



MALAYSIAN RESOURCES CORPORATION BERHAD (7994-D)

BOARD CHARTER

1. INTRODUCTION

- 1.1 The Board Charter is a charter of the Board of Directors (Board) of Malaysian Resources Corporation Berhad (“MRCB” or “the Company”).
- 1.2 The Board is accountable to MRCB Members for the corporate governance and performance of the MRCB Group and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the MRCB Group’s activities.

2. PURPOSE

- 2.1 The Board Charter sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and power of the Board, various Board Committees of the Company.
- 2.2 This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.
- 2.3 In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. BOARD COMPOSITION AND BALANCE

3.1 Size and Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Articles of Association of the Company, the Board shall not be less than two (2) directors and more than 14 directors.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third ($\frac{1}{3}$), whichever is higher, of the Board members must be Independent Directors. However, the Board shall comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director to ensure balance of power and authority on the Board.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The tenure of an Independent Director shall not exceed a cumulative term of 9 years.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

On boardroom diversity, the Board will review the appropriate skills, experience, age, cultural background and gender, and knowledge required of the Board members, in the context of the needs of the Group. The Board will ensure the Company reach its target to have at least 30% women directors on the Board. The Board will review its composition and size the from time to time to ensure its appropriateness. The Board may appoint independent advisers or use independent sources to identify suitably qualified candidates.

The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

3.2 Appointments and Re-election

The Nomination Committee and Remuneration Committee shall identify candidates with appropriate skills, experience, age, cultural background and gender, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election.

All other Directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.

The directorships held by any Board member at any time shall not exceed five (5) in listed companies and no restriction on number of directorships in non-listed companies.

3.3 Independence of Director

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

The Board undertakes to assess the independent of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

3.4 New Directorship and Time Commitment

Any Director shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

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

4. BOARD PERFORMANCE

4.1 Directors' Assessment/ Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

The Board shall engage independent experts periodically to facilitate objective and candid Board evaluations.

5. ROLES AND RESPONSIBILITIES OF THE BOARD

5.1 Roles of the Board

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:

- Reviewing and approving the overall strategic plans and direction of the Company and Group.
- Overseeing and evaluating the conduct and performance of the Company and Group.
- Identifying principal risks and ensuring implementation of a proper risk management system.
- Establishing a succession plan.
- Overseeing the development and implementation of a shareholder communication policy for the Company.
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.
- Establishing, reviewing and together with the management implementing policies and procedures on whistleblowing.
- Establishing and reviewing the policies and procedures to determine the remuneration of directors and senior management taking into account the demands, complexities and performance of the Company as well as skills and experience required. The policies and procedures shall be made available for reference at the Company's website.

5.2 Policy and Strategies

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- Corporate plans and programmes.
- Annual budgets, including major capital commitments.
- New ventures.
- Material acquisitions and disposals of undertakings and properties.

- Changes to the management and control structure within the Company and its subsidiaries, including key policies.

The policies and procedures on remuneration of directors/ senior management shall be periodically reviewed and made available on the Company's website.

5.3 **Powers delegated to Management**

The Board shall delegate to the Chief Executive Officer, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.

5.4 **Roles of the Chairman, Chief Executive Officer and the Directors**

The Board will ensure that its Chairman is a non-executive member of the Board. The roles of the Chairman and the Chief Executive Officer are distinct and separated to ensure a balance of power and authority.

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Ensure that the Board functions effectively, cohesively and independently of Management.
- Providing governance in matters requiring corporate justice and integrity.
- Leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company.
- Promoting constructive and respectful relationship between board members and between board members and management.
- Ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders.

The Chief Executive Officer or the Group Managing Director is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Chief Executive Officer or the Group Managing Director, amongst others, are as follows:

- Developing the strategic direction of the Group.
- Ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees.
- Ensure that the objectives and standards of performance are understood by the Management and employees.
- Ensure that the operational planning and control systems are in place.
- Monitoring performance results against plans.
- Taking remedial action, where necessary.

- Work with other executives to oversee the operations of company.
- Establish new business contacts, interact with clients, and recruit employees.
- Develop strategic marketing and sales plans to boost profits and efficiency.
- Coordinate various efforts of various departments to meet the Company's goals.

