



BENALEC HOLDINGS BERHAD

200501020529 (702653-V)

BOARD CHARTER



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DEFINITIONS AND INTERPRETATION

In these Board Charter (“Charter”), where the context so admits the following expressions shall have the following meanings :-

‘The Act’ or ‘CA 2016’	The Companies Act, 2016;
‘AGM’	Annual General Meeting of Benalec Holdings Berhad;
‘Benalec’ or ‘the Company’	Benalec Holdings Berhad (702653-V);
‘Board’	The Board of Directors of Benalec Holdings Berhad;
‘Benalec Group’ or ‘the Group’	Benalec Holdings Berhad and its subsidiaries;
‘Board Committees’	Committees that have been or will be set up as authorised by the Board with specific terms of reference and delegated authority;
‘Chairman’	Chairman of the Board and is used in a gender-neutral sense;
‘Company Secretary’	Company Secretary(ies) of Benalec Holdings Berhad or the person(s) who normally exercising the secretarial practice or functions;
‘Chief Executive’	As defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director; In Benalec Holdings Berhad Group context, Group Managing Director / Chief Executive Officer (‘GMD / CEO’) and Executive Director of Benalec Holdings Berhad;
‘Independent Director’	A director as defined in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;
‘Management’	Management personnel of Benalec Group;
‘Listing Requirements’	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
‘MCCG’	Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 26 April 2017; and
‘Senior Management’	Generally refer to an individual who holds the highest level of management responsibility and decision-making authority within the company which includes the Group Managing Director / Chief Executive Officer, Executive Director, Chief Operating Officer, Chief Financial Officer and ‘Officer’ as defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.



1. INTRODUCTION

- 1.1** The Charter sets out the requirements of the Board of the Company as at the date hereof.
- 1.2** The Board of Benalec is accountable and responsible for the performance and success of the Group by providing leadership and direction as well as practicing a high standard of corporate governance. The Board is the ultimate decision making body.

Practice 2.1
MCCG

2. PURPOSE OF THE BOARD CHARTER

- 2.1** This Board Charter sets out the roles, functions, compositions, operation and processes of the Board and is intended to ensure that all the Board members acting on behalf of the Company are fully aware of discharging their duties and responsibilities to the Company.
- 2.2** The Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and Senior Management. In addition, it also assists the Board in the assessment of its collective performance and that of its individual Directors.

3. THE BOARD STRUCTURE

3.1 Board Composition

The Constitution of Benalec (“Constitution”) provides for a minimum of two (2) Directors and a maximum of nine (9) Directors. At any one time, at least two (2) or half of the Board, whichever is higher, shall be Independent Directors.

Practice 4.1
MCCG

In general, the size of the Board must be appropriate in a sense that one’s sense of responsibility would not be intervened by other Board members. It should be appropriately sized whereby there are a mixture of knowledge and expertise amongst the Board members.

The composition of the Board must be appropriate and consistent with the requirements of the laws and regulations (i.e. CA 2016 and Listing Requirements) that will reflect the duties and responsibilities that they are to discharge and perform collectively as representatives of the interests of shareholders.

If the service agreement of an Executive Director terminates with the Group for whatever reason, the said Director will be expected to resign from the Board. However, the Board may, if considered appropriate appoint the said Director to sit as a non-executive Director of the Board or retain the Director in a non-executive role.

The Director is to disclose any changes pursuant to Sections 57, 59, 219 and 221 of the Act to the Company Secretary.

The composition and size of the Board shall be reviewed from time to time to ensure their appropriateness and effectiveness.



3.2 Appointment and Re-election of the Directors

Nomination Committee (“NC”) is responsible for overseeing the selection and reviewing the skills, expertise, experience and characteristics of Board Members on an annual basis to ensure that the Board Members are capable of performing effectively and efficiently. NC ensures a variety of approaches and sources are used to identify the most suitable candidate(s) to fill any vacant position, including sourcing from a directors’ registry, open advertisements or use of independent search firms.

The appointment of a new Director is a matter for consideration and decision by the Board upon recommendation from the NC. In making these recommendations, the NC will assess the suitable candidates in terms of the required competencies, commitment, contribution, performance, mix of skills, expertise and boardroom diversity (including gender), where appropriate, and accordingly recommend them for the Board’s approval.

