

Corporate governance for Key Alliance  
Group Berhad  
is listed within.  
To be reviewed annually.  
Structure of the  
document is in no particular order.

# Corporate Governance Key Alliance Group

29 May 2020

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## Board of Directors Policies and Procedures for Nomination of Directors

The Board of Directors (the “Board”) of Key Alliance Group Berhad (the “Company”) has adopted the following policies and procedures concerning the nomination of candidates for election as directors of the Company.

### 1. Identification of Director Candidates

- a) The Company shall consider director candidates recommended by Committee members, other directors, members of the Company’s management, shareholders of the Company, and third party search firms, as the Committee may retain from time to time to assist it in identifying director candidates.
- b) Shareholders wishing to submit recommendations for potential director candidates to the Committee shall provide the following:
  - (i) Name, address and biography of the candidate;
  - (ii) Statement from the candidate indicating his or her willingness to serve if elected;
  - (iii) Statement from the shareholder indicating the particular skills or expertise the candidate would bring to the Board;
  - (iv) Name, address and phone number of shareholder submitting the recommendation;
  - (v) Number of shares of the Company’s stock owned by the shareholder submitting the recommendation and the length of time such shares have been held; and
  - (vi) Description of all relationships or arrangements between the shareholders and the proposed candidate;
  - (vii) Any additional information that would be required under applicable SC rules to be included in the Company’s proxy statement in the event the proposed candidate were to be nominated as director.
- c) Recommendations submitted by shareholders must be received by the Company’s Secretary at its principal offices preceding the annual meeting at which the candidate is proposed for election.

### 2. Evaluation of Director Candidates

- a) The Committee shall evaluate each candidate for director, considering all factors that would affect the candidate’s ability to make meaningful contributions to the Board’s oversight of the business and affairs of the Company.
- b) The Committee shall consider, among other factors the Committee may deem relevant, the candidate’s:
  - (i) Personal and professional ethics and integrity;
  - (ii) Business and professional experience in fields relevant to the Company’s business (including whether that experience complements the expertise and experience of the other directors)
  - (iii) Commitment to representing the interests of all shareholders of the Company;
  - (iv) Ability to devote sufficient time to Board activities; and
  - (v) Status under applicable independence requirements.

- c) The process for evaluating a candidate may include, without limitation, any or all of the following steps:
- (i) Review publicly available information about the candidate;
  - (ii) Request additional information from the candidate (or the submitting shareholder) to review his or her qualifications;
  - (iii) Conduct interviews with the candidate; and
  - (iv) Contact the candidate's references and/or other sources of first-hand information about the candidate.
- d) The Committee shall consider candidates recommended by shareholders under the same criteria as candidates recommended by other sources. The Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held.

## Charter of Board

### 1. Purpose of Charter

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of Key Alliance Group Berhad, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.

### 2. Authority

The Board derives its authority to act from the Constitution of the Company and the law and regulations governing companies in Malaysia.

### 3. Role of Board

The Board's role is to:

- Represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- Monitor the Company's performance and build sustainable value for shareholders in Company's Memorandum and Articles of Association and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Set, review and ensure compliance with the Company's values; and
- Ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

### 4. Delegation to committees

The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. The Board shall, as a minimum, establish the following committees and shall adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those committees:

- Audit and Risk Committee
- Nominating Committee
- Remuneration Committee
- Share Issuance Scheme Committee

The Board may also delegate specific functions to ad hoc committees as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

## 5. Relationship with management

- a) Directors may delegate their powers as they consider it appropriate through appropriate manual of delegations or manual of authorities. However, ultimate responsibility for strategy and control rests with the Directors as guided by the Managing Director.
- b) The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- c) All directors will be provided with advance notice of Board meetings, even those called at short notice.
- d) Every possible effort will be made to ensure that Board papers tabled at a Board meeting will be made available to all directors attending, regardless of location.
- e) Any abstention, due to any reason whatsoever including but not limited to conflict of interest, must be indicated to the Chairman at the time the matter is being considered and recorded in the Minutes.
- f) The Management may be invited from time to time to Board meetings, as the Directors deem necessary.
- g) The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board and by other officers to whom management function is properly delegated by the Managing Director.

## 6. Matters which are specifically reserved for the Board of its committees including the following:

- Appointment of the Chairman.
- Appointment and removal of the Managing Director.
- Appointment of directors to fill a vacancy or as additional directors.
- Establishment of Board committees, their membership and delegated authorities.
- Approval of interim dividend and recommendation of final dividend for shareholders approval.
- Review of corporate governance principles and policies.
- Approval of annual business plan and company scorecard.
- Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management.
- Calling of meetings of shareholders.
- Review of whistle blowing reports.
- Any other specific matters nominated by the Board from time to time.

## 7. Structure

The Company's Constitution governs the regulations and proceedings of the Board. The Board, together with the Nominating Committee, determines the size and composition of the Board subject to the terms of the Company's Constitution.

### 7.1 Board Composition

- The Board should comprise a minimum of one third of independent non-executive directors and comprise directors with a broad range of skills, diversity, expertise and experience from a range of backgrounds.
- If the number of directors is not 3 or a multiple 3, then the number nearest 1/3 must be used.
- In the event of any vacancy in the board of directors, resulting in non-compliance with the one third rule, the Company must fill the vacancy within 3 months.

- The Chairman is appointed from amongst the Directors as approved by the Board. The majority shareholder may nominate the Chair.
- The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board.
- A director is considered to be independent for the purposes of service on the Board and Board committees if the director satisfies the standards adopted by the Board from time to time to assist it in its regular ‘independence’ determinations.
- 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 – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

### **7.2 Election and re-election**

- The Company complies with the regulations and the laws governing the election and re-election of directors in addition to the provisions of its Memorandum & Articles of Association.
- Upon election directors are provided with formal letters setting out the key terms and conditions of that appointment.

## **8. Review**

This Charter is to be reviewed by the Board as required.

# **Charter of the Audit and Risk Committee of the Board of Directors**

## **1. Purpose**

The Audit and Risk Committee (the Committee) of the Board of Directors (the Board) of Key Alliance Group Berhad (the Company) is responsible to ensure that the auditing, accounting principles and practices are in line with international and Malaysian best practices and conform to all legislative requirements. In this regard, the principal objectives of the Committee are to assist the Board with oversight of: the integrity of the Company’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company’s internal audit function; the identification and management of the Company’s significant risks; and the Company’s compliance with ethics-related policies and legal and regulatory requirements.