The Executive Director is responsible for the following:

- Assure that the organisation has a long term strategy which drive the Company to achieve its mission and towards which it makes consistent and timely progress.
- Provide leadership in developing program, organisational and financial plans with the Board of Directors and staff, and carry out plans and policies authorised by the Board.
- Keep the Board fully informed of the condition of the organization and all important factors influencing it.
- Be responsible for the recruitment, employment, and release of all personnel, both paid staff and volunteers.
- Be responsible for developing and maintaining sound financial practices.

The Senior Independent Director is responsible for the following:

- Act as a sounding board for the Chairman and Group CEO on board matters.
- Be a conduit, as required, for views by other non-executive Directors on the performance of the Chairman, and chair a formal annual session of the Nomination and Governance Committee members (excluding the Chairman) to agree with the Chairman's objectives and review his performance.
- Be the focal point for board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Group CEO.
- Act as a trusted intermediary for non-executive Directors where this is required to help them to challenge and contribute effectively.

The Non-Independent Non-Executive Director is responsible for the following:

- Constructively challenge and help develop proposals on strategy.
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor reporting of performance.
- Satisfy themselves on the integrity of the financial information and that the financial controls and systems of risk management are robust and defensible.
- Responsible for determining the appropriate levels of remuneration of executive directors, and have a prime role in appointing, and where necessary removing, executive directors and the succession plan.

The Independent Director is responsible for the following:

- Ensuring that the board is an effective board through which good corporate governance can be promoted throughout the entire company.
- Provide independent judgment on issues of strategy, performance and resources, including key appointments and standards of conduct.
- Probe, robustly engage the management, take a position even if it is not in line with the majority owners and management.
- Ensuring that transaction placed for board consideration will create value for the company and its shareholders.

5.5 **Board Committees**

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the committees to assist in the execution of its responsibilities.

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

The Terms of Reference of each committee are attached as Appendices I, II, III and IV.

5.6 **Board Meetings**

The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as required.

The Notice of Board Meeting, full agenda and the supporting Board Papers should be given within a reasonable period prior to each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

Upon conclusion of the meetings, the minutes are circulated in a timely manner.

5.7 **Directors'/ Senior Management's Remuneration**

The Company shall provide a fair and reasonable, competitive, remuneration for its executive directors/ senior management to ensure that the Company attracts and retains high calibre executive directors/ senior management who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for executive directors/ senior management is based on the achievements and contribution of each member measured against the Key Performance Indicators as well as market benchmarking. The Board shall determine the remuneration of executive directors/ senior management taking into consideration the recommendations of the Nomination & Remuneration Committee.

The non-executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to non-executive directors is subject to the approval of the shareholders at a General Meeting.

Remuneration for non-executive directors is not linked to individual performance.

A detailed, on named basis for the remuneration of individual directors shall be disclosed in the Annual Report of the Company. The remuneration breakdown of individual directors includes fees, salary, bonus, benefit in-kind and other emoluments.

A detailed, on named basis the top five senior management's remuneration component including salary, bonus, benefit in-kind and other emoluments in bands of RM50,000 shall be disclosed in the Annual Report of the Company.

5.8 Directors' Training and Continuing Education Programme

In addition to the mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

5.9 Internal Controls and Risk Management

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.

The Board had established a Risk Management Framework on 17 February 2003 and in 2011, a comprehensive review of the Risk Management Framework was undertaken to ensure its continued relevance and applicability in the face of changes in the Group's business environment.

The Board should disclose the features of its risk management and internal control framework, and adequacy and effectiveness of the framework.

The Board may establish a Risk Management Committee, which comprises a majority of independent directors, to oversee the Company's risk management framework and policies.

5.10 Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

6. COMPANY SECRETARY

The Board appoints the Company Secretary who plays an important advisory role and ensure that the Company Secretary fulfils its function for which he/she has been appointed.

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

The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

7. CONFIDENTIALITY AND DISCLOSURE OF INTEREST

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

- any material personal interest they have in a matter which relates to the affairs of the Company; and
- any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

8. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented amongst others, the following:

- Timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contract and any other material information that may affect the investors' decision making.
- Conducts regular dialogues with financial analysts as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- Press conference which is normally held after the Annual General Meeting/Extraordinary General Meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries from the media.