Practice 4.6
MCCG

In accordance with the Constitution, all Directors appointed by the Board either to fill a casual vacancy or as an additional Director to the existing Board are subject to re-election by the shareholders at the AGM following their appointment. The Constitution also provides that at least one-third (1/3) of the remaining directors be subject to re-election by rotation at each AGM provided always that all Directors including the Managing Director shall retire from office at least once every three (3) years but be eligible for re-election.

Para 7.26
Listing
Requirements

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Subject to the assessment of the NC with reasonable justification and the shareholders’ approval, the Board may retain an Independent Director who has served nine (9) years or more. If the Board continues to retain an independent director after the twelfth year, the Board should seek annual shareholders’ approval through a two-tier voting process.

Practice 4.2
MCCG

In addition, as required by the Listing Requirements, the Directors are also encouraged to attend continuing education programmes conducted by highly competent professionals and which are relevant to the Company’s operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

Para 15.08
(1) – (3)
Listing
Requirements

3.3 Position of Chairman and Group Managing Director / Chief Executive Officer

The position and roles of Chairman and Group Managing Director / Chief Executive Officer (‘GMD / CEO’) shall not be held by the same person to prevent dominance in the Board and the Chairman shall hold a Non-executive position in the Board to reinforce independence and to prevent conflict of interests.

Practice 1.3
MCCG

The Board will link the Company’s governance and management functions through the GMD / CEO. All Board authority conferred on management is delegated through the GMD / CEO so that the authority and accountability of Management is considered to be the authority and accountability of the GMD / CEO so far as the Board is concerned. The Board shall regularly review the division of responsibilities to ensure that the needs of the Company are consistently met.

Guidance 2.1
MCCG



3.4 Notification of New Directorships

All Board members are required to 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 members, before accepting any new directorships or undertaking significant commitments outside the Company and the Group.

The directorships held by any Directors at any one time shall not exceed five (5) directorships in Public Listed Companies or any number as may be prescribed by the relevant authorities.

Para 15.06
Listing
Requirements

3.5 Company Secretary

The Company Secretary plays an advisory role on governance matters and is a source of information to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group. The appointment and the removal of the Company Secretary shall be a matter for the Board as a whole to decide on.

Practice 1.4
MCCG

The Company Secretary is responsible for ensuring that the Board procedures are properly adhered in accordance with the applicable rules and regulations for the conduct of affairs of the Board.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary, for the purposes of the Board's affairs and business.

3.6 Board Committees

The Board may from time to time establish Board Committees as it considers appropriate to assist the Board in discharging its duties and responsibilities.

The Board has formed the following Committees which operate within their respective defined Terms of Reference approved by the Board and, where necessary, by way of specific authority delegated by the Board:

- i) Audit Committee
- ii) Nomination Committee
- iii) Remuneration Committee
- iv) Option Committee
- v) Evaluation Committee

Para 15.09 &
15.08A (1)(2)
Listing
Requirements

The Chairman of the respective Committees reports to the Board on the outcomes of the Committee meetings and such reports or minutes are included in the Board papers.

4. ROLES AND RESPONSIBILITIES

4.1 Duties and Responsibilities of the Board

The Board representing the shareholders are empowered to ensure the proper and sound management of the entity, including optimising and realising long-term financial returns. The Board is responsible for ensuring that the Company and its



subsidiaries are committed to achieve mutually beneficial results. The Board must ensure that, despite good or difficult times, the Management is always capable of executing their responsibilities at their highest commitment.

In addition to fulfilling their obligations for increased shareholder value, the Board holds responsibility to the Group's stakeholders as well (i.e. customers, employees, suppliers, government environment, governance and communities) where it operates, all of whom are crucial to the success and sustainability of the business.