## **2. Operating Principles**

### **2.1(a) Functions and Composition**

- The Committee shall comprise at least three members of the Board of Directors
- Committee members shall each be independent of Management. The Committee will carry out such functions as are assigned or delegated to it by the Board.
- At least one member of the Committee shall be
  - a member of the Malaysian Institute of Accountants or,
  - he must have at least 3 years’ working experience and he must have passed the examinations specified in Part I of the First Schedule of the Accountant Act 1967; or he must be the member of one of the associations of accountant specified in Part II of the First Schedule of the Accountants Act 1967

**2.1(a) Functions and Composition (Cont'd)**

- fulfils such other requirements as prescribed or approved by the Exchange

**(b) Competencies**

All Committee members appointed to the Committee shall either:

- (i) be financially literate, upon appointment, that is, having a basic understanding of finance and accounting and being able to read and understand fundamental financial statements, including a balance sheet, income statement and statement of cash flows; or
- (ii) Undertake to be financially literate within a reasonable period of time after their appointment to the Committee. The Chair and the Vice-Chair (if appointed) shall have financial expertise. "Financial expertise" means a person who has experience in auditing. Where appropriate, Committee members will enhance their familiarity with financial and accounting practices for Audit and Risk Committees and other areas relevant to their responsibilities by keeping abreast of trends and best practices in these areas including considering topical issues and their application to the Company and by participating in educational sessions or other opportunities for development.

**2.2 Chair** – The Chair is a non-ex officio Director, as named by the Board

**2.3 Vice-Chair** – The Vice Chair may, if the Board considers appropriate, for the purposes of succession planning be appointed from among the non-ex officio Directors, as named by the Board. In the absence of the Chair, if there is a Vice-Chair, the Vice-Chair shall preside at the meeting of the Committee, and while so presiding, shall have all the powers of the Chair. If the Chair or the Vice-Chair is absent or there is no Vice-Chair, a chair shall be appointed by the members present, who shall preside at the said meeting, or until the arrival of the Chair or the Vice-Chair, as the case may be. The Vice-Chair (if appointed) is the Chair's deputy, and shall perform on his behalf such duties as may be delegated by the Chair.

**2.4 Quorum** – The presence of two members constitutes a quorum for a meeting of the Committee.

**2.5 Voting** – A matter put to a vote at a meeting of the Committee shall be decided by a majority of votes cast and in the event of an equality of votes its Chair has a second vote.

**2.6 Procedure and Conduct** – Subject to any resolution of the Board in respect of a specific matter, the Chair shall determine the procedure at and conduct of meetings of the Committee.

**2.7 Secretary and Minutes** – The Corporate Secretary shall be the secretary of the Committee. Copies of the minutes shall be sent by the Corporate Secretary to all Members of the Board once they have been approved by the Committee.

**2.8 Frequency and Calling of Meetings** – The Committee will meet at the discretion of the Chair of the Committee, but not less frequently than four times each year.

**2.9 Notice of Meetings** – The proper notice period for calling a meeting of the Committee shall be a minimum of 7 days or such shorter notice as agreed by the Committee.

**2.10 Private Meetings** – The Committee may meet privately as a committee, and periodically with Management, the AG and the heads of enterprise risk management and the internal audit function in separate private sessions.

**2.11 Meeting Agenda** – A written agenda for each meeting of the Committee will be distributed to the members of the Committee at least seven days in advance of the meeting date, together with any related materials, if available.

**2.12 Supplemental Attendees** – Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair to attend any meeting of the Committee.

- 2.13 Term of Appointment/Rotation of Committee Members** – Members of the Committee shall be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time.
- 2.14 Reporting** – The Committee will, where appropriate, provide a written or a verbal report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.
- 2.15 Review of Charter** – The Committee shall review and assess the adequacy of this charter at least annually. Any proposed amendments to the charter will be considered by the Governance Committee for recommendation to the Board.
- 2.16 Self-assessment** – An evaluation of the Committee shall be conducted regularly, in which the Committee shall review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in this Charter.
- 2.17 Disclosure** – The Committee shall ensure that this Charter and the composition of the Committee are publicly disclosed.
- 2.18 Independent Counsel or Other Advisors** – The Committee has the authority to engage outside advisors, including but not limited to counsel, independent audit consultants and/or other experts, as needed, to review any matter under its responsibility, in accordance with the relevant Board resolution or policy.

### 3. Principal Duties and Responsibilities

- 3.1 Advice and Recommendations to Board** – In discharging its duties and responsibilities, the Committee relies on the expertise of Management, the Company's internal audit function and the AG. Although it does not carry out internal audits, the Committee shall monitor the audit and review the reports, and make reasonable inquiries, to allow it to provide sound advice and recommendations to the Board.
- 3.2 Investigation** – In assisting the Board in discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, AG and personnel of the Company. The Committee shall recommend to the Board that special investigations be conducted into such matters as the Committee may deem appropriate based on information supplied to it.
- 3.3 Financial Reporting** – The Committee shall assist the Board in discharging its oversight role of reliable, accurate and clear financial reporting, including by reviewing the Company's annual financial statements and Management's discussion and analysis (MD&A) prior to approval by the Board, and reviewing, as appropriate, releases to the public of significant non-public financial information. Such review shall include, where appropriate but at least annually, discussion with Management, the internal audit function, and the AG, of significant issues regarding accounting principles, the Company's accounting policies, and significant management estimates and judgements, including the quality and acceptability of accounting standard. The Committee shall satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure in the Company's annual financial statements and MD&A, and must periodically assess the adequacy of those procedures.
- 3.4 Financial Reporting Processes, Accounting Policies and Internal Control Structure** – Management is responsible for the preparation, presentation, and integrity of the

Company's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The Committee shall seek Management's and the AG's views on opportunities to improve the quality of the Company's accounting principles as applied in its financial reporting, inquire into alternative treatments that may have been considered but rejected, review the aggressiveness or conservatism of the Corporation's accounting principles and estimates, and review instances where the AG's advice on accounting or disclosure matters has not been followed. Specifically, the Committee shall assist the Board in its oversight of the financial reporting process of the Corporation including:

