

BOARD CHARTER

PART 1: INTRODUCTION

1.1 Introduction

The Board is responsible for undertaking of MMAG HOLDINGS BERHAD (“the Company” or “MMAG”) and its subsidiaries (“MMAG Group”) business and affairs in the interest of its shareholders and other stakeholders.

The Board is accountable to MMAG members for good corporate governance and highest standards of business integrity, ethics and professionalism across the MMAG Group’s activities.

PART 2: BOARD GOVERNANCE PROCESS

2.1 Role of the Board

2.1.1 The role of the Board is to provide strategic guidance to the Company and effective oversight of its Management, for the benefits of shareholders and other stakeholders.

2.1.2 In performing its role, the Board should act at all times:-

- (a) in accordance with its overriding responsibility to act honestly and fairly and in accordance with the applicable law, in serving the interests of the Company’s shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and build sustainable value in the Company for shareholders;
- (c) in accordance with the duties and obligations imposed upon it by the Constitution of the Company and by law; and
- (d) with integrity and objectivity, and in accordance with the ethical and other standards set out in the Company’s policies and codes of conduct.

2.1.3 In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the Chief Executive Officer.

2.2 Duties and Responsibilities of the Board

2.2.1 The Board is responsible to direct, and supervise the management of, the business and affairs of the Company. The responsibilities of the Board include the following:-

- (a) ensuring that the Company’s goals are clearly established, and that strategies are in place for achieving them;
- (b) input into and final approval of major corporate strategy and budget;
- (c) approving and monitoring the progress of major capital expenditure, investments and disinvestments;
- (d) monitoring and regular review the strategic direction of the Group and the progress of the Group’s operations, taking into changes in the business and political environment and risk factors such as level of competition;

PART 2: BOARD GOVERNANCE PROCESS (Cont'd)

2.2 Duties and Responsibilities of the Board (Cont'd)

- 2.2.1 The Board is responsible to direct, and supervise the management of, the business and affairs of the Company. The responsibilities of the Board include the following (Cont'd):-
- (e) monitoring major litigation;
 - (f) monitoring compliance with regulatory requirements and ethical standards;
 - (g) reviewing and ratifying systems of risk management and internal compliance controls, code of conducts, continuous disclosure, legal compliance and other significant policies;
 - (h) ensuring that the Company's financial statements are true and fair and conform to the relevant standards, rules and regulations;
 - (i) ensuring that the Company adheres to high standards of ethics and corporate behaviour;
 - (j) deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
 - (k) monitoring Board composition, processes and performance;
 - (l) establishment of Board Committees, their membership and delegated authorities;
 - (m) approving and monitoring financial and other major reporting to the market, shareholders, employees and other stakeholders;
 - (n) appointment, reappointment or replacement of the internal and external auditors; and
 - (o) performing such other functions as are prescribed by law or are assigned to the Board.

2.3 Conduct of the Board

Each Director will ensure that no decision or action is taken that has the effect of placing his or her interest in priority to the interests of the Company.

Directors commit to the collective, group decision making process of the Board. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their judgment differs from other Directors or Management.

In discharging his/her duties, each Director must:-

- (a) exercise care and diligence;
- (b) act in good faith and in the best interests of the Company;
- (c) not improperly use his/her position or misuse information of the Company; and
- (d) commit the time necessary to discharge effectively his/her role as a Director.

A Director shall not be present during, or participate in discussions or voting on matters put before the Board in which he/she may have a material personal interest unless the other members of the Board otherwise decide.

PART 2: BOARD GOVERNANCE PROCESS (Cont'd)

2.4 Board Procedures

- 2.4.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- 2.4.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- 2.4.3 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.
- 2.4.4 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- 2.4.5 Directors are expected to strictly observe confidentiality of company information.
- 2.4.6 In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.
- 2.4.7 The Board shall have access to Management and employees of the Company in discharging its duties and responsibilities in connection with any meeting of the Board or any of the Board Committees. The Board may invite Management, employees or any other person to attend meetings of the Board or of any Board Committees to assist in the discussion and examination of the matters under consideration by the Board or Board Committees.

