

CHARTER OF THE BOARD OF DIRECTORS

Version 1.0

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A. THE BOARD CHARTER

1. Introduction

This Charter sets out the key corporate governance principles adopted by the Board of Directors (the “Board”) of Pelaburan MARA Berhad (the “Company”) and its Subsidiary Companies. In adhering to the responsibilities set out in this Charter, the Board members are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law in serving the interests of its shareholders, employees, clients and the community.

The Board will carry out its mandate directly and through the various committees of the Board, and such other committees it may establish from time to time.

The Board and Directors’ performance will be assessed annually based on the expectations set out in this Charter. With the various positions held by each Director on the Board, they are expected to meet the expectations set for each position as these are crucial to the long-term success of the Company.

This Charter provides an overview of the following:

- a. The delineation of the duties, responsibilities and powers of the Board and its Directors, the Group Chief Executive Officer and senior management of the Company;
- b. Delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities;
- c. Matters reserved for consideration and approval by the Board;
- d. Board operating procedures and practices pertaining to meetings, nominations and appointments, training and development, performance management and evaluation, code of conduct and declarations on conflicts of interest.

This Charter serves as a reference for the Board members in executing their responsibilities and should be reviewed and revised in accordance with additional statutory or regulatory requirements. The provisions contained in this Charter neither replace nor supersede the laws of Malaysia or the regulatory frameworks applicable. The Charter is governed by, where applicable, constitutions of the Companies Act 2016, Bursa Malaysia Listing Requirements, Malaysian Code on Corporate Governance, Constitution of the Company, regulatory and legislative requirements, and best practices on corporate governance.

2. The Board of Directors

2.1 Duties, Responsibilities and Powers of the Board

The Board is charged with leading and controlling the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met. The Board is principally responsible for:

- a. **Strategy Setting** – A key Board role is to review and approve strategic or business plans, financial objectives, major capital and operating budget and matters of policy proposed by senior management. The Board will monitor senior management's performance in implementing the adopted strategies and provide relevant direction and advice where necessary to senior management, so as to ensure the achievement of the Company's objectives.
- b. **Performance Management** – It is pertinent that the Board oversee the performance of senior management, ensuring that the Company is properly managed. To ensure high performance, the Board will review and approve performance objectives for senior management team and monitor senior management's performance on a regular basis.
- c. **Succession Planning and Human Capital Development** – The Board is responsible for appointing the Group Chief Executive Officer and the senior management team to manage the Company and ensuring management of the highest calibre in the process of selection and assessment. In addition, the Board is responsible for ensuring there is in place a succession planning strategy in replacing senior management, when necessary.
- d. **Risk Management** – The Board is responsible for identifying principal risks and ensuring the implementation of appropriate systems to manage these risks. This includes reviewing and approving policies and processes to identify business risks, to determine risk limits acceptable to the Company and ensuring that systems and controls are in place to manage them. In addition, the Board is responsible for ensuring that the Company

is adequately capitalised to support the risks undertaken and to meet regulatory requirements.

- e. Integrity of Internal Control – The Board is responsible for reviewing the adequacy and integrity of the Company’s internal control system on a regular basis and ensure that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance. This would include the establishment of an Audit Committee and Internal Audit department.
- f. Investors Relation – The Board is responsible for developing and implementing an investor relations programme or shareholder communication policy so as to give investors and shareholders ready access to balanced and understandable information about the Company and its corporate goals. This would include a system to receive feedback from shareholders, including designating a senior independent director to whom all concerns may be conveyed, and an effective corporate communication for regular and timely public disclosures.

2.2 Maintaining Board Independence and Board Balance

The Board should comprise a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executives) such that no individual or small group of individuals can dominate the Board’s decision making. The minimum number of Directors is as stipulated in the Company’s Constitution.

Executive and Non-Executive Directors have the same fiduciary duties to the Company. However, as Non-Executive Directors are not involved in the day-to-day running of the business, they can bring a fresh perspective in supporting as well as constructively challenging and monitoring the management team.

In line with good governance practices, the Board composition shall be:

- a. Ideal Board composition is between seven (7) to ten (10) members;
- b. One-third (1/3) of the Board members are independent and selected from the relevant industry.