- (a) Reviewing and advising the Board with respect to the Corporation's annual financial statements;
- (b) Reviewing and advising the Board with respect to the AG's annual audit report;
- (c) Reviewing major changes to the Company's auditing and accounting principles and practices as suggested by the AG, the internal audit function or Management;
- (d) Ensuring that Management has the necessary policies and procedures in place related to internal controls, in accordance with applicable laws, regulations and guidance, to provide reasonable assurance on the adequacy and effectiveness of the Company's internal control systems; and reviewing the related reporting by Management and the internal audit function on such internal controls;
- (e) Reviewing the integrity of the Company's financial reporting processes and the internal control structure;
- (f) Reviewing the process relating to and the certifications of the Managing Director and the Senior Management on the integrity of the Company's financial statements;
- (g) Reviewing the plan for the annual audit by assessing the reasonableness of the audit scope and plan and determining whether the Company is receiving appropriate audit coverage and overall effect; satisfying itself that the AG has considered the work of the internal audit function in developing its overall audit strategy; and, assessing the degree of assurance that the Board will be able to take from the AG's work. Accordingly, the Committee should satisfy itself that the audit scope will not be restricted in any way and that key areas of interest to the Board are adequately covered:
- (h) Reviewing and monitoring the implementation of recommendations made through the annual audit by the AG and any management letter provided by the AG and Management's responses to such reports and any such letter,
- (i) Establishing systems of reporting to the Committee by each of Management, the AG and the internal audit function regarding any significant judgements made in Management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information; and
- (j) Through its oversight of the internal audit function, satisfying itself that the Company is maintaining its books of account, records in relation thereto, financial and management practices in such manner as will provide reasonable assurance that:
  - a. The assets of the Company are safeguarded and controlled;

- b. The transactions of the Company are in accordance with the requirements of the Statutory Bodies (Accounts and Annual Reports) Act 1980 (Act 240), other legislative requirements, directives, circulars or guidelines issued by the Ministry of Finance or the Prime Minister's Department (if applicable); and
  - c. The financial, human and physical resources of the Corporation are managed economically and efficiently and the operations of the Corporation are carried out effectively.
- (k) Corporate Plan and Operating Capital Budgets – review and recommend to the Board with respect to the Company's corporate plan and monitor and advise the Board with respect to Management's performance against said plan
  - (l) Financing – review and advise the Board with respect to the policies and procedures of the Company relating to and the terms and conditions of any external financing to be incurred or assumed by the Company, through the Company's debt or otherwise.
  - (m) Investments – review and advise the Board with respect to the policies and procedures of the Corporation relating to and the terms and conditions of the investment of the Corporation's cash assets in short-term and long-term securities.

**3.6 The Internal Audit Function** – To ensure that the responsibilities of internal auditors are fully discharged, the ARMC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors on a yearly basis. Internal auditors:

- (a) shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment;
- (b) shall not accept anything that may impair or be presumed to impair their professional judgment;
- (c) shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

When hire a Chief Internal Audit no matter in-house or outsource the internal auditing department, the Board should consider whether the Chief Internal Auditor:

- (a) is a Certified Internal Auditor (CIA) and a member with the Institute of Internal Auditors of Malaysia;
- (b) is well versed with the requirements of the Bursa Malaysia's Listing Requirements, Malaysian Code of Corporate Governance, International Professional Practices Framework of Internal Auditing, COSO Framework, Accounting Standards (MFRS, PERS), and International Standards of Auditing;
- (c) has no conflict of interest with the Company;
- (d) is not convicted in any offence within the past 10 years other than traffic offences.

**3.7 Risk Management** – The enterprise risk management function provides independent advice, monitors and maintains the enterprise risk management framework of the Company, promotes effective management of all risk categories and fosters the establishment and maintenance of an effective risk culture throughout the Company. The enterprise risk management function assists and provides information to the Committee regarding all enterprise risk management activities and outcomes of the enterprise risk management process, that is, the identification, assessment, evaluation, treatment, monitoring, and communication of the significant risks affecting the Company. The enterprise risk management function also provides independent assessments in respect of the Company's risk management capabilities, and provides recommendations to improve these capabilities, where appropriate. The Committee shall be responsible for the oversight of the work of the enterprise risk management function and shall ensure that the enterprise risk management function has a sufficient amount, and quality of resources to fulfil its roles. The Committee shall:

- (a) Ensure that sound policies, guidelines and practices are implemented for the management of key corporate risks;
- (b) Receive sufficient information to understand the nature and magnitude of significant risks to which the Company is exposed;
- (c) Review with management and advise the Board on the Company's policies and guidelines implemented to manage the Company's risk exposures, and review such policies and guidelines at least once a year to ensure that they remain appropriate and prudent;
- (d) On a regular basis, obtain reasonable assurance that the Company's risk management policies and guidelines for significant risks are being adhered to;
- (e) Report to the Board on: the significant risk profile; the mitigation plans and controls in place to manage these significant risks; and the overall effectiveness of the risk management process;
- (f) Periodically consider the respective roles of the AG and internal audit function concerning risk management at the Corporation and annually evaluate the AG's and internal audit function's respective performance in relation to such roles;
- (g) Request reports from the internal audit function validating Management's risk assessment; and
- (h) Review with Management and advise the Board on whether a sound and effective approach has been followed in establishing the Company's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

**3.8 Ethical and Legal Compliance** – The Committee shall:

- (a) Review with the Company's counsel any legal matter that could have significant impact on the Company's financial statements;
- (b) Ensure oversight for ethics and integrity and preservation of the Corporation's reputation by receiving from Management, reports on compliance with the

Company's policies or codes of business conduct and ethical behaviour and any other matter of conduct or behaviour that may give rise to a liability to the Company; and by reviewing any report that is received from the internal audit function, the AG and/or other Committee Chairs on their review of compliance with the same;

- (c) Ensure there is a system for monitoring the Company's compliance with laws and regulations, and obtain reports, on an annual basis, that the Company is in conformity with applicable legal requirements;
- (d) Review the results of Managements investigations of, and actions taken in connection with, any internal control or accounting matters that may be questionable;
- (e) Establish and review from time to time the process for (i) the receipt, retention and treatment of complaints or concerns regarding accounting, internal controls or auditing matters; (ii) the confidential and anonymous submission, in accordance with established corporate policies, by the Company's employees of concerns regarding questionable accounting or auditing matters and (iii) the receipt, retention and treatment of complaints regarding the Managing Director and senior officers of the Company. Establish and review from time to time a process for the evaluation, investigation and resolution of concerns relating to accounting, internal controls or auditing matters that may be questionable; and
- (f) Investigate any allegations that any officer or director of the Company, or any other person acting under the direction of such a person, took any action to influence, coerce, manipulate or mislead any person engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board appropriate disciplinary action.

#### 4. Review

This Charter is to be reviewed by the Board as required.

## Charter of Management Board

### 1. Purpose of Charter

The Management Board Charter sets out the authority, responsibilities, membership and operation of the Board of Key Alliance Group Berhad (the Company), adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.

