



Muda Holdings Berhad
Registration No. 197101000036 (10427-A)

BOARD CHARTER

1. Role of the Board

The Board Charter sets out the principles for the operation of the Board of Directors (“Board”) of Muda Holdings Berhad (“Muda” or “the Company”) and describes the functions of the Board and those functions delegated to the management of Muda.

The Board has primary responsibility to the shareholders for the welfare of Muda by guiding and monitoring the business and affairs of Muda. Muda recognises the importance of the Board in providing a sound base for good corporate governance in the operations of Muda. The Board must at all times act honestly, fairly, and diligently in all respect in accordance with all applicable laws.

Each of the directors, when representing Muda, must act in the best interests of the shareholders of Muda and in the best interests of Muda as a whole.

This Board Charter and the various complementary charter adopted by the Board and the various committees have been prepared and adopted on the basis that there is recognition that good governance and good governance procedures can add to the performance of Muda.

2. Duties and Responsibilities of the Board

One of the key ways the Board can add value to Muda is by selecting the right chief executive officer for Muda. Beyond this, the Board will ensure that the management has in place appropriate processes for risk assessment and management, internal control, and the monitoring of performance against agreed benchmarks. The Board will work with senior management as collaborators in advancing the interests of Muda.

The Board Charter recognises that the Board will delegate authority and recognises that, once delegated, management needs to be free to manage. The Board will not be too accepting of management’s views and will test and question management’s assertions, monitor progress, evaluate management’s performance and will, where warranted, take corrective actions.

The duties and responsibilities of the Board include:-

- i. Review and approve the Group's overall strategy, vision, mission, objectives, core values and governance framework of the Group. This includes incorporating sustainability- and climate-related considerations in the formulation of strategic priorities to support long-term value creation;
- ii. Evaluate, approve, and monitor new investments, divestments, major capital expenditure and operating expenditure, capital management and major funding activities including the issue of securities, taking into account potential financial, environmental, and social trade-offs of such decisions over the short-, medium-, and long-term;
- iii. Monitor actual performance against defined performance expectations and reviewing operating information to always understand the state of the health of the Company, including progress towards material sustainability performance targets;
- iv. Provide guidance on strategic direction, challenge assumptions, priorities, and options, and review and approve business plans, the budgets put forward by management. This includes embedding sustainability- and climate-related risks and opportunities into strategic deliberations, and evaluating its impact on the financial, business, operational performance, resilience, and value creation;
- v. Set the Company's enterprise risk management framework, review major risk exposure, including those of sustainability and climate-related, and ensure that appropriate risk mitigation plan is in place and such risk are factored into decision-making for major projects;
- vi. Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately. This includes ensuring that adequate controls, resourcing, and reporting structures exist to support the Company's sustainability and climate governance;
- vii. Plan and determine succession plan for Executive Directors and Senior Management including appointment, compensation, renewal of employment contract and replacement;
- viii. Delegating appropriate powers to the executive directors and senior management to ensure that the effective day-to-day management of the business and monitoring the exercise of these powers to ensure alignment with the Company's strategic direction and sustainability commitments;
- ix. Together with management, promote good governance culture that upholds ethical, professional, and sustainable business conduct in keeping with the Company's policies; and

- x. Oversee the implementation of investor relation programmes and appropriate shareholders' communication policy.

The Board may establish other policies and practices to ensure that the Board fulfils its duties and ensuring that it remains an effective decision-making body.

2.1 Board Reserved Matters

In addition to matters required by laws, the following duties are reserved to the Board:

- (i) Approval of contents of annual reports, quarterly financial statements, annual audited financial statements, and annual sustainability reports or statements.
- (ii) Approval of the Company's dividend policy and any declaration and payment of dividends.
- (iii) Approval of the Company's long term financial plan and annual capital expenditure programme.
- (iv) Approval of capital expenditures more than monetary authority levels delegated to management.
- (v) Approval and adoption of any significant change in accounting policies and practices.
- (vi) Approval of change in capital structure of the Company with regards to issuance or allotment of shares or other securities and status as listed issuer.
- (vii) Appointment, re-appointment, retirement, or removal of Directors and recommendations for their re-election pursuant to the Constitution.
- (viii) Appointment of directors to fill vacancy or additional directors.
- (ix) Approval of remuneration of the Executive Directors and any changes to the authority delegated to them.
- (x) Appointment or removal of the Company Secretary.
- (xi) Recommend to shareholder the appointment, re-appointment, or removal of external auditors.
- (xii) Review and approve the establishment of Board Committees, their terms of reference, delegated authority and where appropriate endorse their decisions.
- (xiii) Review of corporate governance principles, policies, and related public documents.
- (xiv) Calling of meetings of shareholders.

