



MUDAJAYA GROUP BERHAD (605539-H)

Board Charter

DEFINITION

In this Board Charter:

“AA” means the Articles of Association of the Company;

“Board” means the Board of Directors of the Company;

“Bursa Securities” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Company and all its subsidiaries;

“CA” means the Companies Act, 1965;

“Company” means Mudajaya Group Berhad;

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense;

“Company Secretary” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary;

“Group” means the Company and all its subsidiaries;

“Independent Director” is defined in accordance with Paragraph 1.01 of the Listing Requirements;

“Listing Requirements” means the Bursa Securities Main Market Listing Requirements;

“Management” means the management personnel of the Company and its subsidiaries;

“CEO” means the Chief Executive Officer of the Company and Group; and

“Shareholders” means the shareholders of the Company.



1. INTRODUCTION

- 1.1 The Board regards Corporate Governance as vitally important to the success of the business of the Group and are committed towards adhering to high standards of corporate governance as guided by the Malaysian Code on Corporate Governance 2012, the Listing Requirements of Bursa Malaysia, the Capital Markets and Services Act 2009 and the CA, in its effort to discharge its duties in ensuring an appropriate and sound governance system is implemented throughout the Group and to safeguard the interests of all stakeholders as well as to enhance shareholders' value.

2. PURPOSE

- 2.1 This Board Charter sets out the role, composition and responsibilities of the Board and is to ensure that all Board members are aware on their duties and responsibilities.
- 2.2 This Board Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regards to the role of the Board and its committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices. This Board Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the CA, the Income Tax Act, 1967 and other relevant statutes, including the conduct of the Board as stipulated in the AA, the Constitution of the Company. To the extent of any conflict between the terms of this Board Charter and a Constitution, that Constitution prevails.

3. THE BOARD

3.1 Board Role

3.1.1 Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

- a) to review and adopt a strategic plan for the Group;
- b) to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
- c) to identify principal business risks faced by the Group and ensure implementation of appropriate systems to manage these risks;
- d) to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Executive Directors;
- e) to develop and implement an investor relations programme or shareholder communications policy for the Company;



- f) 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.

3.1.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:

- a) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- b) Strategic investments, mergers and acquisitions and corporate exercises;
- c) Authority levels;
- d) Treasury policies;
- e) Risk management policies;
- g) Changes to the management and control structure within the Group; and
- h) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions.

3.2 Board balance and mix

- 3.2.1 The Board should consist of qualified individuals with diverse skills, experiences, knowledge and perspectives. The composition and size of the Board should be such that it facilitates the making of informed, critical decisions without limiting the level of individual participation, involvement and effectiveness.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall comprise of Independent Directors. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.3 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.4 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed.

3.3 Appointment

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.



- 3.3.2 Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience in regional and/or international markets, ability to ask probing operational related questions, high ethical standards, sound practical sense and total commitment to furthering the interests of shareholders and the achievement of the Company's goals.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.3.4 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Group, the corporate strategy and the expectations of the Company concerning input from Directors.
- 3.3.5 In addition to the Mandatory Accredited Programme as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.4 Re-election

- 3.4.1 Pursuant to the AA, all Directors must retire once at least every three (3) years but shall be eligible for re-election.
- 3.4.2 There is a maximum age of 70 for Directors. A Director who has attained the age of 70 may be reappointed as a Director at the next AGM provided that the resolution is passed by a majority of not less than three-fourths of such shareholders present and voting who, being entitled to do so, vote in person or by proxy at the general meeting of the Company.
- 3.4.3 Pursuant to Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), upon completion of nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.
- 3.4.4 Further pursuant to Recommendation 3.2 of the MCCG 2012, the Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

3.5 Duty To Disclose Interest

- 3.5.1 The AA stipulates that every Director who may have direct or indirect interest in any contract or proposed contract or arrangement with the Company and/or Group shall immediately declare his/her interest to the Board and shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising therefrom. A copy of the notification form could be obtained from the Company Secretary.



3.5.2 Should there be an actual, potential or perceived conflict of interest between the Company and a Director, or an associate of a Director such as a spouse, other family member, or a related company (as defined under Section 122A of the CA), the Director involved shall make full disclosure and act honestly in the best interest of the Company.

3.5.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and due honesty.

3.6 New Directorship

3.6.1 All Board members shall notify the Chairman of the Board or the Company Secretary before accepting any new directorship. The Notification shall include an indication of time that will be spent on the new appointment.