### 2. Role of Management Board

The Board's role is to:

- **Review and adopt a strategic plan for the company**

The board must review, challenge and approve management's proposal on a strategic plan for the company. The board brings objectivity and breadth of judgement to the strategic planning process as they are not involved in day-to-day management of the business. The board should satisfy itself that management has taken into account all appropriate considerations in establishing the strategic plan

for the company. The board is also responsible for monitoring the implementation of the strategic plan by management.

- **Overseeing the conduct of the company's business**

A basic function of the board is to oversee the performance of management to determine whether the business is being properly managed. The board's obligation to oversee the performance of management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the board must ensure that there are measures in place against which management's performance can be assessed.

- **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Board must understand the principal risks of all aspects of the company's business and recognize that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The board must therefore ensure that there are systems in place which effectively monitor and manage these risks.

- **Succession planning**

The Board should ensure that all candidates appointed to senior management positions are of sufficient calibre. The Board should also be satisfied that there are programmes in place to provide for the orderly succession of senior management.

- **Overseeing the development and implementation of a shareholder communications policy for the company**

The responsibility of the board is to ensure that the company has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders is considered by the company when making business decisions.

- **Reviewing the adequacy and the integrity of the management information and internal controls system of the company**

The Board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

### 3. Management Board Responsibilities

Responsibilities/functions of the Management Board include:

- Input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- Monitoring corporate performance and implementation of strategy and policy;
- Approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit and Risk Committee;
- Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance under the guidance of the Audit and Risk Committee. This includes reviewing procedures to identify the main risks

associated with the Company's businesses and the implementation of appropriate systems to manage these risks;

- Selecting, appointing and evaluating from time to time the performance of, and planning successions of the Managing Director under the guidance of the Nominating Committee;
- Reviewing procedures for appointment of senior management (namely the Finance Manager, the Operations Manager, the Sales Manager and the General Manager);
- Ensuring that succession planning of the senior management is in place;
- Reviewing and approving remuneration of the Managing Director and the non-executive Directors under the guidance of the Remuneration Committee;
- Monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; and
- Performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person subject to ultimate responsibility of the directors under the Companies Act, 2016.

#### 4. Review

This Charter is to be reviewed by the Board as required.

## Code of Conduct

### 1. Introduction

The Directors and Management of Key Alliance Group Berhad (the Group) together with that of its subsidiaries and associated companies are committed to adhering to the best practice in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Group including the interaction with its customers, suppliers, shareholders, employees and business partners, and within the community and environment in which the Group operates.

All employees of the Group play an important role in establishing, maintaining and enhancing the reputation, image and brand of the Group and ensuring the observance to and compliance with the standards of integrity and behaviour that the Group is committed to. It is required that employees display the highest levels of professionalism in all aspects of their work and comply with this Code of Conduct (the "Code") and all applicable laws, regulations and other policies applicable within the Group.

### 2. Objective

#### 2.1 Purpose of the Code

- 2.1.1 This Code provides ethical and legal guidance to all Affected Personnel in the conduct of their business and that of the Group.
- 2.1.2 This Code provides a common behavioural framework for all employees of the Group, irrespective of their specific job or location. However, it is not intended to be all-encompassing and there are areas in which the Group has

developed or will develop specific detailed policies. This Code is to be read and applied in conjunction with such policies

## **2.2 Applicability of the Code**

- 2.2.1 This Code applies to all Directors and employees of the Group (the “Affected Personnel”)
- 2.2.2 The standards set out in this Code extend beyond normal working hours, and apply to Affected Personnel fulfilling their roles while on the business of the Group, including afterhours functions, conferences and social activities.
- 2.2.3 It is a condition of employment and/or appointment with the Group that all Affected Personnel comply with this Code and all applicable laws, regulations and other policies of the Group and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment.

## **3. General Principle**

### **3.1 Compliance with Laws**

- 3.1.1 The Group operates in a highly regulated business environment and its activities are subject to numerous laws, regulations and licensing conditions. Affected Personnel must ensure that they familiarise themselves with the laws, regulations and license conditions applicable to their activities. If in doubt, Affected Personnel are to seek advice.
- 3.1.2 Affected Personnel activities and the business activities of the Group must be conducted in absolute compliance with applicable laws and regulations.
- 3.1.3 The Group aims to provide a safe working environment for its Affected Personnel and for its customers and other business partners. Employees must work safely and adhere to appropriate industry practices and laws to protect the health, safety and wellbeing of employees, customers and other business partners.

### **3.2 Fair Dealing**

- 3.2.1 The aim of the Group is that it provides an environment in which all Affected Personnel, customers, suppliers and other business partners are treated fairly and equitably irrespective of, amongst others, sex, race, sexual orientation, age, disability, and religion or ethnic origin. Affected Personnel are to conduct themselves and the business activities of the Group to facilitate these aims being achieved.
- 3.2.2 The Group will compete effectively and fairly in the markets in which it operates. It will be honest, ethical and responsible in the way it presents products and services to its customers, uses its market power and its pricing practices.
- 3.2.3 The Group will be fair, honest and transparent in its relationship with suppliers and contractors from selection through to payment and termination of the relationship.
- 3.2.4 All commercial transactions will be properly and accurately recorded and documented.

- 3.2.5 Corrupt practices, whether directly or through intermediaries, are unacceptable. No bribes or improper payments, gifts or inducements will be made to, or accepted from, any party, irrespective of local business custom and practices. However, in recognition of the reality of commercial and business practices, the Group acknowledges that modest gifts and reasonable entertainment are acceptable as part of the normal course of business provided that such gifts or entertainment are not supplied, or received, in circumstances indicating an inducement or reward has been given, or received.

### **3.3 Confidentiality & Protection of Company Assets**

- 3.3.1 Affected Personnel must keep confidential all information that would reasonably be considered to be confidential, including but not limited to terms and conditions of contracts entered into by the Group, employee and customer details, performance and financial details and policies and procedures of the Group.
- 3.3.2 The Group will maintain the privacy of confidential information relating to its Affected Personnel and customers.
- 3.3.3 Assets and confidential information should be fully protected and must not be used by Affected Personnel for personal gain or for any other reason that is not in the best interests of the Group.
- 3.3.4 Misappropriation of property owned by the Group, Affected Personnel, customers or suppliers will not be tolerated. Any misappropriation should be immediately reported and properly investigated. Appropriate disciplinary and or legal action will be taken.