- (xv) Any other specific matters nominated by the Board from time to time.

2.2 Delegation to Management

The responsibility of managing the Company is delegated to Senior Management through the Executive Directors. In this regard, the Board sets the Company's policies and strategic directions, and ensure its decisions are executed accordingly by Senior Management. The implementation of policies and strategic directions, execution of Board decisions are controlled via procedures set out in the Group Financial Policies and Procedures which outline the appropriate approving authority and types of decisions required.

3. COMPOSITION AND BOARD BALANCE

3.1 Composition

- (i) The composition of the Board comprises Executive Directors and Non-Executive Directors ("NED") including Independent Non-Executive Directors ("INED") so that no individual or group of individuals dominate the Board's decision-making.
- (ii) The Board consist of qualified individuals with diverse experience, background, and perspective. The composition and size of the Board are tailored such that they facilitate the making of informed and sound decisions.
- (iii) In line with the Constitution, members of the Board shall be not less than two (2) nor more than ten (10). At any time at least two (2) or one-third (1/3), whichever is higher, of members of the Board shall be INEDs.

3.2 Appointment

- (i) The appointment of new directors is a matter for consideration and decision of the Board upon the recommendation of the Nomination Committee ("NC"). In the selection process, the NC considers the pre-determined criteria as required from a candidate, among others, skills, expertise, educational background and qualifications, experience, competency, integrity, independence, and diversity.
- (ii) In identifying candidate for appointment of Directors, the Board engages with existing Directors. The Board may engage independent sources to identify suitably qualified candidates which may include advertisements in the media or the service of an independent search firms.
- (iii) New Directors are provided with formal letter of appointment setting out the key terms and conditions of their appointment.
- (iv) Directors are invited to participate in inductions programs and any continuing education arranged for them.

3.3 Fit and Proper Requirements

- (i) As prescribed in the Muda's Directors' Fit & Proper Policy and Procedures, all Directors must fulfil the criteria of "fit and proper" person as part of their appointment on the Board as well as Directors who are seeking re-election at general meetings.
- (ii) Any person to be appointed on the Board or re-elected as Director shall satisfy the following general criteria:
 - Person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
 - Person must have the necessary skills, experience, ability and time commitment to carry out the role of a director.
- (iii) To carry out an annual review on existing Directors or Directors seeking re-election at general meetings in accordance with the Directors' Fit & Proper Policy and Procedure requirements. Upon completion of review, the NC would submit its assessment to the Board for deliberation.

3.4 Diversity

The Board adopts a policy that the Board shall have at least one (1) Women Director in its Board composition.

In seeking potential candidate for new appointment, the Board do not discount the aspects of ethnicity, cultural background, and age of the candidate to maintain a balanced composition on the Board. Notwithstanding, the Board considers merit as the most important aspect of any new appointment in its composition.

3.5 Tenure

- (i) The tenure of an INED should not exceed a cumulative term of nine (9) years.
- (ii) If the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification for the retention and seek annual shareholders' approval via two-tier voting. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director.

3.6 Re-election

The Constitution provides that every newly appointed Director shall retire at the next annual general meeting ("AGM") following his/her appointment and being eligible, may offer himself/herself for re-election at the said AGM. Further, one-third (1/3) or the nearest to 1/3 of the members of the Board shall retire from office at an AGM every three (3) years and being eligible, may offer himself/herself for re-election at the AGM.

4 Division of Responsibility

The positions of the Chairman and Managing Director (MD) shall be held by different individuals. The division of responsibilities between the Chairman and the MD are clearly demarcated to ensure objectivity between the functions of the Board and Management.

4.1 Chairman of the Board

The Chairman is responsible for leading the Board in ensuring the effective discharge of directors' duties and responsibilities. He is responsible to:

- (i) Lead the Board in setting the values and standards of the Company.
- (ii) Lead the Board in adopting and implementing corporate governance best principles and practices.
- (iii) Maintain a relationship of trust between Executive Directors and NEDs.
- (iv) Ensure the supply of accurate, timely and adequate information to the Board.
- (v) Ensure effective communication with shareholders and other stakeholders and that their views are communicated to the Board.
- (vi) Act as a facilitator before and during Board meetings to ensure:
 - Adequate notice is given to convene meetings.
 - Appropriate number of agenda items and prioritization are set to enable effective board deliberations.
 - Adequate information is supplied to the Board.
 - No individual or group of individuals dominate Board discussions.
 - Variety of opinion among Board members are drawn out.
 - Consensus is achieved in Board decisions; and when necessary, to call for vote to ensure the will of the majority prevails.
 - Sufficient time is allowed for discussion of complex or contentious issues, and where appropriate, arranging for informal meetings beforehand to enable full preparation for Board discussions; and
 - Issues discussed at Board meetings are forward looking focusing on strategy and policy.
- (vii) Lead annual evaluation of the Board, Board Committees, and individual Directors.