3.6.2 The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

3.7 Board Processes

3.7.1 The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Members of Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

3.7.2 Any Director may participate at a Board Meeting or Committee Meeting by way of telephone and video conferencing or by means of other communication equipment in which event such Director shall be deemed to be physically present at the meeting and shall be taken into account in ascertaining the presence of a quorum at the meeting.

3.7.3 All Directors have the same right of access to all information and Senior Management within the Group whether collectively as a Board or in their individual capacity in furtherance of their duties and responsibilities as Directors of the Company.

3.7.4 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

3.7.5 The notice of each Board Meeting together with the agenda and comprehensive Board papers are circulated to all Directors seven (7) days prior to the meeting. When there is a need to table a report, a brief précis of findings and/or recommendations is prepared.

3.7.6 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

3.7.7 If, on any matter discussed at a Board Meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.



- 3.7.8 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his or her responsibilities as a Director, subject to Paragraph 3.7.9 below.
- 3.7.9 If a Director considers such advice necessary for the discharge of his or her duties and responsibilities as Director and for the benefit of the Company, such Director shall obtain the Board's prior approval, and in seeking such advice, shall be required to comply with the following procedures:
- The request shall be made in writing to the Board;
 - The Director concerned shall prepare a detailed paper to be submitted to the Board, highlighting inter alia the purpose behind the request and the estimated costs for the advice; and
 - The Board shall deliberate on the said paper and at its absolute discretion determine if the Director concerned shall be permitted to seek independent professional advice. Should a request be denied, the Director concerned is entitled to have his or her views duly recorded.
- 3.7.10 The cost of the advice shall be reimbursed by the Company. The Board or the Director, as the case may be, shall ensure that so far as is practicable, the cost is reasonable.

4. CHAIRMAN AND CEO

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board.

4.1 Chairman

- 4.1.1 The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The responsibilities of the Chairman, amongst others, are as follows:
- a) leading the Board and ensuring its effectiveness of all aspects of its role;
 - b) ensuring the efficient organisation and conduct of the Board's function and meetings;
 - c) facilitating the effective contribution of all Directors at Board meetings;
 - d) promoting constructive and respectful relations between Directors, Board and Management;
 - e) ensuring effective communication with shareholders and relevant stakeholders.



4.2 CEO

- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the Group's governance and management functions.
- 4.2.2 The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the CEO is accountable to the Board for the observance of management's limitations.
- 4.2.3 The CEO has the executive responsibility for the day-to-day operation of the Group's business.
- 4.2.4 The CEO implements the policies, strategies and decisions adopted by the Board.
- 4.2.5 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.
- 4.2.6 Generally, the CEO is responsible to the Board for the following:
- a) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
 - b) effectively oversees the human resources of the Group with respect to key positions in the Group's hierarchy, determination of remuneration as well as terms and conditions of employment for senior Management and issues pertaining to discipline;
 - c) assures that the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
 - d) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
 - e) coordinates business plans with the business heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Chief Financial Officer and the Regional Office or Head Office;
 - f) maintains and facilitates a positive working environment and good employee relations;
 - g) promoting a high degree of corporate governance and ethics across the Group;
 - h) assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
 - i) assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.



5. BOARD COMMITTEES

5.1 The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. Where a Committee is formed, specific terms of reference of the committee would be established to cover matters such as the purpose, composition and functions of the committee.

5.2 A number of committees with written terms of reference has been established namely the following:

(a) **Audit Committee (“AC”)**

The AC assists and supports the Board’s responsibility of overseeing the Group’s operations by providing a means for review of the Group’s processes for producing financial data, its internal controls, risk management activities and independence of the Group’s external and internal auditors.

The terms of reference of the AC is attached under [Appendix I](#).

(b) **Nomination Committee (“NC”)**

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The terms of reference of the NC is attached under [Appendix II](#).

(c) **Remuneration Committee (“RC”)**

The RC is primarily responsible for recommending to the Board the remuneration framework for Directors as well as reviewing the remuneration package for Executive Directors and Senior Management.

The terms of reference of the RC is attached under [Appendix III](#).

(d) **Employees Share Option Scheme Committee (“ESOS Committee”)**

The ESOS Committee is primarily responsible for administering the ESOS of the Company and ensuring compliance with the Bylaws of the ESOS.

The terms of reference of the ESOS Committee is attached under [Appendix IV](#).