### **3.4 Conflicts of Interest**

- 3.4.1 Affected Personnel are to act in the best interests of the Group.
- 3.4.2 Affected Personnel must not engage in activities that directly or indirectly involve, or could appear to involve, a conflict between their personal interests and the interests of the Group.
- 3.4.3 Areas where conflicts might arise include: substantial share ownership in competing organizations, direct or indirect personal interest in contracts, dual employment with outside organizations or seeking or accepting gifts or entertainment beyond levels considered reasonable in the business environment of the Group.
- 3.4.4 Any actual or potential conflicts of interest are to be fully disclosed to appropriate management and/or Board of Directors and where such circumstances are permitted by management and/or the Board of Directors to continue, shall not be deemed a breach of this Code.

### **3.5 Reporting Non-Compliance**

- 3.5.1 Affected Personnel are to report genuine suspicions of non-compliance with this Code.
- 3.5.2 The reporting of non-compliances with this Code may either be made to the appropriate supervising manager and/or Board of Directors or may be done in accordance with the Whistleblower Framework and Policy which shall be a safe environment in which to speak up without fear, reprisal or victimisation.

## 4. Specific Principles

### 4.1 Employee

- 4.1.1 The Group envisages itself as an equal opportunity employer and aims to:
- I. Make human resource decisions on the basis of merit with the information available to it, including the possession of skills, experience, qualifications and characteristics relevant to the performance of work;
  - II. Ensure unlawful discrimination does not occur in the workplace or in circumstances arising out of the employment relationship;
  - III. Maintain a workplace free from sexual harassment, unfair discrimination or other offensive conduct; and
  - IV. Promote a work environment in which individuals have the opportunity to develop and realise their full potential.
- 4.1.2 An employee who is found to be in breach of this Code, other Group policies or applicable laws will be subject to disciplinary action. Inappropriate conduct or performance, or non-compliance issues will be brought to the attention of the employee who will be allowed to respond to any allegations. Except in the case of summary dismissal for serious misconduct, employees should be given a reasonable chance to remedy the inappropriate conduct or performance.
- 4.1.3 Any grievances with respect to an employee's employment, treatment, the action of other staff members, customers or suppliers or compliance with this Code or other policies should be raised.

### 4.2 Occupational, Health, Safety & Environment

- 4.2.1 It is envisaged that the Group will conduct its business activities and operations in a safe manner and in an environment that prevents, to the extent possible, injury to its Affected Personnel, customers, suppliers and contractors.
- 4.2.2 The Group endeavours to ensure that the Group will reduce the environmental impacts of its business activities and will seek to do this through continual improvement of environmental performance, protection and safety.
- 4.2.3 The Group is committed to provide effective support and training for the employees of the Group to assist them in their responsibilities of ensuring a safe workplace and reducing the environmental impacts of their activities.

### 4.3 Know Your Customer and Proper Documentation

- 4.3.1 Employees are required to conduct due diligence on new customers, suppliers and business partners of the Group (including any intermediaries acting on behalf of such customers, suppliers and business partners) and monitor their activities to identify any issues of concern.

- 4.3.2 Employees are required to ensure that payments in respect of all transactions and business activities of the Group are properly documented to indicate that such payments are made to the proper party for legitimate purposes and in respect of which proper consideration has been received.

## 5. Administration

### 5.1 Publication of the Code

This Code will be available at all places of employment in the Group

### 5.2 Continual Improvement

The appropriateness and effectiveness of this Code will be continuously monitored and appropriate agreed improvements and reporting procedures will be adopted where necessary.

### 5.3 Amendments and Updates

- (a) This Code may be updated from time to time. Affected Personnel will be required to comply with the Code as updated.
- (b) Amendments to this Code must be approved by the Board of Directors.
- (c) All updates and amendments are to be communicated to Affected Personnel.

### 5.4 Questions about this Code

Questions about this Code and its application by employees should be directed to their Managers or Human Resources.

## Policy on Assessing the Company Secretary

A company secretary as an officer of the company is accountable of the board. They are best placed to guide boards on proper corporate governance practices given their knowledge and familiarity with the records and charters of the board, the process and procedures in accordance with the company's memorandum and articles of association, and legal and regulatory requirements. The Companies Act 2016 sets out the qualification, duties and responsibilities of a company secretary. The board will make use of The Companies Act 2016 as a benchmark to assess the company secretary.

### 1. Qualification for company secretary

No person shall act as a secretary of a company unless –

- (a) He is a member of a professional body, or any other body, which has for the time being been prescribed by the Minister by notification published in the Gazette; or
- (b) He is licensed by the Registrar for that purpose:

Provided that a person who is a secretary of the company before the coming into operation of this section and who is not a member of a professional or other body as prescribed by the Minister may continue to act as the secretary for the company for a period of not more than twelve months after the coming into operation of this section unless he has obtained a license pursuant to paragraph (b)

## 2. Disqualification

A person shall be disqualified to act as a secretary if –

- (a) He is an undischarged bankrupt;
- (b) He is convicted whether within or without Malaysia of any offence mentioned in subsection (1) of section 130;
- (c) He ceases to be a member of the body prescribed by the Minister under section 139A; or
- (d) He ceases to be a holder of a valid license issued under section 139B

Notwithstanding subsection (1), the Registrar may require a person to show cause why his license issued under section 139B should not be revoked or why he should not be disqualified from acting as a secretary of a company, if he is of the opinion that person has failed to act honestly or has failed to use reasonable diligence in the discharge of his duties as a secretary.

If a person continue to act as a secretary for a company after he/she is so disqualified under this section without leave of the Court, he and every director who knowingly permits him to act in that capacity shall be guilty of an offence.

## Corporate Disclosure Policy

Key Alliance Group Berhad will use the 'Corporate Disclosure Guide' published by Bursa Malaysia as the corporate disclosure policy.

## Environmental, Social and Governance Policy

### 1. Introduction

Key Alliance Group Berhad (the Company) believes that introducing environmental, social and corporate governance ("ESG") considerations in its business decisions is essential to creating value for its stakeholders and to developing a more sustainable long term strategy for the company. With a vision of creating enduring policies, procedures and practices, the Company will work closely with management to build businesses with a sustainable future, the Company will make constant effort to increase research and development spending, to invest in education and training of its employees, to implement an ethical set of policies and procedures and to develop plans that take environmental and social issues into consideration. Hence, Key Alliance Group Berhad's commitment towards environmental, social and corporate governance issues is strong and hands-on, and its effort a small but important step towards a more sustainable society.