Board Criteria and Diversity

Board Criteria	Sub-criteria	Remarks
Type of Membership	Independent Member	One-third (1/3) of the board composition shall be independent
	Non-independent Member	
Gender Mix	Male Gender	MCCG encourages to have a board that comprises at least 30% women directors
	Female Gender	
Functional Experience	Risk, Compliance & Corporate Governance	Core Competencies required at Board Level, includes: a. Functions in which the company is currently operating b. Familiarity and experience in functions to provide necessary leadership and oversight
	Finance, Audit & Investment	
	Extensive Industry Leadership	
	Regulatory & Public Policy	
	Treasury / Money Market / Banking	
	Property	
	Education	
	Aviation / Aerospace	

Board Criteria	Sub-criteria	Remarks
Industry Experience	Government/ GLC	Stewardship and experience in managing; and/or leading Government and/or Government-Linked Companies and/or Public Listed Companies; and/or
	Public Listed Company	Private Practice and/or Public Sector
	Public Sector	

2.3 Appointment of Directors

The Board should establish policies defining detailed criteria and qualifications for director appointments, such as experience, and expertise relative to the duties, education level, competencies, integrity and reputation. A rigorous vetting should be conducted to ensure that the proposed directors meet the minimum criteria stated in these policies.

The Board Nomination and Remuneration Committee is responsible for recommending candidates for appointment to the Board including the Board of Subsidiary Companies. The primary goal of director selection is to nominate individuals who, as a group, offer a range of specialised knowledge, skills, and expertise that can best contribute to enhancing the Board, and therefore organisational success under existing and future circumstances. As such, consideration should be given to the distinctive skills, perspective and experiences those candidates diverse in geographic origin and professional experience (public, private and non-profit sectors) can bring to the boardroom.

Should such appointment require any special approval such as from BNM, Securities Commission or the Ministry of Finance, the Board should ensure that the approvals are obtained prior to the appointment.

Upon appointment, the Director will receive a formal Letter of Appointment setting out among others, the key terms and conditions of the appointment, to ensure that each Director clearly understands the Board's and Company's expectation of him or her.

2.4 Tenure of Directors

The term of appointment for the Chairman and Board of Directors appointed by Majlis MARA is for a period of not more than 2 years and the position of the Chairman is not an executive position.

The maximum term of service for each Chairman and Board of Directors is 6 years (3 terms).

2.5 Re-election, Retirement and Resignation of Directors

Each Director is required to submit themselves for re-election at regular intervals, at least once every three (3) years. At least one-third (1/3) of all Directors should retire by rotation and seek for re-election at each AGM.

The Directors to retire in every year should be those who have been longest in office since their appointment or last election but as between persons who became Directors on the same day, those to retire should (unless they agree amongst themselves) be determined by lot.

Should such re-election or resignation require any regulators' approval, the Board should ensure that the necessary application for re-election or resignation is submitted to the regulator(s) within the stipulated timeframe.

2.6 Evaluation of the Board

An evaluation of the Board Members to be conducted annually to ensure the Board's effectiveness in carrying out its role and duties.

2.7 Responsibilities of the Chairperson

The Chairperson should be a Non-Executive Director and the roles of the Chairperson and the Group Chief Executive Officer should be split.

The Chairperson is appointed by the Board with primary regard to his or her skills, expertise and experience relevant to the role.

The Chairperson is responsible to instil good corporate governance practices, leadership and effectiveness of the board.⁵ He or she is expected to spend whatever time necessary to fulfil his or her duties.

The Chairperson presides over Board and General Meetings of the Company. He or she is expected to ensure that the Board is well informed and effective; that members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company. Additionally, the Chairperson must ensure that General Meetings too are conducted efficiently and that

shareholders have adequate opportunity to air their views and obtain answers to their queries.