2.5 Chairman of the Board

- 2.5.1 The Board will appoint a Chairman from among the Directors. The Chairman may be an Executive or Non-Executive Director.
- 2.5.2 The position of Chairman of the Board and Chief Executive Officer shall not be held by a single person. Clear separation of roles will promote constructive debate and discussion at the Board's level. Combining the two positions may render biasness and impair the ability and willingness of Independent Directors to exercise their independent judgment.
- 2.5.3 The Chairman is responsible for representing the Board to shareholders.
- 2.5.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 2.
- 2.5.5 The Chairman is responsible for maintaining regular dialogue with the Chief Executive Officer over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.
- 2.5.6 The Chairman will act as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.

PART 2: BOARD GOVERNANCE PROCESS (Cont'd)

2.6 Board Composition

- 2.6.1 The Board should comprise a minimum of one-third of Independent Non-Executive Directors. The members of the Board will have an appropriate and broad range of qualifications and expertise.
- 2.6.2 Non-Executive Directors will be active in areas which able them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations.
- 2.6.3 The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.
- 2.6.4 The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of shareholders, and in setting the Company's strategy and seeing that it is implemented. The Board should include a number of Directors which fairly reflects the investment in the Company by shareholders other than the significant shareholders.
- 2.6.5 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense and a total commitment to furthering the interests of shareholders and the achievement of the Company's goals.
- 2.6.6 Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

2.7 Board Committees

- 2.7.1 Board committees are established to assist the Board in exercising its authority. Board committees will only speak or act for the Board when so authorised.
- 2.7.2 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 2.7.3 Each Board committee shall have their respective approved Terms of Reference.
- 2.7.4 Each Board committee will have access to sufficient resources to carry out their activities effectively.
- 2.7.5 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 2.7.6 Each Board committee will assist the Board by focusing on the respective activities in accordance to the approved Terms of Reference, reporting to the Board on decisions, actions taken or making any necessary recommendations to the Board.

PART 2: BOARD GOVERNANCE PROCESS (Cont'd)

2.8 Board Nomination and Election Process

- 2.8.1 The Nomination Committee will review the composition of the continuing members of the Board and Board committee annually and make recommendation(s) to the Board for any new appointment to the Board or Board committees when necessary. The Board then determines whether or not to approve the recommendation of the new appointment.
- 2.8.2 The criteria used in assessment of new Directors before appointment to the Board shall include but not limited to:-
- Skills and competency
 - Knowledge and expertise
 - Academic and professional qualifications
 - Professional ethics, integrity and values
 - Ability to devote the required amount of time to carry out the duties and responsibilities of Board membership
 - Other directorships

2.9 Board and Member Evaluations

- 2.9.1 The Board or via the Board committee, will assess the Board's performance and review the size and composition of the Board annually.
- 2.9.2 Independent Directors will be assessed by the Board annually to ensure he or she can continue to bring independence and objective judgment to the Board deliberations.

2.10 Other Board Appointment

Any Director is, while holding office, he or she is required to notify the Chairman before accepting any new directorship and indicate the time expected to spend on the new appointment.

2.11 Independent Professional Advice

- 2.11.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.
- 2.11.2 If a Director considers such advice is necessary he shall first discuss it with the Chairman and, having done so, shall be free to proceed.
- 2.11.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

PART 2: BOARD GOVERNANCE PROCESS (Cont'd)

2.12 Provision of Business or Professional Services by Directors

2.12.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

2.12.2 Notwithstanding the general rule, the Company is at liberty to:-

- for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- engage the services of a party related to a Director's of an organisation

so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

2.13 Board Succession Planning

The Board shall review its succession plans by assessing the Board composition which include information on board members, length of service, re-election, membership of Board committee and other directorships held by the individual Director which give the Board a clear picture of upcoming vacancies which will need to be filled.

2.14 Tenure of Directors

In line with the Malaysian Code on Corporate Governance, the tenure of an Independent Director should not exceed a cumulative of nine (9) years, unless it is recommended by Nomination Committee and that Board is satisfied that he or she to continue to bring independent judgement to the Board deliberations and seek annual shareholders' approval appropriately if the Board intends to retain an independent director beyond nine (9) years.