- (viii) Ensure effective contribution from NEDs and ensure constructive relationships are maintained between Executive Directors and NEDs.
- (ix) Delegate responsibilities to other Directors, Board Committees and Senior Management.
- (x) Chair all general meetings of the Company.
- (xi) Where relevant, ensure that sustainability matters, including climate change, are deliberated at Board meetings as part of the Board agenda. This includes relevant updates on the latest external or regulatory developments, internally generated findings and recommendations, performance data, and others.

4.2 Managing Director (“MD”)

- (i) The MD is the channel between the Board and Management for the implementation of the Company’s policies, strategies, and executing decisions of the Board. In this regard, he has the exclusive responsibility for the day-to-day operation and management of the Company.
- (ii) All powers conferred to Management (with the exception of internal audit function) are delegated through the MD and regarded as his authority and accountability subject to control by the Board. He is answerable to the Board for the achievement of the Company’s goals.
- (iii) The MD ensures the Board receives timely updates and advice on the Company’s affairs during Board meetings or at any time when necessary. Among others, his advice covers the following matters:
 - All matter that materially affect the Company’s affairs and performance including any prospect for strategic development;
 - Any sustainability and climate-related risks and opportunities which have been deemed financially material that may influence the Company’s long-term strategic planning and value creation;
 - Any underperforming business activity including relevant proposal to rectify the situation; and
 - All material information that affects or could affect shareholders’ investment decision.

5 Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director leads and coordinates the activities of the Independent Directors when necessary and appropriate.

The role of the Senior Independent Non-Executive Directors is to act as:

- a) a sounding board for the Chairman;
- b) an intermediary between the Independent Directors and the Chairman on sensitive issues; and
- c) a designated contact for shareholders and other stakeholder when the normal channel of communication with Chairman or Managing Director is inappropriate or inadequate.

6 Board Meetings

6.1 Frequency of Meetings

Meetings of Directors are scheduled regularly to ensure the Board sufficiently discharges its duties and responsibilities. The Board shall meet at least four (4) times per year to coincide with announcement of quarterly financial results to Bursa Malaysia Securities Berhad and additional meeting will be convened as warranted by circumstances. Members of Senior Manager who are not members of the Board may be invited to attend Board Meetings to contribute to discussions on matters within their sphere of responsibility.

Non-Executive Directors shall meet without the presence of Executive Directors and management with the external auditors at least twice a year.

6.2 Notice and Agenda

Notice of Board meetings are circulated to all Directors at least fourteen (14) calendar days in advance of each meeting. This is followed by the agenda and corresponding board papers which are circulated to all Directors five (5) business days in advance of each meeting. This allows Directors sufficient time to read and review the meeting materials.

6.3 Quorum

As stipulated under the Constitution, the quorum for each Board meeting shall be two (2) Directors.

6.4 Mode of Meetings

Meetings of the Directors may be held within or outside Malaysia at two (2) or more venues using any telecommunication devices or such other communication facilities that enable the Directors to participate during the entire duration of the meeting. Participation by a Director in a meeting using any telecommunication device or other communication facilities shall be treated as present in person and counted towards the quorum notwithstanding that fact that he/she is not physically present at the venue where the meeting is held.

6.5 Voting

Questions arising at any meeting of Directors shall be decided by a majority of votes with each Director having one vote, and in the case of an equality of votes, the Chairman shall have a second or casting vote.

In a situation where two directors form a quorum and only such quorum is present, or at a meeting of Directors at which only two (2) Directors are competent to vote on the question at issue, the Chairman of such meeting shall not have a casting vote.

6.6 Conflict of Interests

As a general principle every director must bring an inquiring open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion, and reach a decision that he/she believes to be in the best interests of the Company as a whole, free of any personal interest, and consistent with the Directors' Code of Business Conduct and Ethics.

If the Board determines that a director may be in a position where there is a reasonable possibility of conflict between his/personal or business interests or the interests of any associated person or his/her duties to any other company on the one hand, and the interest of the Company or his/her duties to the Company on the other hand, the Board will require that the Director:

- a) Makes a full and frank disclosure to the Board about the circumstances giving rise to the conflict; and
- b) Abstains from voting on any motion relating to the matter and absenting himself/herself from all Board deliberations relation to the matter including receipt of Board papers bearing on the matter.

