years, it should justify 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 process⁷.

The Company considers the role of its Independent Directors to be critical to the objectivity of decisions made by the Board and in striking an appropriate balance of the interests of all stakeholders for the

³ As defined in Chapter 1 of MMLR

⁴ Cross reference to Paragraph 3.1 of Practice Note 13 of MMLR

⁵ Cross reference to Paragraph 4.1 of Practice Note 13 of MMLR

⁶ Cross reference to Paragraph 5.1 of Practice Note 13 of MMLR

⁷ Practice 4.2 of MCGG 2017

Company's long-term benefit. The Board has identified a Senior Independent Director to whom concerns raised by shareholders and other interested parties regarding the Company may be conveyed and addressed as well as act as an intermediary for other Directors when necessary⁸.

3.3 Remuneration

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, in accordance with, and subject, to the Constitution of the Company.

The non-executive members of the Board receive a fixed base fee and allowances as consideration for their Board duties. In addition, the Board members may receive a fixed fee and allowances for their work on committees established by the Board.

The remuneration of the Board is determined on the basis of market benchmarking and reflects demands for competencies, time commitments and efforts in the light of the scope of their work and the number of Board and Committee meetings required and held for the year.

The total fees, allowances and other benefits payable annually to the Non-Executive Directors have to be approved by shareholders in general meeting⁹.

No Board members, whether executive or non-executive, will be involved in deciding his own remuneration.

The remuneration of individual Directors and its breakdown of fees and benefits shall be disclosed on a named basis in the Annual Report¹⁰.

3.4 Expertise

Members of the Board must have appropriate skills and experience. The following procedure will be followed when considering potential Board candidates:-

- Skills and experience appropriate for an appointee will be determined, having regard to those of the existing Directors and any other likely changes to the Board;
- In identifying suitably qualified candidates for appointment, the Board not only relies on recommendations from existing Board members, Management or major shareholders, but also utilises independent sources¹¹;
- Upon identifying a potential appointee, their competencies and qualifications, independence, other directorships, expected time commitment and the effect that their appointment would

⁸ Practice 2.1 of MCGG 2017

⁹ Section 230 of Companies Act 2016

¹⁰ Practice 7.1 of MCGG 2017

¹¹ Practice 4.6 of MCGG 2017

have on the overall balance of the composition of the Board and diversity of views and opinions will be considered; and

- The proposed appointee must be approved by all existing Board members.

3.5 Diversity

The Board recognises the value of appointing individual Directors who brings diverse opinions, skills, experience, backgrounds, characteristics, and competency to its discussions and decision-making processes. As such, it is the Board's policy during the selection of new Directors to take into account the diversity of the candidate's character, gender, age and ethnicity, skills, knowledge, experience, background, competency and perspective¹² as described in the preceding section.

The Board aspires to meet the recommendation of having at least 30% women Directors on the Board when seeking potential candidates for the Board in the near future¹³.

4. DUTIES, RESPONSIBILITIES AND POWERS OF THE BOARD

4.1 Key Responsibilities of the Board

The Board is responsible for managing or directing the business affairs of the Company and may exercise all the powers of the Company as required by the Companies Act 2016, the Company's Constitution or the MMLR.

In discharging its duties, the Board shall assume, among others, the following key responsibilities¹⁴:

- (a) Promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour together with the Management;
- (b) Review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management;
- (c) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) Supervise and assess the Management performance to determine whether the business is being properly managed;
- (e) Ensure there is a sound framework for internal controls and risk management;
- (f) Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;

¹² Practice 4.4 of MCG 2017

¹³ Practice 4.5 of MCG 2017 and Paragraph 15.08A(3)(a) of MMLR

¹⁴ Guidance 1.1 of MCG 2017

- (g) Set the risk appetite within which the Board expects the 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;
- (h) Ensure that the Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and the Management;
- (i) Ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- (j) Ensure the integrity of the Company's financial and non-financial reporting.