In addition to the above, the responsibilities of the Chairperson are to:

- a. Provide effective leadership in formulating the strategic direction for the Company and the Board. He or she has overall responsibilities in the execution of the strategic, financial and operating plans and policies and the annual and long-term business and financial results of the Company.
- b. Work with the Company Secretary to set the Board agenda, schedule Board and Committee meetings and ensure that Directors receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide sensible advice to achieve the Company's objectives.
- c. Work with the Board in establishing appropriate Board Committee structures and charters, including the assignment of Directors to Board Committees and the appointment of Chairperson of each Board Committee.
- d. Ensure the independence of the Board in discharging its duties and lead board meetings and discussions. This includes encouraging Non-Executive Directors of the Board to meet regularly to actively participate in deliberation and allow dissenting views to be freely expressed on matters of concern and ensuring that the Board may engage independent advisors as required (subject to the proper approval process).;
- e. Provide leadership for the board so that the board can perform its responsibilities effectively and fully comply with applicable policies, laws, regulations, rules, directives and guidelines.
- f. Consider and address the development needs of individual directors and the Board as a whole, maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board as a team.
- g. Work with the Board in establishing the performance criteria and evaluation for the Board, the various Board Committees, individual Directors, the Group Chief Executive Officer and the senior management team. Within the evaluation framework, the Chairperson should encourage regular Board discussions and assessments of the Group Chief Executive Officer and the senior management team's performance.

- h. Promote and manage effective relationships and open communication between the Board and senior management team, in relation to corporate governance matters and corporate performance.
- i. Represent the Company and the collective views of the Board externally, provide effective communication with stakeholders and that their views are communicated to the board as a whole and overseeing the public relations, including relations with, key clients, government officials, other public organisations and the public generally. In addition, the Chairperson is encouraged to use his or her best endeavours to promote the Company's business in Malaysia and overseas.

2.8 Absence of the Chairperson

In the absence of the Chairperson, the director representing MARA should preside at the meetings of the Directors.

2.9 Responsibilities of Directors

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.⁶ In order to achieve the Board's objectives, considerable commitment is required on the part of the Directors. The commitment carries with it a responsibility for a near perfect attendance at Board and Committee meetings, including specially called sessions and being sufficiently prepared to participate in the discussions.

To effectively discharge their duties, the Directors have the following responsibilities:

- a. Together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour.
- b. Review, challenge and decide on management's proposals for the company, and monitor its implementation by management.
- c. Ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
- d. Supervise and assess management performance to determine whether the business is being properly managed.

- e. Ensure there is a sound framework for internal controls and risk management.
- f. Understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks.
- g. Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- h. Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management
- i. Ensure that the company has in place procedures to enable effective communication with stakeholders
- j. Ensure the integrity of the company's financial and non-financial reporting.
- k. Pro-activeness in seeking more information within the Company and the industry, in an effort to have broad and current knowledge so as to participate and contribute effectively in the meetings.
- l. Exercising independent judgement when making decisions and acting strictly in the best interest of the Company and its shareholders generally and not in the interest of any one shareholder or group of shareholders. Directors are encouraged to be forthright in Board meetings, to question, request information or raise any issue of concern with the Board and management.
- m. Seeking professional independent advice at the Company's expense, where he or she perceives an irregularity in any Company related matter. The Director must ensure that the costs are reasonable and must discuss with the Chairperson before the advice is obtained.
- n. Maintaining confidentiality of Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of his or her duties remains the property of the Company. It is therefore improper to disclose it or allow it to be disclosed, unless the disclosure has been authorised by the Board or required by law.
- o. Maintaining the independence of the Board by being sensitive to conflicts of interest or duty that may arise and be mindful of

their fiduciary obligations. In view of this, Directors must disclose in writing to the Board any actual or potential conflict of interest or duty may reasonably be thought to exist as soon as the situation arises, and in addition take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty.

- p. Continuously educating themselves to maintain the necessary depth and breadth of knowledge.

2.10 Remuneration Level of Directors

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved. The responsibilities of Director's remuneration are discharged to the Board Nomination and Remuneration Committee.

2.11 Board Meetings

The Board should meet regularly, ideally at least every quarter, to deliberate on the performance of the Company and to provide policy direction and guidance for the management. Should urgent matters arise, additional meetings may be convened.

Board papers should be provided to Directors within a reasonable time-frame prior to the relevant meeting to enable them to review issues and matters to be discussed and participate in an informed manner. The Board agenda should be circulated to Directors at least five (5) days before the meeting.

Directors are encouraged to attend all Board's meetings, with a minimum attendance of 75% of all Board meetings held in each financial year.