### 2. Environmental Policy

The Company recognizes that its activities may have an impact on the environment and its policy is to limit this impact as far as possible. The Company is committed to ensuring that its business is environmentally responsible, energy efficient and puts its best efforts to achieve continuous improvements.

The Company recognizes that its key environmental impacts are the:

- (a) Emission of greenhouse gases;
- (b) Generation of waste and hazardous materials;

- (c) Use of energy, water, manufactured products and natural resources.

To address key issues of environmental concern and minimize its environmental impact, Key Alliance Group Berhad is committed to:

- (a) Minimising its emissions of other greenhouse gases and becoming as close to carbon neutrality as possible;
- (b) Reduce the production of and recycle waste;
- (c) Efficiently use energy, water, manufactured products (e.g. paper) and natural resources;
- (d) Centralize monitoring of the electricity usage of all offices to identify energy waste;

Key Alliance Group Berhad has developed internal communication processes aimed at promoting environmental awareness and improving staff education and involvement. The Company is considering this policy in all relevant decisions including procurement of supplies and incorporating specific environmental requirements into its contracts with appropriate suppliers. Furthermore, the Company is monitoring, reviewing and publicly reporting on its environmental performance.

### 3. Social Policy

Key Alliance Group Berhad aims to ensure proper labour and working conditions, to safeguard the health and safety of the employees and to promote the social development of the communities in which operates, In particular, the Company

- (a) Is fully committed to equal opportunities and diversity and values its people for their skills, experience and potential regardless of gender, sexual, orientation, age, race, colour, ethnic origin, religion or disability;
- (b) Believes in recruiting, developing and retaining the best talent from the widest pool in order to promote a stimulating, rewarding and inclusive environment where everyone's contribution is recognized, valued and respected;
- (c) Supports and respects the protection of internationally proclaimed human rights;
- (d) Does not use directly or indirectly forced labour or child labour and provides the elimination of discrimination in respect of employment and occupation.
- (e) Allows consultative work-place structure and associations which provide employees with an opportunity to present their view to management;
- (f) Assesses the health and safety risks arising from work activities and take appropriate actions to eliminate or reduce related risks;
- (g) Is committed to consider requests from any employee for non-standard working arrangements within reason (i.e. maternity/paternity/parental leave);
- (h) Encouraged contributions of its employees to charities organizations.

Key Alliance Group Berhad aims to create for its people a harmonious working environment and wishes to maintain the highest standards of integrity with everyone with whom it deals. The Company continues to encourage a culture that values

meritocracy, openness, fairness and transparency. All the managers and employees are responsible for the promotion and advancement of this policy and any behaviour that transgresses this policy is not tolerated. These values apply to all of the Company's processes relating to employment, training, development, performance management and rewards.

#### 4. Governance Policy

Key Alliance Group Berhad is committed to:

- (a) Comply with all applicable laws and promote international best practice, including those laws and international best practice standards intended to prevent extortion, bribery and financial crime;
- (b) Exhibit honesty, integrity, fairness and respect in all its business dealings;
- (c) Deal with regulators in an open and co-operative manner;
- (d) Prohibit all employees from making or receiving gifts of substance in the course of business;
- (e) Prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest;
- (f) Use information received from its principals in the best interests of the business relationship and not for personal financial gain by any employee;
- (g) Clearly define responsibilities, procedure and controls;
- (h) Promote transparency and accountability grounded in sound business ethics;
- (i) Identify conflicts of interest and avoid or report them in line with its agreements with stakeholders and industry best practices;
- (j) Properly record, report and review financial and tax information;
- (k) Use effective systems of internal control and risk management covering all significant issues, including environmental, social and ethical issues;
- (l) Make every effort to meet stakeholders expectations, facilitate their access to information and provide them with clear and transparent information based on regular and value-added reporting;
- (m) Implement a social and environmental management system which enables effective identification, management and monitoring of any risks and provides a framework for action;
- (n) Adhere to a policy of long-term responsible investing.

#### 5. Review

This policy is to be reviewed by the Board as required.

### Non-Audit Services Policy

#### 1. Scope and Purpose

The policy covers the engagement of External Auditors to supply Non-Audit services. The objectives of the policy are to:

- Ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity;

- Establish a straightforward and transparent process and reporting to enable the Audit and Risk Committee to monitor policy compliance;
- Avoid unnecessary restrictions on the purchase of services from the External Auditors where they are able to demonstrate provisions of a higher quality and more cost effective service than other providers.

## 2. Principles

In all services purchased, Key Alliance Group Berhad's objective is to select the provider who is best placed to deliver the service in terms of quality and cost. It is recognized that the knowledge of key areas of the Group gained by the External Auditors through the performance of their statutory audit work may enable them to be well placed to provide valuable services to the Group in respect of these areas.

In order to retain the option of utilizing the External Auditors to provide non-audit services where it is in the Group's best interests to do so, a number of criteria have to be met. These are so that the External Auditors do not:

- Audit their own work;
- Make management decisions for the Group;
- Create a conflict of interest;
- Find themselves in the role of advocate for the Company.

To ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, the Audit and Risk Committee should consider the following:

- Whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
- Whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditor;
- The nature of the non-audit services;
- The fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee; and
- The criteria which govern the compensation of the individuals performing the audit.

## 3. Types of service

Restricted services from our External Auditors will be divided into three categories:

- Category 1 – Those services which the External Auditors are not allowed to provide Any service where there is involvement in management functions or management decisions making; and/or any service that the Management may place primary reliance on in determining the adequacy of internal controls, financial systems, or financial reporting. These specifically include but are not limited to the following:
  - (a) Valuation services material to the financial statements and/or where there is a high degree of subjectivity;
  - (b) Management of Internal Audits;
  - (c) Design and implementation of, or management of the design and implementation of any IT system material to the accounting system;
  - (d) Management of material projects;

- (e) Responsibility for appointment of senior management;
- (f) Advice on the quantum of remuneration criteria for key management;
- (g) Litigation support services involving the estimation of the likely outcome of a legal matter;
- (h) Corporate finance and similar activities where there is a significant advocacy role;
- (i) Contingent fee services on material projects;
- (j) Transaction related services where there is a significant advocacy role;
- (k) Restructuring services which would involve the audit firm undertaking a management role, or the engagement would require the audit firm to act as an advocate for the audited entity in relation to matters that are material to the financial statements;
- (l) Any additional services prohibited by legislation or regulation.