Taking into regard the responsibilities and obligations, the Board will also direct and supervise the management of the business and affairs of the Group including:

- a. Ensuring that the Group's goals are clearly articulated and that a strategic plan, which promotes sustainability, is implemented to ensure long-term growth;
- b. Establishing policies for strengthening the growth of the Group and ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, research and development, and the development of its business capital;
- c. Adopting key performance measures to monitor implementation and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business;
- d. Overseeing the conduct of the Group's business in determining whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations;
- e. Appointing the GMD / CEO, including setting the relevant terms and objectives and where necessary, terminating his / her employment with the Group;
- f. Ensuring that the Group has appropriate business risk management process and framework that are reviewed annually and tested periodically, including adequate control environment i.e. internal control systems and management information systems, systems for compliance, regulations, rules, directives and guidelines and controls in areas of finance, operations, cyber security and business risks to safeguard shareholders' investments and company's assets;
- g. Setting the risk appetite within which the Board expects management to operate;
- h. Ensuring internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence;
- i. Appointing Board Committees to address specific issues, considering recommendations of the various Board Committees and discussing problems arising from these Committees' deliberations;
- j. Ensuring the integrity of the Company and Groups' financial and non-financial reporting by conforming to the relevant regulations including acceptable accounting policies;



- k. Ensuring that all candidates appointed to Senior Management are of sufficient calibre with appropriate mix of skills, experience, expertise and diversity, and be satisfied that there are programmes in place (recommended and implemented by the NC) to provide for the orderly succession planning of senior management;
- l. Ensuring, in cooperation with the NC / Board, that there is an effective succession plan in place for the GMD / CEO position;
- m. Ensuring that the Group adheres to high standards of ethics and corporate behaviour and commit to ethical values through establishment of Code of Ethics and Conduct (“Code”);
- n. Ensuring the Code be reviewed periodically, published on the Company’s website and the implementation of appropriate internal systems to support, promote and ensure compliance to the Code;
- o. Ensuring that the Board complies with the Directors’ Code of Best Practice which includes the declaration/disclosure of any personal, professional or business interests, direct or indirect which may conflict with directors responsibilities as a Board Member and to refrain from voting on such transaction with the Group;
- p. To establish, review and implement policies and procedures on whistleblowing;
- q. To review the Board Charter once in every three years, when necessary and publish the Board Charter on the Company’s website;
- r. Ensuring that there is an appropriate corporate disclosure policy in place, which leverage on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures; and
- s. Ensuring that there is appropriate investor relations and communications policy in place which fosters shareholders’ participation at general meetings and promotes effective communication with shareholders and to consider, if applicable, appointing an Investor Relations Officer to ensure effective proactive shareholders’ engagement.

Practice 3.1
MCCG

4.2 The Roles of Chairman and Group Managing Director / Chief Executive Officer

The Board ensures that its Chairman is a non-executive member of the Board. The role of the Non-Executive Chairman and that of the GMD / CEO are distinct and separate to ensure the balance of power and authority.

The responsibilities of the Chairman, amongst others, are as follows:-

- a. To instill good corporate governance practices, leadership and effectiveness of the Board;
- b. To oversee the effective discharge of all aspects of its roles;

Practice 1.2
MCCG



- c. To ensure the effectiveness of an organisation and conduct of the Board's functions and meetings, encourage active participation and allow dissenting views to be freely expressed;
- d. To brief all Directors in relation to the issues arising at Board meetings;
- e. To ensure appropriate steps are taken to provide effective communication with stakeholders of the Company and the Group and that their views are communicated to the Board as a whole; and
- f. To promote constructive, professional and cordial relations between the Board members, and between the Board and Management.

The responsibilities of the GMD / CEO, amongst others, are as follows:-

- a. Overall responsibility for the day-to-day management of the business of the Company and the Group, with all the powers, discretions and delegations authorized, from time to time, by the Board; Para 7.29
Listing
Requirements
- b. Ensuring the due execution of strategic goals, effective operation within the Company, and explaining, clarifying and informing the Board on matters pertaining to the Company and the Group; Guidance 1.1
MCCG
- c. Developing and implementing strategies, business direction, plans and policies of the Company and the Group;
- d. Assessing business opportunities which are of potential benefit to the Group;
- e. Ensuring the efficiency and effectiveness of the operations of the Company and the Group;
- f. Supervising heads of divisions and departments who are responsible for all functions contributing to the success of the Company and the Group; and bringing material and other relevant matters to the Board's attention in a comprehensive and timely manner.

4.3 The Roles of Executive Director(s)

The Executive Director refers to those members of a public entity Board who are also employees of the public entity (as compared to the more common Non-executive Directors). A Managing Director who is an executive member of an entity's Board is therefore an Executive Director.