2.12 Supply of Information

The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

2.13 Directors' Training

The Company has in place educational and continuous training programmes to update the Board and the Directors of new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company. Directors are expected to continuously upgrade themselves through

these training programmes and other appropriate training programmes to effectively perform their duties.

2.14 Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with approved accounting standards.

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

2.15 Investor Relationship and Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

2.16 Relationship with Stakeholders

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

3. Company Secretary

The Board appoints a suitably qualified and competent Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is accountable to the Board through the Chairperson of the Board and Committees on all governance matters.

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 advocate adoption of corporate governance best practices.

4. Changes to the Charter

The review and evaluation of the adequacy of this Charter should be conducted on an annual basis. The Company Secretary should ensure that this Charter is:

- a. Kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities
- b. Applied in practice having regard to their spirit and general principles rather than to the letter alone
- c. Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

Save for updates to be in compliance with applicable laws, regulations and good practices, no changes to this Charter should be made without the majority approval of the Board. This Charter and the Charter for each Committee established by the Board should be reviewed by the Board at least annually, or sooner, if the Board deems appropriate.

The Board endeavours to comply at all times with the principles and practices set out in this Charter.

B. TERMS OF REFERENCE OF COMMITTEES OF THE BOARD

1. General

- 1.1 Unless varied by these terms of reference, the Company's Charter regulating the meetings and proceedings of Board of Directors and Committees, will govern meetings and proceedings of the Committee.
- 1.2 The Secretary of the respective Committee shall circulate the minutes of meetings of the Committee to all members of the Committee and as requested, or where relevant, once they have been agreed, to all members of the Board of Directors and to the external and internal auditors of the Company.
- 1.3 The Chairman of the Committee shall attend the Company's General Assembly meeting to answer shareholders' questions about the Committee's activities and other members of the Committee also reserves the right to attend the General Assembly meeting.
- 1.4 These Terms of Reference are subject to annual review of the Board of Directors.

2. Annual Evaluation Process

- 2.1 The Committee should at least annually perform a review and an evaluation of the Board's and its performance annually to ensure that it is meeting its responsibilities as set forth in this Terms of Reference. The annual assessment on individual directors should include an evaluation of their:
 - a. Will and ability to critically challenge and ask the right questions;

- b. Character and integrity in dealing with potential conflict of interest situations;
 - c. Commitment to serve the company, due diligence and integrity; and
 - d. Confidence to stand up for a point of view.⁸
- 2.2 The review of the Committee should specifically include consideration of the following:
- a. Frequency and timeliness of Committee meetings
 - b. Adequacy and quality of information and materials provided to the Committee
 - c. Effectiveness of the Committee in carrying out the duties as set out in this Terms of Reference
 - d. Contribution of individual Committee member
 - e. Appropriateness and adequacy of this Terms of Reference. The Committee should recommend to the Board such changes to this Terms of Reference in such manner as the Committee deems appropriate

3. Disclosure of Committee Activities

On an annual basis, members of the Committee and details of the Committee's activities should be disclosed in the annual report, together with the number of Committee meetings held in the year and details of attendance of each Committee member in respect of the meetings. The review of the Board's required mix of skills and experience and other qualities and core competencies which non-executive Directors should bring to the Board and details of relevant training attended by each Committee member should also be disclosed.

4. Terms of Reference

4.1 Board's Audit and Risk Committee

4.1.1 Objective

The Audit and Risk Committee ("ARC") reviews –

- a. the financial reporting process;
- b. the integrity of the Company's financial statements;
- c. the external and internal audit process;
- d. the system of internal control and the identification and management of risks; and

- e. the Company's process for monitoring compliance with laws, regulations and ethical codes of practice.

4.1.2 Authority

The Committee has the authority delegated by the Board to investigate any matter within its Terms of Reference and the resources to do so. In discharging its duties, the Committee should have full and unrestricted access to the Company's information and/or resources including but not limited to obtaining advice from internal expert advisors to enable the Committee to fulfil its objectives. The Committee should also have access to advice and services of the Company Secretary.

The Committee will also have authority to discharge its responsibilities as required by law and may engage, at the Company's expense the services of independent or external advisors as it determines necessary to perform its duties. The Committee should have the right to have direct communication channels with the External Auditor and person(s) carrying out the Internal Audit function and convene meetings with the said parties, without the attendance of the executive members of the Company whenever deemed necessary.