- Encourage full participation of shareholders at all Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.
- Adopt integrated reporting based on a globally recognised framework.
- Issue notice of an Annual General Meeting to the shareholders at least 28 days prior to the meeting.
- Ensure that all Directors attend the General Meetings. The Chair of the Audit, Nominating & Remuneration and other committees will provide meaningful response to questions addressed to them.
- Where the General meetings are conducted in remote locations, the Company should leverage technology to facilitate voting in absentia; and remote shareholders' participation at the General Meetings.
- Shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website, www.mrcb.com.

9. CODE OF ETHICS AND CONDUCT

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Code shall include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Group communicates the Code to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

The Code is made available for reference on the Company's website, www.mrcb.com.

10. REVIEW OF BOARD CHARTER

This Board Charter has been adopted by the Board on 28 February 2018 and is made available for reference on the Company's website, www.mrcb.com.

The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective and current law and practices.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE**1. Membership**

- 1.1 The Committee must be appointed from amongst its Directors which fulfils the following requirements:
- a. the Audit Committee must be comprised of no fewer than 3 members;
 - b. a majority of the members must be independent directors; and
 - c. at least one member of the audit committee:
 - i. must be a member of the Malaysian Institute of Accountants (MIA); or
 - ii. if he is not a member of the MIA, he must have at least 3 years' working experience and:
 - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- 1.2 All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.
- 1.3 All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
- 1.4 The Chairman shall be an independent, non-executive director. The Chairman of the Board shall not be the Chairman of the Audit Committee.
- 1.5 No alternate director is appointed as a member of the Audit Committee.
- 1.6 A former key audit partner has to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
- 1.7 In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the Company must fill the vacancy within 3 months.
- 1.8 The Company Secretary shall act as Secretary to the Committee.

2. Terms Of Reference

- 2.1 The Audit Committee shall be granted the authority to investigate any activity of the Group, its subsidiaries and employees. All employees shall be directed to cooperate as requested by Audit Committee members.
- 2.2 The Audit Committee shall be empowered to retain persons having special competence as necessary to assist the Audit Committee in fulfilling its responsibilities.
- 2.3 The Audit Committee shall provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly relating to business ethics, policies, financial management and control.

- 2.4 The Audit Committee, through regularly scheduled meetings, shall maintain a direct line of communication between the Board, external auditors, internal auditors and Management.
- 2.5 The Audit Committee shall provide greater emphasis on the audit functions by increasing the objectivity and independence of the external and internal auditors and providing a forum for discussion that is independent of the Management.
- 2.6 The Audit Committee shall verify all allocations of shares to employees under any share scheme plan for employees to ensure that they are done in compliance with the criteria disclosed by the Company to its employees.

3. Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- 3.1 Have authority to investigate any matter within its terms of reference.
- 3.2 Have the resources which are required to perform its duties.
- 3.3 Have full, free and unrestricted access to any information, records, properties and personnel of MRCB and its subsidiaries ("the Group").
- 3.4 Have direct communication channels with the external auditors and internal auditors.
- 3.5 Be able to obtain independent professional or other advice.
- 3.6 Be able to convene meetings with the external auditors and internal auditors together with other independent members of the Board (i.e. excluding the non-independent and executive members), at least twice a year or whenever deemed necessary. The Audit Committee should be able to meet exclusively among itself whenever deemed necessary.

4. Duties And Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

- 4.1 To consider the appointment of the external auditor, the audit fee and the reasons given for their resignation or dismissal. The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.
- 4.2 To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- 4.3 To review the assistance given by the employees of the Company to the external auditor.
- 4.4 To discuss with the external auditor, his audit report and his evaluation of the system of internal controls.
- 4.5 To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;