2.15 Company Secretary

2.5.1 The appointment and removal of the Company Secretary shall be a matter of the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified, competent and capable of carrying out the duties required by the post.

2.15.2 The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

2.15.3 All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the Business.

PART 3: STAKEHOLDERS MANAGEMENT

The Company provides communication channel to shareholders, other stakeholders, public, media, government bodies and authorities, and complies with its continuous and timely disclosure requirements.

The Board will use its best endeavours to familiarise itself with issues of concern to shareholders.

The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.

PART 4: BOARD-MANAGEMENT RELATIONSHIP

4.1 Role Chairman & Chief Executive Officer

- 4.1.1 All Board authority conferred on Management is delegated through the Chief Executive Officer so that the authority and accountability of Management is considered to be the authority and accountability of the Chief Executive Officer so far as the Board is concerned.
- 4.1.2 The Chief Executive Officer manages the organisation in accordance with the strategy, business plans and policies approved by the Board to achieve the Company's goals.
- 4.1.3 The Chairman maintains an informal link between the Board and the Chief Executive Officer and is available to the Chief Executive Officer to provide counsel and advice where appropriate. The Chief Executive Officer is expected to keep the Chairman and the Board informed on important matters.

4.2 Accountability of Chief Executive Officer to Board

The Chief Executive Officer in association with the Chairman is accountable to the Board for the achievement of the Company's goals and the Chief Executive Officer is accountable for the observance of the Management Limitations.

4.3 Management Limitations

- 4.3.1 The Chief Executive Officer is expected to act within all specific authorities delegated to him by the Board.
- 4.3.2 The Chief Executive Officer is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 4.3.3 The Chief Executive Officer is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- 4.3.4 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's internal and external auditors.
- 4.3.5 The Chief Executive Officer is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

PART 4: BOARD-MANAGEMENT RELATIONSHIP (Cont'd)

4.3 Management Limitations (Cont'd)

- 4.3.6 The Chief Executive Officer is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

4.4 Role of Chairman

- 4.4.1 The Chairman is principally responsible for the working of the Board which include:-

- providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- Chairing meetings of the Board in such a manner that will stimulate debates on issues before the Board and encourages the most effective contribution from each Director. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to able the papers to be adequately considered before the meeting.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Monitoring Board performance as a whole.
- Ensuring membership of the Board is appropriately skilled to meet the needs of the Company.
- Assisting in Board discussions to address the key issues facing the Company.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Guiding and promoting the ongoing efficacy and development of the Board and its individual Directors.
- Fastening high corporate governance

- 4.4.2 The Chairman acts as an informal link between the Board and Management and particularly between the Board and the Chief Executive Officer. No company is likely to run effectively and efficiently unless there is a good working relationship between the Chairman and the Chief Executive Officer.

The Chairman, along with all other Directors, should recognise that the Chief Executive Officer is the leader of the Company in all matters of Management and should not expect to become involved in the Company's day-to-day operations. It is the Chief Executive Officer's responsibility to report to the Board as a whole and not just to the Chairman.

PART 4: BOARD-MANAGEMENT RELATIONSHIP (Cont'd)

4.4 Role of Chairman (Cont'd)

- 4.4.2 The Chairman expects to be kept informed by the Chief Executive Officer of all important matters and makes himself available to the Chief Executive Officer:-
- to be part of the control mechanism in ensuring that the Chief Executive Officer's decisions are properly considered and sound;
 - to give assistance and advice when needed especially on sensitive matters which the Chief Executive Officer feels unable to discuss with other executives;
 - to ensure that the Chief Executive Officer understands properly and performs his side of the relationship; and
 - to oversee Management establishes adequate control mechanism to cover compliance responsibilities and risk management.
- 4.4.3 The Board communicates with shareholders at shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform shareholders of the Company's affair including its performance.
- This role calls for special skills and personal qualities that allow and encourage shareholders to have their say while remaining relevant to the matter at issue; and the Chairman must also have capability to summarise and unify thoughts and ideas and in control of the meeting.
- 4.4.4 The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

PART 5: REVISION AND UPDATES

The Board will regularly review this charter and the charters of Board Committees to ensure they remain consistent with the Board's objectives and responsibilities and relevant standards of corporate governance.