The Committee will also specifically have immediate access to reports on findings and recommendations of the Company's Internal Audit function in respect of any fraud or irregularities discovered and referred to them by the management. Any unresolved matters resulting in a breach of any regulatory requirements should be duly reported to the Board.

The Chairman of the Committee should continuously engage with the Chairman of the Board, the Group Chief Executive Officer, senior management, the Head of Internal Audit and the External Auditor in order to be kept informed of matters affecting the Company.

4.1.3 Composition

- a. The Committee members shall be comprised of not less than two (2) and not more than five (5) members;
- b. Members could be selected from the board members or independent party with subject matter expertise except for the Chairman of the Committee who should be a Board member;
- c. Members should have relevant and solid exposure to financial reporting (accounting and/ or auditing) and/ or Risk Management experience.

The members of the Committee should be nominated by the Company's Board Nomination and Remuneration Committee and should be appointed by resolution of the Board. Members of the Committee should

possess sound judgment, objectivity, management experience and knowledge of the industry and abstain from being involved in a decision which would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

If the number of members of the Committee is reduced for any reason to below two (2) members, the Board should, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

4.1.4 Meetings

The Committee will meet as often as required to fulfil its responsibilities as set forth in this Terms of Reference, but not less than once every quarter. The Committee meetings will not be held and will be considered null and void if attended by less than two (2) members.

Meetings should be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

Meeting of any members of the Committee with the External Auditor and person(s) carrying out the Internal Audit function should be granted with or without management's attendance.

The Committee may request other Directors, members of management, counsels and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

Minutes of each Committee meeting should be distributed to all Committee members and made available to all Board members. The Chairman of the Committee should report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that requires the Board's approval at the Board meeting.

In the absence of the Chairman of the Committee, the Committee members present at the meeting should choose one of their numbers to be the Chairman of such meeting.

4.1.5 Responsibilities and Duties

- a. Financial Reporting
 - i. to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, focusing particularly on: compliance with accounting standards and the

consistency of application of, and any changes in, accounting policies both on a year on year basis and across the Company;

- any important areas where judgement must be exercised, taking into account the views of the external auditor;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- to review and agree on the consistency of and any changes to, the accounting policies on a year-on-year basis;
- significant adjustments resulting from the external audit;
- the going concern assumption; and
- to review overdues on leasing transactions on a quarterly basis.

ii. to ensure clarity of disclosure in financial reporting and the presentation of balanced and understandable assessment of the Company's financial position.

b. Finance and Treasury Function

To have the responsibility for reviewing and recommending to the Board on Finance and Treasury function including annual budget and financial planning for the Company and Group; declaration of any dividends and/or bonus of the Company; financing, borrowing, charge and any matter related to it; revenue and credit control; transfer of unutilised budget and any matter related to taxation, Financial Management and Investment in Marketable Securities.

c. Corporate Matters & Governance

To have the responsibility for reviewing and recommending to the Board on Corporate Matters & Governance matters as follows:

- Increase, reduction or alteration of the paid up capital of the company;
- Material changes in the nature and scope of the business of the Company;
- Related Party Transaction;

- Asset and Company Restructuring, Acquisition, Sale or Disposal;
 - Key Performance Indicators (KPI) and corporate target setting for the Company;
 - Finance and audit matters under the Limits of Authority of the Company and/or Subsidiaries and changes thereto;
 - Financial, Accounting and Treasury Policies and changes thereto; and
 - Change in Financial Year
- d. External Audit
- to have the primary responsibility for recommending to the Board (for approval at the General Assembly) the appointment, re-appointment and removal of the Company's external auditor;
 - to oversee the relationship with the Company's external auditor;
 - to oversee the selection process for a new external auditor and, if the external auditor resigns, to investigate the reasons for the resignation and decide on any action to be taken;
 - to assess, at least annually, the objectivity and independence of the external auditor taking into account relevant regulatory requirements including obtaining and reviewing a report or reports from the Company's external auditor;
 - to assess at least annually the auditor's qualifications, experience and resources and the effectiveness of the audit process which shall include a report from the external auditor on its own internal quality procedures;
 - to review and endorse the annual external audit plan and ensure it is consistent with the scope of the audit engagement;
 - to review the external auditor's management letter and management's response to the external auditor's findings and recommendations;
 - to review and discuss the audited financial statements with management and with the external auditor and to address any issues which arose during the audit;