Category 2 – Those services provided by External Auditors where prior authorisation of the Audit and Risk Committee will be required and where additional safeguards may need to be put in place. These services will be those which, because of their size and nature or because of special terms and conditions, are thought to potentially give rise to threats to the auditor's independence.

Service	Guidance
<p><b>Taxation services where advice given or position taken is material to the financial statements or where there is a high degree of uncertainty – e.g. with a 'ground breaking scheme'</b></p>	<p>Such assignments are generally not seen to create threats to independence though it is necessary to assess and react to potential threats. Safeguards may include the following:</p> <ul style="list-style-type: none"> <li>• Ensuring Management has sufficient knowledge to take responsibility for the outcome of the service;</li> <li>• Obtaining an additional independent third party opinion.</li> </ul>
<p><b>Internal Audit services where acting under the instruction of Internal Audit management.</b></p>	<p>The guidance provides that it is only considered acceptable to provide internal audit services where there are specific safeguards. These should include the following:</p> <ul style="list-style-type: none"> <li>• Scope, risk and frequency of work to be determined by Internal Auditor;</li> <li>• No responsibility for establishing, maintaining or monitoring system of internal controls or for determining how recommendations made are to be implemented;</li> <li>• Sufficient arrangements for objectively and independently</li> </ul>

	evaluating work performed as part of this service to form the audit opinion.
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Category 3 – Services which may be supplied by External Audit, which requires approval by the Group Financial Controller to confirm necessary safeguards are in place.

#### Services

- **Valuation services not material to the financial statements and where there is not a high degree of subjectivity;**
- **Tax compliance work;**
- **Provision of non-material systems or project services;**
- **Services required by regulation or statute (e.g. in connection with a stock exchange circular);**
- **Due diligence and other assistance with acquisitions and disposals**
- **Secondment of staff other than to prepare accounting records or financial statements;**
- **Corporate finance and similar activities not restricted by the above;**
- **Compiling accounting records or financial statements;**
- **Secondment of staff to prepare accounting records or financial statements.**
- **Audit of environmental and safety performance indicators disclosed in the annual report**
- **Corporate finance and similar activities where there is not a significant advocacy role but where advice given or position taken is material to the financial statements for example working capital review for a major acquisition;**
- **Restructuring services where the engagement may give rise to a self-review threat**

Safeguards that must be considered:

- Ensuring Management has sufficient knowledge to take responsibility for all management decisions and for the outcome of any reviews;
- Service performed by personnel not involved in the audit;
- Additional arrangements for objectively and independently evaluating work performed as part of this service to form the audit opinion.

#### 4. Reporting

A report will be provided to the Audit and Risk Committee outlining;

- All proposals considered during the year and the decisions taken, if any;
- Any Category 2 proposals which the Audit and Risk Committee is requested to approve, if any;
- Current level of expenditure (actual and committed) for non-audit fees. This will include a description of the nature of the service provided and a comparison with the external audit fee and with the total fees earned by the external auditors.

The External Auditors will be requested to confirm that this is a complete and accurate representation. Written confirmation from the External Auditors outlining their

independence policy and their compliance therewith will also be required annually and at other times as the Committee may request. This should include reassurance that External Audit staff have no family, financial, employment, investment or business relationship with the Company other than in the normal course of business.

## Charter of the Nominating Committee of the Board of Directors

### 1. Purpose

The purpose of the Nominating Committee (the “Committee”) of the Board of Directors of Key Alliance Group Berhad (the “Company”) shall be to:

- Review the composition and evaluate the performance of the Board of Directors; select, or recommend for selection of the Board of Directors, director nominees; and evaluate director compensation; and
- Review the composition of committees of the Board of Directors and recommend persons to be members of such committees.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

### 2. Membership and Organization

- **Composition**  
The Committee should comprise exclusively of Non-Executive Directors, a majority of who must be independent.
- **Meetings**  
The Committee will meet at least once per year unless otherwise determined by the Committee. The Committee will provide the schedule of Committee meetings to the Board of Directors. Special meetings may be convened as required. The Committee, or its Chair, shall report to the Board of Directors on the results of these meetings.  
The Committee may invite to its meetings other directors, Company management and such other persons as the Committee deems appropriate in order to carry out its responsibilities
- **Compensation**  
Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board of Directors.

### 3. Responsibilities and Duties

The responsibilities and duties of the Committee shall include:

- i. **Composition of the Board of Directors, Evaluation and Nominating Activities**
  - Review the composition and size of the Board of Directors and determine the criteria for membership on the Board of Directors, which may include, among other criteria, issues of character, judgement, independence, diversity, age, expertise, corporate experience, length of service, other commitments and the like;

- Conduct periodic evaluations of the Board of Directors as a whole and the Committee
  - Identify, consider and select, or recommend for the selection of the Board of Directors, candidates to fill new positions or vacancies on the Board of Directors, and review any candidates recommended by stockholders, provided that such recommendations are submitted in writing to the Secretary of the Company, and include, among other things, the recommended candidate's name, biographical data and qualifications, and that such recommendations are otherwise made in compliance with the Company's bylaws and its shareholder nominations and recommendations policy;
  - Evaluate the performance of individual members of the Board of Directors eligible for re-election, and select, or recommend for the selection of the Board of Directors, the director nominees for election to the Board of Directors by the stockholders at the annual meeting; and
  - Evaluate director compensation, consulting with outside consultants and/or with the human resources department when appropriate, and make recommendations to the Board of Directors regarding director compensation.
- ii. Committees of the Board of Directors**
- Periodically review the composition of each committee of the Board of Directors and make recommendations to the Board of Directors for the creation of additional committees or the change in mandate or dissolution of committees; and
  - Recommend to the Board of Directors persons to be members of the various committees.

In performing its duties, the Committee shall have the authority to obtain advice, reports or opinions from internal or external legal counsel and expert advisors, including any search firm to be used to identify candidates for the Board of Directors, and shall have sole authority to approve such expert's fees and other retention terms.

## Charter of the Remuneration Committee of the Board of Directors

### 1. Purpose of Charter

The Remuneration Committee Charter sets out the authority, responsibilities, membership and operation of the Board of Key Alliance Group Berhad (the Company), for the purposes of:

- i. Evaluating the performance of, reviewing and recommending to the Board the compensation (including employment contracts and severance agreements) to be provided to Management Board;

- ii. Reviewing and approving, on behalf of the Board, all compensation (including employment contracts and severance arrangements) to be provided to each executive officer and non-employee director of the Company, including any perquisites and equity compensation and salary, bonus and equity compensation guidelines for all other employees of the Company, and
- iii. Reviewing and approving the Company's management succession plans and leadership development strategies.