(e) **Risk Management Committee (“RMC”)**

The RMC is primarily responsible for assisting the Board in overseeing all risks management activities within the Group and reviews the efficacy of internal controls within the Group.

The terms of reference of the RC is attached under [Appendix V](#).



(f) Executive Committee (“EXCO”)

The EXCO is responsible for implementing the decisions and policies approved by the Board.

The terms of reference of the EXCO is attached under [Appendix VI](#).

6. REMUNERATION LEVELS OF DIRECTORS

6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

6.2 The remuneration for the CEO and Executive Directors is recommended by the RC to the Board.

6.3 Fees payable to Non-Executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

6.4 Salaries and other emoluments payable to Executive Directors pursuant to a service contract need not be determined by the Company in general meeting, but such salaries and emoluments may not include a commission on or percentage of turnover.

7. ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

7.1.1 In presenting the annual financial statements and quarterly announcement to the shareholders, including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balanced and understandable assessment of the Group’s position and prospect.

7.1.2 The Board ensures that the financial statement is prepared in accordance with the Companies Act, 1965 and applicable approved accounting reporting standards, so as to give true and fair view of the state of affairs of the Group and the Company.

7.2 Company Auditors

7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through the AC.

7.2.2 The AC reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The AC ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.



- 7.2.3 Appointment of the Company Auditors is subject to approval of shareholders at general meeting. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

- 7.3.1 The Board has overall responsibility of maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.
- 7.3.2 The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the AC.
- 7.3.3 The Board ensures the system of internal controls and enterprise risk management are reviewed on a regular basis by the AC.
- 7.3.4 The AC receives reports regarding the outcome of such reviews on a regular basis.

8. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 8.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 8.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 8.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 8.4 A press conference will normally be held after each general meeting. At this press conference, the Chairman and/or CEO and/or CFO and/or Senior Management will give a media briefing explaining the Group's results, prospects and outline any specific event for notation. All press releases will be vetted by the CEO or CFO to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 8.5 The corporate information pertaining to the Group and its activities is continuously updated and can be viewed at the Company's website at www.mudajaya.com



- 8.6 The AGM is the principal forum for dialogue with shareholders. At each AGM. The Board encourages shareholders to attend the AGM and participate in an open discussion at the AGM. The Directors respond to shareholders' questions during the AGM. The Chairman and where appropriate, the Executive Director will provide a written answer after the AGM for significant question that is not readily answered at the AGM.

9. CODE OF ETHICS AND CONDUCT

- 9.1 The Company's Code of Ethics and Conduct ("Mudajaya Code") sets the principles and standards of business ethics and conduct of the Group and this Mudajaya Code is to be observed by all employees, officers and directors of the Group.
- 9.2 The Board will review the Mudajaya Code regularly to ensure that it continues to remain relevant and appropriate. The Mudajaya Code is made available for reference. [Click Here](#)

10. WHISTLEBLOWING POLICY

- 10.1 To enhance corporate governance practices across the Group, a whistle-blowing policy was adopted which provides Directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination.
- 10.2 The Whistleblowing Policy is made available for reference. [Click Here](#)

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

- 11.1 In the course of pursuing the vision and mission of the Group, the Board recognises that no business organisation can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.
- 11.2 The Board is responsible for:
- a) ensuring the Group's strategies promote sustainability;
 - b) ensuring the rights of other stakeholders are not compromised;
 - c) ensuring the Group has in place a policy to enable effective communication not just with shareholders, but with all stakeholders;
 - d) establishing policies governing the Group's relationship with other stakeholders and the broader community; and
 - e) establishing and maintaining environmental, employment and occupational health and safety policies.



12. COMPANY SECRETARY

- 12.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and competent of carrying out the duties required of the post.
- 12.2 The key role of the Company Secretary is to provide unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 12.3 Other primary responsibilities of the Company Secretary shall include:
- a) advise the Board on matters related to corporate governance and the Listing Requirements;
 - b) ensuring that Board procedures and applicable rules are observed;
 - c) maintaining records of the Board and ensure effective management of the Company's statutory records;
 - d) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
 - e) assisting the communications between the Board and Management;
 - f) providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
 - g) preparing agendas and co-ordinating the preparation of the Board papers.

13. REVIEW OF THE BOARD CHARTER

- 13.1 The Board Charter 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.
- 13.2 The Board Charter is available at Company's website at www.mudajaya.com