- to monitor the external auditor's compliance with applicable legislation and guidance on the rotation of audit partners;
 - to be responsible for the resolution of disagreements between management and any auditor regarding the Company's financial reporting;
 - to set and apply a formal policy in relation to the provision of non-audit services by the external auditor specifying the types of non-audit work: (i) for which the external auditor is excluded; (ii) for which the external auditor can be engaged without referral to the Committee; and (iii) for which a case by case decision is necessary, with a view to preserving the auditor's independence and objectivity;
 - to review and recommend policies and procedures whereby audit services and non- audit services may be provided by the Company's external auditor without specific referral to the Committee (which procedures must provide that the Committee is updated regularly on the audit and non-audit services that are provided under the pre-approval procedures);
 - to recommend on a case-by-case basis audit and non-audit services which may be provided by the Company's external auditor (which authority may be delegated to one or more Committee members, provided that such member(s) present any such approvals to the full Committee at the next Committee meeting);
 - to consider the nature of the non-audit services provided by the external auditor, the fees paid and whether the fee levels individually and in aggregate relative to the audit fee is appropriate to enable a proper audit to be conducted; and
 - to hear the views of the external auditors separately at least once every year without the presence of the management.
- e. Compliance
- to review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - to review the Company's arrangements for the confidential, anonymous submission by employees of the Company of concerns regarding matters which could have a material impact on the Company, and to ensure that these arrangements allow proportionate and independent

investigation of such matters and appropriate follow up action;

- to review the Company's procedures for detecting fraud and to review the investigation and remediation of any alleged or suspected fraud;
- to review the status of the compliance programme (policies, training, monitoring and audit) at the Company to ensure adherence to applicable legal and regulatory standards and to the Code of Business Conduct (or Ethics) where there may be a material impact on the Company; and
- to review the major findings of internal investigations and management's response and material inquiries received from regulators or governmental agencies.

f. Internal Audit, Risk Management and Internal Control

- to monitor and review the integrity of the operational internal audit programme, consider the findings of operational internal audit reviews and management's response to them, and ensure efficient co-ordination between the Company's internal and external auditors;
- to approve the appointment and removal of the Head, Internal Auditor and to review the performance of the Head, Internal Auditor and to ensure that the Head, Internal Auditor have direct access to the Chairman of the Board of Directors and to the Committee and are accountable to the Committee;
- to consider and approve the responsibility of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- to review, assess and approve the Annual Internal Audit Plan.;
- to review and monitor management's responsiveness to the findings and recommendations of the Internal Audit function;
- to meet the Internal Auditor at least once a year without management being present to discuss their remit and any issues arising from the internal audits carried out;

- to review, at least annually, the effectiveness of the Company's internal controls and risk management systems and review any statement on internal controls and/or risk management to be included in the Annual Report or other public filing before submission to the Board of Directors for its approval; and
 - to review annually the business risks faced by the Company based on the management's feedback and review any other risk schedules on behalf of the Board of Directors.
- g. Other Duties
- to review annually any other operational policies relating to financial, accounting, treasury, compliance, risk management and internal control of the Company and monitor adherence to those policies throughout the year;
 - to review with management, the Internal Auditor and the external auditor, in separate meetings if the Committee deems it necessary, related-party transactions;
 - to create and implement the Whistleblower procedures and ensure protection;
 - to report to the Board of Directors any identified issues or matters that require their action, input or involvement and to consider other matters as notified from time to time by the Board of Directors; and
 - to report at least once annually to the General Auditor and on a quarterly basis to the Board of Directors on how the committee discharged its activities during the year.