- the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- 4.6 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss.
- 4.7 To review the external auditor's management letter and management's response.
- 4.8 To do the following in relation to Internal Audit:
- review, on an ongoing basis, the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit plan, processes, the results of the internal audit assessment, investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - determine and recommend to the Board the remit of the internal audit function, including the remuneration of the Head of Internal Audit;
 - monitor closely significant disagreement(s) between internal auditor and Management, whether resolved or not; and
 - ensure that the Internal Audit function is effective and able to function independently.
- 4.9 To assist the Board to disclose the following:
- whether Internal Audit personnel are free from any relationships or conflicts of interest, which would impair their objectivity and independence;
 - the number of resources in the Internal Audit Department; and
 - name and qualification of the person responsible for Internal Audit; and whether the Internal Audit function is carried out in accordance with a recognized framework.
- 4.10 To obtain satisfactory response from management on the Internal Audit Reports and reports issued by external auditors.
- 4.11 To consider the major findings of internal investigations and management's response.
- 4.12 To consider any related party transactions that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

- 4.13 To oversee the function of the Risk Management Committee and report to the Board significant changes in the business and the external environment, which affect key risks. The Risk Management Framework and Manual which contain the features of the risk management and internal control framework and the adequacy and effectiveness of the framework are uploaded and can be viewed at the Company's website www.mrcb.com.
- 4.14 Where review of audit reports of subsidiaries and any related corporation also falls under the jurisdiction of the Committee, all the abovementioned function shall also be performed by the Committee in co-ordination with the Board of Directors of the subsidiaries and related corporation.
- 4.15 To review arrangements established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulation related to the MRCB Group's operations.
- 4.16 To consider other topics as defined by the Board.

5. Meetings

- 5.1 The Committee shall meet at least 4 times in a year to discuss any matters raised by the auditors in discharging their functions. The quorum for a meeting of the Audit Committee shall be three of which the majority must be independent directors.
- 5.2 The Secretary is responsible for the co-ordination of administrative details including calling the meetings, voting and keeping of minutes.
- 5.3 In addition to the Committee members, the Financial Controller and Head of Internal Audit are invited for attendance at each meeting. The Head of companies/departments and their Management team will attend when audit reports on their companies/departments are tabled for discussion. The presence of external auditors will be requested when required.
- 5.4 The Chairman shall upon the request of the external auditor, convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.
- 5.5 The auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the committee when required to do so by the Committee.

TERMS OF REFERENCE OF THE NOMINATION & REMUNERATION COMMITTEE (“NRC”)

1. Composition of Members

- 1.1 The NRC shall comprise of three (3) non-executive directors, a majority of whom are independent.
- 1.2 One of the independent directors or the Senior Independent Directors shall be the Chairman of the NRC.
- 1.3 The Secretary of the Company and/or Secretaries and/or any person may be appointed by the NRC as its Secretary.

2. Meetings

- 2.1 Meetings are to be held at least once a year or as and when necessary.
- 2.2 At least seven days notice calling for the meeting of NRC shall be given to the members of NRC present in Malaysia.
- 2.3 Any two (2) members present shall constitute a quorum.
- 2.4 The Chairman of the meeting shall have a casting vote in case of equality of votes.
- 2.5 The Secretary is responsible for co-ordination of administrative details including calling meetings, voting and keeping of minutes.
- 2.6 A resolution signed by all members of NRC shall be effective as a resolution passed at a NRC meeting duly convened and held, and may consist of several documents in the like form, each signed by one or more members of NRC.

3. Main Functions

- 3.1 The responsibility of the Committee in relation to its nomination function shall be:
 - 3.1.1 To identify, assess and recommend to the Board for its approval, suitably qualified candidates for the Board, the committees of the Board, subsidiaries and associate companies of the Group taking into consideration the character, experience, integrity, competence, and time commitment, independence; special knowledge or technical skills in line with the Company’s policy; diversity in gender, nationality, age, culture and socio-economic background; and number of directorships in companies outside the Group.
 - 3.1.2 To recommend to the Board the composition of the Board which must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