If the Board resolved to permit a director to have any involvement in a matter in which there is a possible conflict of interest, the Board must minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

If a director believes that he/she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult the Chairman.

Each director must give general notice to the Board at the beginning of each financial year pursuant to Section 221(4) of the Companies Act, 2016 of his/her interest and his/her position in a corporation/firm and such disclosure shall be tabled, read, and noted at a Board Meeting and will be regarded as being sufficient disclosure of being interested in any contract made with such corporations or firms disclosed thereafter.

7 Access to Information and Independent Advice

All Directors have the right to be provided with full and unrestricted access to resources and services required to enable the effective performance of their duties at a cost to be borne by the Company, including but not limited to:

- a) Obtain full and unrestricted access to information pertaining to the Company;
- b) Obtain full and unrestricted access to the advice and service from Senior Management.
- c) Obtain independent professional advice.

8 Board Evaluation

A structured Board Performance Evaluation is carried out on an annual basis whereby the performance of the Board, Board Committees and individual directors are evaluated based on agreed criteria implemented through a set of questionnaires to facilitate the Board Performance Evaluation wherein the Directors provide their written feedbacks. Thereafter, the findings, outcome, analysis, and recommended action plan are tabled to the Board via the Nomination Committee.

9 Time Commitment

Directors must devote sufficient time to prepare for and attend Board meetings, and maintain a sound understanding of the business of the Company as well as relevant market and regulatory developments. The Directors must not hold more than five (5) directorships in public listed companies with Bursa to ensure that Directors do not have competing time commitment that impair their ability to discharge their duties effectively.

10 Directors' Code of Business Conduct and Ethics

The Directors' Code of Business Conduct and Ethics ("BCE Code") serves as a guiding principle for the conduct of the Directors. It summarises the Board's fiduciary duty, provide guidance to Directors in dealing with ethical issue and helps foster the spirit of social responsibility and accountability in line with the rules and regulations governing the Company.

All members of the Board are expected to act in good faith in the best interest of the Company and they are anticipated to exercise reasonable diligence in discharging their duties and responsibilities. The Directors are expected to deal in the business affairs of the Company with honesty, integrity, diligence, and reasonable competence.

11 Board Training and Development

The Board determines and evaluates the training needs of its members on a continuous basis. The Company ensures all members of the Board have access to appropriate continuing education programmes to enhance their knowledge and skills and keep abreast of the latest development in the market and regulatory environment. This extends to training

on sustainability and climate-related topics to enable the Board and its members to continuously possess adequate awareness, knowledge, and competencies to oversee the Company's sustainability agenda effectively and respond to the evolving sustainability landscape in line with local and global reporting requirements.

In addition to the Mandatory Accreditation Programme Part I and Part II (MAP) required by Bursa Securities, all members of the Board must ensure that they attend trainings as may be determined by the Board from time to time.

12 Investor Relations and Shareholder Communication

The Board must ensure the timely release of quarterly and annual financial results to ensure the shareholders and investment community received quality information on the overview and status of the Company's performance and operation, in addition to other announcements required by Bursa Securities Malaysia Berhad under the MMLR.

The email, address, name(s) of designated person and their contact numbers are available on the Company's website to enable the public to forward their queries and concerns. The website provides easy access to the latest news and information pertaining to the Company's business activities and all announcements released to Bursa Securities Malaysia Berhad.

13 Board Committees

The Board may from time to time establish committees to assist it in carrying out its responsibilities. Current standing Committees established by the Board are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Sustainability Committee
- Executive Committee

Each of these Committees has its own terms of reference, setting out its roles and responsibilities, compositions, structure, membership requirements and the way the Committee operates. All terms of reference of these Committees are reviewed regularly.

The Audit Committee, Nomination Committee and Remuneration Committee comprises of at least three (3) members who are all Non-Executive Directors and a majority of whom shall be independent.

14 Company Secretary

The Board appoints a qualified and competent Company Secretary who plays an important advisory and referral role. The Board ensure the Company Secretary fulfils the functions for which he/she is appointed.

The Company Secretary is the central source of information and advice to the Board and Board Committees on issues relating to compliance with laws, rules and regulations, corporate governance and procedures affecting the Company.

In addition, the Company Secretary is required to ensure proper convening and conduct of proceedings, attend, and record all deliberations and decisions of Board, Board Committee and general meetings and facilitate communication between members of the Board.

All members of the Board have unrestricted access to the advice and service of the Company Secretary.

15 Review of the Charter

The Board will review the Charter periodically to ensure its relevance and effectiveness and make any amendments which it considers necessary or desirable.