4.2 Board's Nomination and Remuneration Committee

4.2.1 Objective

The primary objectives of the Committee are to:

- Review the Board composition and its required mix of skills, identify individuals suitably qualified to become Board members and recommend to the Board nominees for election at the annual shareholders meeting including prospective Director candidates in the event of the resignation, death, removal, retirement of directors or a change in the Board composition requirements;
- Recommend to the Board for approval the chairs and members of the Company's Board Committees;

- Recommend to the Board for approval the appointment of the Company's Group Chief Executive Officer and Senior Leadership Team (C-Suite and/or direct reports to the Group Chief Executive Officer);
- Evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director at least annually;
- Review the objectives and goals of the Group Chief Executive Officer, and assess the performance of these persons against those objectives;
- Develop policies, practices and recommend proposals appropriate to facilitating the recruitment and retention of the Group Chief Executive Officer;
- Provide a formal and transparent procedure for developing the remuneration policy for the Group Chief Executive Officer and Senior Leadership Team so as to link rewards to corporate and individual performance and to ensure that the Company attracts and retains the Group Chief Executive Officer and the Senior Leadership Team of the appropriate calibre, experience and quality needed to run the Company;
- Review and provide recommendation to the Board on the remuneration packages of individual Senior Leadership Team in all its forms, drawing from outside advice as necessary;
- Set the remuneration policies and procedures to determine the remuneration of non- executive directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required; and
- Implement the remuneration policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of non-executive directors and senior management.

4.2.2 Authority

The Committee has the authority delegated by the Board to examine issues as stated within its Terms of Reference and report back to the Board with recommendations. The Committee, wherever necessary and reasonable for the performance of its duties, should in accordance to the same procedures adopted by the Board and at the cost of the Company:

- Have the resources which are required to perform its duties;

- Have full and unrestricted access to any employee and information pertaining to the Company; and
- Be able to engage independent professional advisors or other advisors and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee should also have access to advice and services of the Company Secretary.

4.2.3 Composition

The members of the Committee should be appointed by the Board from amongst its number and should generally be comprised of not less than two (2) and not more than five (5) members. The Committee members should all be non-executive Directors, a majority of whom are independent.

The Chairman of the Committee should be a Board member appointed by the Board.

If the number of members of the Committee is reduced for any reason to below two (2) members, the Board should, within six (6) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

4.2.4 Meetings

The Committee will meet as often as required to fulfil its responsibilities as set forth in this Terms of Reference, but as a minimum, there must be at least one (1) meeting in every quarter. The Committee meetings will not be held and will be considered null and void if attended by less than two (2) members.

Meetings should be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may request other Directors, members of management, counsels and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

A Committee member should excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this causes a lack of quorum, the Committee should appoint another Director(s) who meets the membership criteria.

Minutes of each Committee meeting should be distributed to all Committee members and should be tabled at the meeting of the Board of Directors. The Chairman of the Committee should report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that requires the Board's approval at the Board meeting.

In the absence of the Chairman of the Committee, the Committee members present at the meeting should choose one of their numbers to be the Chairman of such meeting.

4.2.5 Responsibilities and Duties

In carrying out its responsibilities, the Committee's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements. In addition to such other duties as the Board may from time to time assign, the Committee should have the following responsibilities:

- Evaluate the mix of skills, size, role and functions of the Board and Board Committees to ensure appropriate Board composition by taking into account the specific needs of the Company, the Board and Board Committees. In recommending candidates, the Committee should consider the candidates':
 - a. Skills, knowledge, expertise and experience;
 - b. Professionalism;
 - c. Integrity;
 - d. In the case of candidates for the position of independent non-executive Director, evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors.
- Develop and update criteria for the selection of new Directors and nominees for vacancies on the Board including procedures for reviewing potential nominees proposed by the management, Directors, shareholder or other independent sources e.g. a directors' registry, open advertisements or the use of independent search firms;
- Recommend to the Board, Directors to fill the seats on Board Committees;
- Recommend to the Board, members of the Board who should stand for re-election;
- Determine and implement the process on annual evaluations of the Board, Board Committees and individual Directors, including

independent non-executive Directors, as well as the Group Chief Executive Officer, and report to the Board its findings and recommendations. Ensure all assessments and evaluations are properly documented. When an independent third party is used to carry out the Board evaluation, the identity of the third party should be disclosed;

- Oversee Directors' orientation and training programmes and ensure that they are in line with the objectives and goals of the persons and/or positions as prescribed by the applicable statutory and regulatory bodies;
- Proactively maintain a pipeline of potential candidates to the Board and Board Committees by implementing a succinct succession plan for the Company;
- Regularly assess the independence of independent non-executive Directors in accordance with the rules of the Bursa Malaysia Listing Requirements [if company is listed] and any other applicable legal or regulatory requirement; and
- Consider other matters as referred to the Committee by the Board or management of the Company.