- 3.1.3 To appoint independent advisers to identify suitably qualified candidates.
- 3.1.4 To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Company.
- 3.1.5 To identify and recommend to the Board for its approval, candidates for appointment as the Group Managing Director/Chief Executive Officer, Executive Director(s), Chief Financial Officer, Chief Operating Officer and Chief Corporate Officer.
- 3.1.6 To review and recommend to the Board for its approval, the extension of contracts of the Group Managing Director/Chief Executive Officer, Executive Director(s), Chief Financial Officer, Chief Operating Officer and Chief Corporate Officer.
- 3.1.7 To recommend to the Board, candidates for re-election and/or re-appointment of directors by shareholders at annual general meeting under the annual re-election provisions or retirement pursuant to the relevant laws having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience based on the annual Board assessment.
- 3.1.8 To assess the independence of Independent Directors and recommend to the Board the retention of Independent Directors who have served for a cumulative period of nine (9) years, if deemed appropriate. Consideration should be made as to whether an Independent Director can continue to bring independent and objective judgement to Board deliberations.
- 3.1.9 To assist the Board in implementing annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual including Group Managing Director/Chief Executive Officer and Executive Director(s) and to maintain proper documentation of such assessment.
- 3.1.10 To appoint independent advisers to implement the annual evaluation of the effectiveness of the Board.
- 3.1.11 To consider and recommend to the Board an annual assessment of the Independent Directors of the Company.
- 3.1.12 To develop, maintain and review the criteria for evaluating Board and Board Committee's performance.
- 3.1.13 To ensure that appropriate actions are taken based on the results of the annual assessment, to continuously enhance the Board's overall performance.
- 3.1.14 To ensure that there is sufficient succession planning and human capital development focus in the Group.
- 3.1.15 To recommend suitable orientation programmes to continuously train and equip new and existing Directors.
- 3.1.16 To ensure a statement is made by the Board in the Annual Report of the Company contains a brief description on the type of training attended by the Directors during the year.

3.2 The responsibility of the Committee in relation to its remunerations function shall be:

3.2.1 To develop a remuneration framework for the Group covering the Board, the committee of the Board and the Group's senior management taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The remuneration framework comprises basic, fringe benefit and benefits in kind.

3.2.2 To design, formulate and recommend to the Board for its approval, the remuneration packages for Non-Executive Directors, the committees of the Board and the Board of subsidiary(s) and to ensure the remuneration packages are aligned with business strategy and long term objectives of the Group and also reflect the Board's responsibilities, expertise and complexity of the Group's activities.

A detailed, on a named basis for the remuneration of individual directors will be disclosed in the Annual Report of the Company. The remuneration breakdown of individual directors includes fees, salary, bonus, benefit in kind and other emoluments.

3.2.3 To design, formulate, review and recommend to the Board for its approval, the remuneration packages including bonuses, incentives and share options for the Group Managing Director/Chief Executive Officer, the Executive Director(s), the Chief Financial Officer, Chief Operating Officer and Chief Corporate Officer with the aim of attracting and retaining high-caliber senior management who will deliver success for shareholders and high standards of service for customers, while having due regard to the business environment in which the Group operates.

A detailed, on a named basis the senior management's remuneration component including salary, bonus, benefit in kind and other emoluments in bands of RM50,000 shall be disclosed in the Annual Report of the Company.

3.2.4 The Company may also fully disclose the detailed remuneration of each member of senior management on a named basis.

3.2.5 To review any major changes in employee benefit structures throughout the Company or Group, and if fit recommend to the Board for adoption.

3.2.6 To review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:

- Merit increment
- Merit bonus
- Project completion incentives

3.2.7 To seek any information it requires from any employee of the Company in order to perform its duties.

3.2.8 To obtain, at the Company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about the remuneration in other companies.

3.2.9 The NRC shall have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.

TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE (“EXCO”)

1. Main Functions

The responsibility of the Exco shall include the following:

- 1.1 Guide the Management in implementation of the GLC Transformation Initiatives.
- 1.2 To review and recommend the annual business plan and budget of the Company to the Board for approval.
- 1.3 Consider and review significant and/or major issues relating to any new business direction of the Group.
- 1.4 Deliberate on all major business transactions and issues relating to the Group that require the Exco’s or Board’s approval in line with the approved Limits of Authority.

2. Authority

- 2.1 The Exco may seek any information it requires from any employee of the Company in order to perform its duties.
- 2.2 The Exco may, at the Company’s expense, obtain external legal or other professional advice including the advice of independent consultants and secure the attendance of the external advisers at its meeting if it considers necessary.
- 2.3 The Exco shall have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.
- 2.4 Any other powers to be defined by the Board from time to time.