Additionally, each Director is expected to:

- (i) Exercise due care, skill, and diligence;
- (ii) Avoid conflict of interest or duty situation, be mindful of their fiduciary obligations and not improperly use the position as Director or misuse information of the Company;
- (iii) Exercise independent judgment in decision making and acting strictly in the best interest of the Company and its shareholders in general and not in the interest of any one shareholder or group of shareholders;
- (iv) Contribute actively to the functions of the Board and be able to provide sound and objective advice;
- (v) Maintain confidentiality of Board discussions and deliberations unless disclosure has been authorised by the Board or required by law;
- (vi) Devote adequate time and attention to discharge his duties and responsibilities effectively; and
- (vii) Continuously educate themselves to maintain the necessary depth and breadth of knowledge.

Further, the Board must ensure that the subsidiaries of the Company and their Directors observe the following:-

- (a) The subsidiaries and their Directors must provide the Company with any information requested by the Company to enable the Board to oversee the performance of the said subsidiaries effectively, including assessing non-financial performance of the Group¹⁵;
- (b) The subsidiaries and their Directors must cause to be kept the accounting and other records to¹⁶:-
 - (i) sufficiently explain its business, transactions and financial position;
 - (ii) enable the preparation of true and fair financial statements; and
 - (iii) enable the accounting and other records to be conveniently and properly audited;

¹⁵ Paragraph 5.03 of the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries

¹⁶ Paragraph 4.02 of the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries

- (c) The subsidiaries and their Directors must provide the Company with all information and record necessary to enable the preparation of the consolidated financial statements in accordance with the approved accounting standards¹⁷.

The information and records required under (b) and (c) shall be kept for not less than seven years from the completion of the transactions or operations to which the entries or records relate.

4.2 Matters Reserved for the Board

Matters which are reserved for the approval of the Board include:-

- Vision, corporate objectives, core values and strategies for the Company established in conjunction with the Management;
- Annual business plan and budget of the Company;
- Risk management framework and internal control policies and procedures for the Company;
- Appointment of the internal auditor and the annual internal audit plan;
- Specific items of capital expenditure and investments and divestments above certain financial thresholds;
- Appointment (including the terms and conditions thereof) of the Chief Executive Officer (“CEO”), Heads of Divisions and the total pay-out of bonuses and salary increments to the employees of the Company;
- Organisational structure of the Company including annual human capital planning and budgeting;
- Remuneration and performance-based policies of the Company;
- Appointment of Directors to the Board;
- Quarterly, half-year and full-year financial statements;
- Interim dividends to shareholders and recommendation of final dividend for shareholders’ approval;
- Any significant changes to accounting policies and/or limits of authority;
- Terms of reference and membership of Board Committees;
- Company policies, procedures and processes which may be developed from time to time including policies and procedures on anti-bribery and anti-corruption; and
- Any financial, treasury, corporate governance, procurement, or other matters exceeding the authority limits of the CEO.

¹⁷ Paragraph 4.03 of the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries

4.3 Compliance with Laws and Internal Codes of Conduct

The Directors must comply with all relevant requirements of law, including those set out in the Companies Act 2016 and relevant common law duties.

In addition, all Directors must comply with the Code of Business Conduct and Ethics in carrying out their duties and representing the Company, developed and approved by the Board from time to time and shall be responsible for promoting a culture of integrity and ethics within the company by setting the tone from the top especially in relation to its stance against anti-bribery and anti-corruption practices.

4.4 Delegation of Powers

The Directors may resolve to delegate any of their powers to an officer, agent or attorney and the officer, agent or attorney must exercise the powers delegated in accordance with any directions of the Directors. Regular review of the division of responsibilities should be conducted to ensure that the Company is able to adapt to changing business circumstances.

4.5 Establishment of Committees

The Directors may resolve to delegate any of their powers to a committee or committees consisting of such number of Directors as they think fit.

A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Directors.

The Board has set up the following Board Committees to undertake specific functions:-

- Audit and Risk Management Committee (“ARMC”);
- Nominating and Remuneration Committee (“NRC”);
- Long Term Incentive Plan Committee (“LTIPC”); and
- Group Transformation Committee (“GTC”).