4.3 Board's Investment Committee

4.3.1 Objective

The primary objectives of the Committee are:

- To enhance and maximise the value of investment portfolios and to formulate investment plans and strategies for the annual, medium-term and long-term investments;
- To provide oversight of investment activities, establishment of appropriate risk control limits and recommend improvements to enhance investment values; and
- To develop guidelines for portfolio management, evaluate investment and divestment portfolios and monitor and evaluate investment classifications.

4.3.2 Authority

The Committee has the authority delegated by the Board to examine issues as stated within its Terms of Reference and report back to the Board with recommendations. The Committee, wherever necessary and reasonable for the performance of its duties, should in accordance

with the same procedures adopted by the Board and at the cost of the Company:

- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Company; and
- Be able to engage independent professional advisors or other advisors and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee should also have access to advice and services of the Company Secretary.

4.3.3 Composition

The members of the Committee should be appointed by the Board from amongst its number and should generally be comprised of not less than two (2) and not more than five (5) members. The members of the committee should be wholly or mainly non-executive Directors. The Committee may invite independent professional advisors who are expert in the specific areas of investment to provide advice and opinion to the Committee.

The Chairman of the Committee should be recommended by the Board Nomination and Remuneration Committee and appointed by the Board.

If the number of members of the Committee is reduced for any reason to below two (2) members, the Board should, within six (6) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

4.3.4 Meetings

The Committee will meet as often as required to fulfil its responsibilities as set forth in this Terms of Reference, but as a minimum, there must be at least one (1) meeting in every quarter. The Committee meetings will not be held and will be considered null and void if attended by less than two (2) members.

Meetings should be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may request other Directors, members of management, counsels and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

Minutes of each Committee meeting should be distributed to all Committee members and should be tabled at the meeting of the Board of Directors. The Chairman of the Committee should report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that requires the Board's approval at the Board meeting.

In the absence of the Chairman of the Committee, the Committee members present at the meeting should choose one of their numbers to be the Chairman of such meeting.

4.3.5 Responsibilities and Duties

In addition to such other duties as the Board may from time to time assign, the Committee should have the following responsibilities:

- Evaluate all investment and divestment activities of the Company in meeting its objectives of maximising the value of its investment portfolio and part of nation building;
- Adhere to its investment plans and adhere to the following:
 - a. Permissible Investments
 - i. The Company shall at all times invest in permissible investments in accordance with the LOA;
 - ii. Permissible investments shall be categorised as strategic and/or financial in accordance with set definitive criteria such as sector and country classifications, the required rate of return as well as the specified timeframe of such investments.
 - b. Prohibited Investments

The Company shall abide by the list of prohibited investments. Where the investments become prohibited or are invested into by mistake, the Company shall divest such investments in accordance with the LOA.
- From time to time, as appropriate, the Committee will evaluate and revise the Company approval policies for investment, acquisition, enterprise services, joint venture and divestiture transactions, and consider requests from management to approve such proposed transactions;
- Evaluate the execution, financial results and integration of the Company's completed investment, acquisition, enterprise services, joint venture and divestiture transactions;

- From time to time, the Committee shall report to the Board and make recommendations to the Board as to the scope, direction, quality, investment levels and execution of the Company's investment, acquisition, enterprise services, joint venture and divesture transactions;
- The Committee's recommendations shall also be guided by the relevant LOA as prescribed by MOF to the Company, in such cases where:
 - a. Investment using internal MARA funding and/or loans shall need the approval of the Minister and Minister of Finance in line with the MARA Act 1966 and the Statutory Bodies Act 1999;
 - b. Investment value which is more than twenty-five percent (25%) of the overall net asset value or paid-up capital of the Company or the net profit earned is more than twenty-five percent (25%) of the overall net profit of the subsidiary shall require the approval of the Shareholder.