The responsibilities of an Executive Director, amongst others, are as follows:-

- a. Responsible for the day-to-day operation of the organization, including managing committees and staff and developing business plans in collaboration with the Board for the future of the organization.
- b. Accountable to the Chairman of the Board and reports to the Board on a regular basis quarterly, semi-annually, or annually. The Board may offer suggestions and ideas about how to improve the organisation, but the Executive Director decides whether or not, and how, to implement these ideas.



- c. Acts as leader for an organisation and often fulfills a motivational role in addition to office-based work.
- d. Leads the organisation and develops its organisational culture.
- e. Supports operations and administration of the Board by advising and informing Board members, interfacing between Board and staff, and supporting Board's evaluation of chief executive.
- f. Oversees design, marketing, promotion, delivery and quality of programmes, products and services of the Company.
- g. Recommends yearly budget for the Board's approval and prudently manages organisation's resources within those budget guidelines according to current laws and regulations in Malaysia.
- h. Effectively manages the human resources of the organisation according to authorized personnel policies and procedures that fully conform to current laws and regulations.
- i. Assures the organisation and its mission, programmes, products and services are consistently presented in strong, positive image to relevant stakeholders.
- j. Oversees fund raising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders, submitting proposals and administering fund raising records and documentation.

4.4 The Roles of Non-Executive Director(s)

Non-Executive Directors are those who have no direct or indirect pecuniary interest in the Company other than their emoluments and their limited shareholdings in the Company.

The responsibilities of a Non-Executive Director, amongst others, are as follows:-

- a. Acts as a bridge between Management and stakeholders, particularly shareholders. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
- b. Assists in overall strategy and policy making with their expertise, experience and objectivity to the Board as well as general supervision of the Group.
- c. Able to challenge the Executive members of the Board constructively by providing valued opinions that contribute to strategic development of the Group.
- d. Bring impartial objectivity that a director connected to other directors or the Company cannot provide.



4.5 The Roles of Independent Non-Executive Director(s)

Paragraph 1.01 of the Listing Requirements provides that an Independent Non-Executive Director (“INED”) is not involved in the management of the Company and the said director is meant to be free of any family, business or financial ties with other directors or major shareholders of the Company that could interfere with the exercise of impartial judgment or the ability to act in the best interests of the Company.

The INEDs provide independent judgment, experience and objectivity without being subordinated to operational considerations to the exclusion of other relevant factors. They help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. They also ensure that the Board practices good governance in discharging its duties and responsibilities.

INEDs are essential for protecting the interests of minority shareholders and making significant impartial contributions into the Board’s decision-making process. INEDs are considered a watchdog in whereby they monitor and challenge, where applicable if decisions made are detrimental to shareholders’ interests.

4.6 The Role of Senior Independent Non-Executive Director(s)

The roles of Senior Independent Non-Executive Director, amongst others, are as follows:-

Guidance 2.1
MCCG

- a. Acting as a sounding board for the Chairman;
- b. Acting as an intermediary for other directors when necessary; and
- c. Acting as the point of contact for shareholders and other stakeholders and will attend to any query or concern raised by shareholders.

5. BOARD PROCESSES

5.1 Board Meetings

The Board conducts at least five (5) scheduled meetings annually, with additional matters being addressed by way of circular resolutions and additional meetings to be convened as and when necessary. The quorum of Board meeting is two (2) members, present in person.

If a member of the Board is unable to be physically present, the member may choose to participate via video or tele-conference. Members of the Management may be invited to attend selected Board meetings, but not necessarily for the full duration of the meeting.

A full agenda of the meeting and all Board papers, including complicated issues or specific matters, shall be distributed at least five (5) business days in advance to all Directors before the meeting(s) are held. All the meetings’ proceedings are minuted and signed by the Chairman of the respective meetings. Minutes of all the Board meetings are circulated to the Board and approved by the Board at the subsequent meeting.



The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions.

The Board has unrestricted access to the information pertaining to the Company and/or Group including the Company and/or Group's auditors and consultants.

The services of other Senior Management, external parties (both internal and/or external auditors), solicitors or consultants will be arranged to brief and help the Directors clear any doubt or concern before or during the relevant Board meeting as and when the need arises.