Memberships of the ARMC and NRC comprised solely of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors¹⁸, with the LTIP and GTC comprised solely of Non-Executive Directors. The respective terms of references of the Board Committees are set out in the respective Group Board Policy Documents and is published on the Company’s website at <http://www.mbmr.com.my>.

¹⁸ Paragraph 15.09(1)(b) of MMLR

4.6 Chairman and Chief Executive Officer

The positions of Chairman and CEO are held by separate persons¹⁹ to ensure a balance of power at the Board level and to promote accountability as well as to allow for a clear division of responsibilities between the Board and executive management. As the Chairman's position is non-executive, the CEO has the primary responsibility for the day-to-day management of the business and affairs of the Company and the implementation of the Board's decisions.

The responsibilities of the Chairman include²⁰:-

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- Proper and effective conduct of proceedings at Board meetings and discussions;
- Ensuring participation and contribution of value from all Directors;
- Promoting constructive and respectful dialogue among the Directors at Board meetings and between Directors and the Management;
- Managing the interface between 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;
- Chairing and promoting the effective conduct of general meetings of the Company; and
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

The responsibilities of the CEO include but are not limited to:-

- Proposing and implementing the business strategies and objectives of the Company;
- Day-to-day management of the business and affairs of the Company;
- Ensuring that the Company has in place adequate risk management and internal controls in compliance with policies and procedures approved by the Board;
- Ensuring the Company complies with financial reporting standards, the MMLR and other applicable laws;
- Implementation and running of the Environmental, Social, Governance and Diversity programme of the Company;
- Bringing material and other relevant information to the attention of the Board in a complete and timely manner; and
- Representing the Company in dialogues and communications with shareholders, the media and other members of the public.

¹⁹ Practice 1.3 of MCG 2017

²⁰ Practice 1.2 of MCG 2017

4.7 Board Evaluation and Performance

The Board with the assistance of the NRC undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each individual Directors. The Board discloses how the assessment was carried out and its outcome in the Annual Report.

The Board will entail the periodic engagement of independent experts to facilitate objective and candid Board evaluations, as and when necessary.

The annual assessment on individual Directors includes an evaluation of their²¹:-

- Will and ability to critically challenge and ask the right questions;
- Character and integrity in dealing with potential conflict of interest situations;
- Commitment to serve the Company, due diligence and integrity; and
- Confidence to stand up for a point of view.

5. PROCEEDINGS

5.1 Meeting Frequency

The Directors may hold meetings for the despatch of business and adjourn and otherwise regulate their meetings as they think fit. Directors' meetings are held on scheduled dates at least five times a year.

5.2 Board Papers

Relevant documents to be considered at Board meetings will be compiled and distributed by the Management to all Directors as well as to any invitees at least five business days in advance of the Board meetings with sufficient time given to the Directors for review of the documents before the meetings²².

The agenda should be prepared with a view of enhancing the Board's productivity and strengthening its strategic and supervisory role, taking into account the formal schedule of matters reserved for the Board's decision²³.

²¹ Practice 5.1 of MCG 2017

²² Practice 1.5 of MCG 2017

²³ Recommended by CG Guide – 3rd Edition

5.3 Attendance at Board Meetings

The Board may extend an invitation to any person to attend all or part of a scheduled Board meeting. The Board may appoint and consult any external advisors or third-party service providers in respect of any matter before the Board.

5.4 Quorum and Voting

A quorum for a meeting of the Board is two Directors. Only Board members shall be eligible to vote at a Board meeting except where a Board member has an interest in a matter before the Board.

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote²⁴.

5.5 Minutes

Minutes of proceedings and resolutions of meetings of the Directors and any written resolutions passed by Directors, are to be recorded and entered in the Company's Minutes Book Register as soon as practicable after the meeting is held or the resolution passed.

Board members should ensure that minutes of Board meetings accurately reflect the deliberations and decisions of the Board²⁵, including whether any Director abstain from voting or deliberating on a particular manner.

Minutes of a meeting must be signed by the chairperson of the meeting or the chairperson of the next meeting within a reasonable time after the meeting.

A resolution may be made if a document containing the relevant resolution is assented to by a majority of the Board members eligible and willing to participate in the making of the resolution²⁶.