## 2. Role of Remuneration Committee

The Remuneration Committee (Committee) of the Board of Directors (the Board) of Key Alliance Group Berhad (the Company) is responsible to ensure that the Corporation has fair, equitable human resource policies that profiles for the hiring and retention of people with the appropriate expertise and qualifications. In this regard, the principal objectives of the Committee are to assist with Board oversight of: human resources, and compensation matters; management succession plans generally; the review and approval of annual objectives for the Management Board and perform the annual evaluation thereof; and policies and processes relating to employee business conduct and ethical behaviour.

## 3. Operating Principles

### 3.1 Functions and Composition –

- i. The Committee shall comprise at least three members of the Board, as named by the Board.
- ii. Members of the Committee shall each be independent of Management
- iii. The Committee shall carry out such functions as are assigned or delegated to it by the Board and any incidental activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

**3.2 Chair** – The Committee shall be chaired by one of its members, as named by the Board. In the absence of the Chairman of the Committee for any meeting or part of the meeting, the remaining members present shall elect one of the members present to chair the meeting.

**3.3 Quorum** – The presence of two members constitutes a quorum for a meeting of the Committee.

**3.4 Voting** – A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast, and in the event of an equality of votes its Chair has a second vote.

**3.5 Procedure and Conduct** – Subject to this Charter and any resolution of the Board respecting a specific matter, the Chair shall determine the procedure and conduct of meetings of the Committee.

**3.6 Secretary and Minutes** – The Corporate Secretary shall be the secretary of the Committee. Copies of the minutes of the proceedings of the Committee shall be sent by the Corporate Secretary to all Members of the Board once they have been approved by the Committee.

**3.7 Frequency of Meetings** – The Committee will meet at the discretion of its Chair, but not less frequently than once each year.

- 3.8 Notice of Meetings** – The proper notice period for calling a meeting of the Committee shall be a minimum of 7 days or such shorter notice as agreed by the Committee.
- 3.9 Meeting Agenda** – A written agenda for each meeting of the Committee will be distributed to the members of the Committee at least seven days in advance of the meeting date, together with any related materials, if available.
- 3.10 Supplemental Attendees** – Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair to attend any meeting of the Committee.
- 3.11 Term of Appointment/Rotation of Members** – Members of the Committee should be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time.
- 3.12 Reporting** – The Committee will, where appropriate, provide written or verbal report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.
- 3.13 Review of Charter** – The Committee shall review and assess the adequacy of this Charter at least annually. Any proposed amendments to the Charter will be considered by the Governance Committee for recommendation to the Board.
- 3.14 Self-assessment** – An evaluation of the Committee shall be conducted regularly, in which the Committee shall review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in this Charter.
- 3.15 Disclosure** – The Committee shall ensure that this Charter and its composition are publicly disclosed.
- 3.16 Independent Counsel or other Advisors** – The Committee has the authority to engage outside advisors, including but not limited to counsel, independent consultant and/or other experts, as needed, to review any matter under its responsibility, in accordance with the relevant Board resolution or policy.

## 4. Principal Duties and Responsibilities

### 4.1 Policies and Strategies –

- i. The Committee shall review key human resource policies and strategies and propose such changes as seem desirable.
- ii. The Committee shall review the Corporation's compensation philosophy and its related policies, and make recommendations, if any, to the Board for approval.
- iii. The Committee shall ensure that the Corporation develops on an ongoing basis, adequate, appropriate and effective policies, strategies, controls, processes and procedures within the Corporation to maintain an organizational climate that fosters ethical employee business conduct and behaviour, employee commitment to the operations of the Corporation and a high degree of employee satisfaction and shall review policies and codes in respect of the same and make recommendations, if any, to the Board for approval.

**4.2 Compliance and Reports** – The Committee shall review reports with respect to:

- i. Compliance with legal requirements and major corporate policies pertaining to human resource matters on an annual basis; and
- ii. Compliance with policies on employee business conduct and ethical behaviour on an annual basis or immediately where circumstances dictate. When required, the Committee shall request of Management that it provides a report to the Audit and Risk Committee in the event a breach occurs or a concern is raised that is of a nature that warrants such a report.

**4.3 Reports to Board** – The Committee shall report to the Board as it deems appropriate regarding human resource and compensation matters and Management performance in this area.

**4.4 Bonus Awards** – The Committee shall review and approve individual employee bonus awards as recommended by the Managing Director. The Committee shall also conduct a review of the Corporation’s policy on bonus awards, and make recommendations to the Board as required.

## 5. Review

This Charter is to be reviewed by the Board as required.

## Policy on Assessing the Independence of Directors

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with - the independent exercise of their judgement.

It is the Board’s policy that in determining a director’s independence the Board considers the relationships which may affect independence as follows:

When determining the independent status of a director the Board should consider whether the director:

1. Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
2. Is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
3. Has within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
4. Is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
5. Has a material contractual relationship with the Company or another group member other than as a director. Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed by the Board.

The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director’s re-designation as a non-independent director. The board

must justify and seek shareholders' approval in the event it retains an independent director, a person who served in that capacity for nine years.

## Policy on Assessing the Internal Auditor

Internal auditors focus on risks and controls within the company and therefore they have a key role in a company's governance and financial reporting process. They should provide independent and objective opinion as to whether risks which may hinder the company from achieving its objectives are being adequately evaluated, managed and controlled. Internal auditors can also advise and advocate improvements to enhance organizational governance structure and practices.

Definition of Internal Audit by the Institute of Internal Auditors:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

This definition highlights the independence and objectivity of internal auditing with respect to both assurance services and consulting. Furthermore, internal auditors are expected to make a balanced assessment of all the relevant circumstances and they should not be unduly influenced by their own or other's interests when forming judgements. Hence, internal auditors:

- (a) Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment;
- (b) Shall not accept anything that may impair or be presumed to impair their professional judgement;
- (c) Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

When hiring a Chief Internal Auditor no matter in-house or outsourced the internal auditing department, the Board should consider whether the Chief Financial Auditor:

- (a) Is a Certified Internal Auditor (CIA) and a member with the Institute of Internal Auditors of Malaysia
- (b) Is well verse with requirements of the Bursa Malaysia's Listing Requirements, Malaysian Code of Corporate Governance, International Professional Practices, Framework of Internal Auditing, COSO Framework, Accounting Standards (MFRS, PERS), and International Standards of Auditing.
- (c) Has no conflict of interest with the Company
- (d) Is not convicted in any offence within the past 10 years other than traffic offenses.