5.2 Directors' Remuneration

The remuneration system is structured to link rewards to corporate and individual performance in the case of Executive Directors. The remuneration policy established shall be in a transparent and formal manner with clear procedures to attract and retain Directors. The policies and procedures to determine the remuneration of the Directors and Senior Management shall be periodically reviewed and made available on the Company's website.

In the case of Non-Executive Directors, the level of remuneration shall reflect the responsibilities undertaken by the particular Non-Executive Director concerned.

The Remuneration Committee shall approve the Service Agreements of each individual Executive Director and subsequently review the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. Executive Directors play no part in decisions in relation to their own remuneration.

The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole. The Non-Executive Directors concerned do not partake in decisions affecting their remuneration. The remuneration policy established shall be in a transparent and formal manner with clear procedures to attract and retain directors.

5.3 Directors' Training and Evaluation

The Board as a whole will evaluate and establish or recommend development programmes, the attendance of which may be required of each Board member so as to better equip him for discharging his duties and responsibilities. The Board members will also, from time to time, review programmes suitable for their development in relation to their duties and responsibilities as directors.

Directors are required to undergo the Mandatory Accreditation Programme ("MAP") under the requirements of Bursa Malaysia. In addition, Directors will continue to attend relevant training and education programmes in order to keep themselves abreast with the latest developments in the market place covering laws, rules and regulations, capital market developments, business environment, corporate governance, risk management, general economic, industry and technical developments.



The Board is also regularly updated on new and relevant statutory as well as regulatory guidelines from time to time during the Board meetings. This will enable the Directors to discharge their duties effectively and ensure the sustenance of active participation in Board deliberations.

An assessment report regarding the Board's and committee's performance is required to be furnished by the NC to the Board and will be discussed with the presence of the full Board. This ought to be done following the end of each financial year or such other time as deemed appropriate.

Further to the assessment, the NC will evaluate each individual director's contributions to the Board and such results of evaluation will be discussed with the committee and/or Chairman. The Chairman's own evaluation however, is discussed with the Deputy Chairman (or INEDs, if there is no Deputy Chairman) and the NC.

The NC also will evaluate the independence of each Independent Director annually.

6. CONFLICTS OF INTEREST & RELATED PARTY TRANSACTIONS

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Benalec Group, or gives the appearance of a conflict.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the Act and the Capital Market and Services Act, 2007 ("CMSA 2007"). The said Director and/or invited participant, including Independent Advisors, shall abstain and excuse himself from the Board meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. The conflicted Directors shall not be included in the voting process.

Section 340
CMSA 2007

The Company Secretaries of Benalec shall maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.

7. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board values and encourages dialogue with the shareholders in order to promote better understanding of the Company's objectives and performance parameters.

All directors shall attend general meetings. The AGM and Extraordinary General Meetings provide appropriate forums for the shareholders to participate in questions and answers sessions. Besides engagement forums, investor, analyst and media briefings are other alternatives that will enable communication with stakeholders. The Board shall disseminate information in strict adherence to the disclosure standards of the Listing Requirements.

The Board ensures that material information relating to the Group is disclosed by way of announcement to Bursa Malaysia Securities Berhad, annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is furnished to shareholders of the Company.



The Board shall put all resolutions set out in the notice of any general meetings to vote via poll and make an announcement of the detailed results showing the number of votes cast for and against of each resolution. The shareholders shall be informed of their right to demand for a poll on voting of matters that are not set out in the notice of general meetings.

The Company has established its website, www.benalec.com.my which allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

Practice 2.1
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8. REVIEW AND APPLICATION OF THE BOARD CHARTER

The Board Charter shall be reviewed periodically or at least once every three (3) years and updated:

- a. when there are changes to the Listing Requirements, the MCGG, the Act and/or relevant laws; and
- b. in accordance with the needs of the Company and Group and any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board endeavors to comply at all times with the principles and practices set out in this Charter. The principles set out in the Board Charter are applied in practice having regard to their spirit and general principles.

Any updates to the principles and practices set out in this Board Charter will be made available on the Company's Website.

Duly approved and adopted by:
Board of Directors of Benalec Holdings
Berhad at the Board of Directors Meeting
held on 26 June 2020