The resolution will be taken to have been passed when the document is assented to by a majority of the Board members. Where a Board member has assented by means other than writing, that Board member must sign the document containing the relevant resolution within a reasonable time after having provided their assent.

²⁴ Clause 119 of the Constitution

²⁵ Practice 1.5 of MCG 2017

²⁶ Clause 107(1) of Constitution

5.6 Access to Information and Independent Professional Advice

The Directors are able to and do generally seek further information, advice and comments from the Company Secretary, Group Chief Financial Officer, Head of Internal Audit, Head of Risk Management and Compliance, and the Head of Legal and Governance as and when considered appropriate pertaining to the Company. The Directors also have access to the services of external independent professional advisers or consultants on specific issues for the proper discharge of their duties at the Company's expense should the need arise²⁷.

6. ORIENTATION AND CONTINUING EDUCATION

On appointment, Directors take part in an induction programme where they receive the latest information about the Company. This is supplemented by visits to key locations and meetings with senior executives. Directors are also reminded on appointment of their legal and other obligations as a Director of a public-listed company.

In addition to the Mandatory Accreditation Programme required by the Exchange, Directors are required to update their knowledge and skills through continuing education programmes arranged by the Company or by external providers²⁸.

7. COMPANY SECRETARY

The Board appoints the Company Secretary for the Company. The Company Secretary plays an important role in providing sound governance advice, advocating adoption of corporate governance best practices and advising the Board on compliance with the MMLR, the Companies Act 2016 and other relevant laws and regulations²⁹.

The Company Secretary's duties and responsibilities includes among others:-

- Statutory duties specified under the Companies Act 2016 and the MMLR;
- Facilitating and attending Board and Board Committee meetings and ensuring that the meetings are properly convened and proceedings are properly recorded;
- Facilitating Board communications and ensuring timely communication of Board level decisions to the Management;
- Ensuring that all appointments to the Board and Board Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Providing information as may be requested by the Directors from time to time;

²⁷ Paragraph 15.04 of MMLR

²⁸ Paragraph 15.08 of MMLR

²⁹ Practice 1.4 of MCG 2017

- Advise the Board on corporate disclosures and compliance with company and securities regulations and MMLR;
- Keep the Board and the Management updated on any changes or updates on corporate disclosures or any other relevant statutory regulations;
- Supporting the Board in ensuring adherence to Board policies and procedures including the compilation and dissemination of the results of the Board and Board Committees Assessment;
- Manage process pertaining to the Annual General Meeting;
- 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.

8. INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

MBMR has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasises timely and complete disclosure of all relevant information to shareholders as required by the MMLR and applicable laws and is in line with MBMR’s policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include MBMR’s Annual Report, disclosures and announcements made to the Exchange, analyst briefings, press statements and other public communications, notices of meetings and explanatory documents issued to shareholders³⁰.

As part of the Board’s responsibility in developing and implementing an investor relations programme, regular formal and informal dialogues are held between the Management and analysts/fund managers throughout the year³¹.

The Annual General Meeting is the principal forum for dialogue with shareholders. MBMR makes every effort to encourage maximum participation of shareholders at the Annual General Meeting and extraordinary general meetings. Notice of the Annual General Meeting and Annual Report are sent out to shareholders at least 28 days before the date of meeting³².

Aside from general meetings, MBMR encourages shareholders to provide feedback and raise queries to the Company through other channels of communication including the use of the corporate website, by email or sending written communications to MBMR’s Company Secretary, the Senior Independent Director or to the Company directly³³.

³⁰ Practice 11.1 of MCGG 2017

³¹ Practice 11.1 of MCGG 2017

³² Practice 12.1 of MCGG 2017

³³ Practice 11.1 of MCGG 2017

9. AMENDMENT AND REVIEW

The Board must review this Charter on an annual basis to ensure it remains consistent with its objectives, the Company's Constitution and existing regulatory requirements and recommendations.

Any updates to the principles and practices set out in this Board Charter will be made available on the Company's website³⁴.

- End -

Last Updated 25th February 2021

³⁴ Practice 2.1 of MCG 2017