3. Membership

- 3.1 The Exco shall comprise of at least four (4) members whom shall be appointed by the Board:
 - 3 non-executive Directors
 - 1 Group Managing Director
- 3.2 The Chairman of the Exco and the duration of his office shall be determined by the Board.

4. Secretary

- 4.1 The Company Secretary or his assistants shall act as the Secretary of the Exco.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be majority of non-executive directors.
- 5.2 A duly convened meeting of the Exco at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Exco.

6. Meetings

- 6.1 The Committee shall meet once a month or at such other times as the Chairman or any member of the Exco shall require.
- 6.2 The Secretary of the Exco is responsible for the co-ordination of administrative details including calling of the meetings and keeping the minutes.

7. Notice Of Meetings

- 7.1 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Exco, at 5 days prior to the date of the meeting.

TERMS OF REFERENCE OF THE LONG TERM INCENTIVE PLAN (“LTIP”) COMMITTEE

1. Main Functions

- 1.1 To administer the LTIP in such manner as it shall in its absolute discretion deem fit, subject always to the provisions of the By-laws of LTIP and generally exercise such powers and perform such acts deemed necessary or expedient in the implementation of the LTIP.

2. Composition Of Members

- 2.1 The LTIP Committee shall comprise of at least three (3) members, a majority of whom are non-executive directors.
- 2.2 One of the non-executive directors shall be the Chairman of the LTIP Committee.

3. Secretary

- 3.1 The Company Secretary of the Company or his/her nominee shall act as the Secretary of the LTIP Committee.
- 3.2 The LTIP Committee shall be entitled to the services of a Company Secretary who must ensure that accurate minutes be maintained for every meeting including among others, all decisions made in the LTIP Committee meetings be properly recorded and minuted in the minutes book.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two (2).
A duly convened meeting of the LTIP Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the LTIP Committee.

5. Meetings

- 5.1 The LTIP Committee shall meet as and when necessary or at such other times as the Chairman or any member of the LTIP Committee shall require.
- 5.2 All or any of the LTIP Committee members may participate in a meeting of the LTIP Committee by means of a conference telephone, video conference or any communication equipment which allows all persons participating in the meeting to hear each other.
- 5.3 All meetings must be chaired by the Chairman. In the absence of the Chairman, the members can elect from amongst themselves as the Chairman for the Meeting provided that the selected Chairman is a non-executive director.
- 5.4 All decisions shall be by way of simple majority vote.
- 5.5 The Chairman of the Meeting shall have a casting vote in case of equality of votes.

5.6 The Secretary of the LTIP Committee is responsible for the co-ordination of administrative details including calling of the meetings, voting and keeping the Minutes.

6. Notice Of Meetings

6.1 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the LTIP Committee, no less than 5 days prior to the date of the Meeting.

7. Minutes Of Meeting

7.1 The Secretary of the LTIP Committee shall minute the proceedings and resolutions of all the meetings.

7.2 The Minutes of the Meeting shall be circulated to all members of the LTIP Committee and to all members of the Board.

8. Resolution In Writing

8.1 A resolution in writing signed by all members of the LTIP Committee shall be effective as a resolution passed at the LTIP Committee meeting duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the LTIP Committee.

9. Authority

9.1 The LTIP Committee shall, at the expenses of the Company:-

- Review any activity within its Terms of Reference;
- Have authority to seek any information it may require from any director or member of management and have full and unrestricted access to any information pertaining to MRCB Group; and
- Obtain external professional advice and secure the attendance of outsiders with the relevant experience if deemed necessary.

10. Duties And Responsibilities

10.1 The duties and responsibilities of the LTIP Committee are as set out in the LTIP By-Laws as approved by the shareholders at the meeting on 30 November 2016 and would also include, amongst others, the following:-

- To exercise all the powers and undertake the duties and responsibilities stated in the LTIP By-Laws.
- Report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the LTIP Committee.
- Arrange for periodic review of its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.
- To act in line with the directions of the Board of Directors.
- To consider and examine such other matters as the LTIP Committee considers appropriate.