

Board

Charter

BOARD CHARTER

1. Purpose of the Charter

- 1.1. The primary purpose of the Board Charter of the Board of Directors (hereinafter referred to as "the Board") of **Kinergy Advancement Berhad and its Group of Companies ("Kinergy")** or **(the "Group")** is to outline the structure, responsibilities, rights and procedures of the Board.
- 1.2. The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and to establish the accountability of both the Board and Management for the benefit of the Group and its shareholders.
- 1.3. This Board Charter shall form an integral part of each Director's duties and responsibilities and aims to enhance practices and guidance based on the Malaysian Code of Corporate Governance ("MCCG 2021"), which provides principles and recommendations promoting good corporate governance practices and accountability of companies and their Board.

2. Role of the Board and Board Responsibilities

- 2.1. The Board is collectively responsible for the long-term success of the Group and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board will govern and set the strategic direction of the Group while exercising oversight on management. The Board sets the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.
- 2.2. Directors will exercise vigilance and professional skepticism in understanding and shaping the strategic direction of the Group.
- 2.3. The principal responsibilities of the Board are as follows:
 - i. Reviewing and adopting a strategic plan, as developed by Management, taking into account the sustainability of the Group's business, with attention given to the environmental, social and governance aspects of the business;
 - ii. Overseeing the conduct of the Group's business, including monitoring the performance of Management to determine whether the business is being properly managed;
 - iii. Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
 - iv. Succession planning - ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
 - v. Reviewing the leadership needs of the Group, both executive and non-executive, with a view to ensuring the Group's continued ability to compete effectively in the marketplace;
 - vi. Overseeing the development and implementation of a Stakeholder Engagement Policy; reviewing the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance;
 - vii. Overseeing the Group's adherence to high standards of conduct or ethics and corporate behaviour, including the Directors' Code of Conduct and Ethics Policy for Directors set out in Appendix A of this Charter.

2.4. In discharging the above responsibilities, Directors are expected to:

- i. Be aware of the environment the Group is operating in;
- ii. Exercise diligence and avoid undeclared conflict of interest situations;
- iii. Understand their oversight role, including the exercise of independent and objective judgment in decision making;
- iv. Commit and devote sufficient time and effort in discharging their duties responsibly;
- v. Contribute actively to the Board discussion and deliberation of issues by providing sound advice based on the Directors' experience and specific expertise they bring to the Board; and
- vi. Attend regular training programmes in order to be apprised of changes in regulatory requirements the Group is subjected to.
- vii. Oversee the organisation's sustainability strategy through oversight of the Group's sustainability performance.

2.5. To ensure the direction and control of the Group are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in Section 13 of this Charter.

3. Composition of the Board

- 3.1. The Board should have a balance of Executive and Non-Executive Directors such that no individual or a group of individuals can dominate the Board's decision making.
- 3.2. There should be a clearly accepted division of responsibilities at the head of the Group in order to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.
- 3.3. The Board shall comprise of at least two (2) Directors, or one third (1/3) to be Independent Directors, whichever is higher, in line with Bursa Securities' Main Market Listing Requirements for Independent Directors' representation on the board of listed companies.
- 3.4. The Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, performance and resources including key appointments and standards of conduct.
- 3.5. The Board shall exercise judgment in determining what is the appropriate number of Directors which fairly reflects the investment in the Group by shareholders other than the significant shareholder and examines its size, with a view to determine the impact of the number upon its effectiveness.
- 3.6. On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Group's meetings / matters before accepting his / her appointment to the Board.
- 3.7. To ensure that the Directors have time to focus and fulfil their roles and responsibilities effectively, one (1) criteria as agreed by the Board is that they must not hold directorship of more than five (5) public listed companies ("PLC") (as prescribed in Paragraph 15.06 of Listing Requirements). Directors are also required to notify the Chairman before accepting any new Directorship in other Group and/or PLC and to indicate the time expected to be spent on the new appointment.

- 3.8. On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by MCCG 2021. The Board, through the Nominating Committee will review the proportion of the female and male board members during the annual assessment of the Directors' performance, taking into account the appropriate skills, experience and characteristics required by members of the Board, against the backdrop of the Group's requirements.

4. Independent Director

- 4.1. An Independent Director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group.
- 4.2. Without limiting the generality of the foregoing, an independent director is one who:
- i. Is not an executive director of the Group or any related corporation of the Group (each corporation is referred to as "said Corporation");
 - ii. Has not been an officer (except as a non-executive director) of the said Corporation within the last three (3) years. For this purpose, "officer" has the meaning given in Section 2 of the Companies Act 2016 but excludes a director who has served as an independent director in any one or more of the said Corporations for a cumulative period of less than 12 years;
 - iii. Is not a major shareholder of the said Corporation;
 - iv. Is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - v. Is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - vi. Has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation; or
 - vii. Has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities.

5. Appointment and Tenure of Office

- 5.1. In accordance with the Group's Constitution, one third of the Directors shall retire from office and be eligible for re-election at each AGM and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Board shall be responsible for recommending its members to be elected or re-elected or re-appointment by the shareholders. The Shareholders have the right to vote and nominate candidate(s) to the Board, either to fill vacancies or as addition to meet the changing needs of the Group in accordance with the Group's Constitution.
- 5.2. The Directors shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not any time exceed the number fixed in accordance with the Group's Constitution. Any Director so appointed shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by the rotation at that meeting.

- 5.3. MCGG 2021 recommends that the tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director, may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, it shall provide justification and seek annual shareholders' approval through a two-tier voting process in accordance with the practices of MCGG 2021.

- 5.4. The Board will, to its best endeavor, comply with the above recommendation.

Non-Executive Directors ("NEDs") will be paid a fee for acting as Directors of the Group, subject to approval by shareholders.

- 5.5. In relation to a proposed candidate who is a former officer, advisor or transacting party of the Group, a three (3) year cooling-off period is required from cessation of such relationship before the Group is able to consider appointment of such candidate to the Board.

6 Remuneration

- 6.1 The remuneration of Executive Directors ("EDs") shall be recommended by the Remuneration Committee with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined with reference to corporate and individual performance of Directors.
- 6.2 The remuneration framework for the Non-Executive Directors is based on experience, degree of responsibility, and contributions. Non-Executive Directors are paid Director's fees and meeting allowance. Directors' fees are paid within the limits approved by shareholders.
- 6.3 The Board determines the remuneration of the Executive and Non- Executive Directors.
- 6.4 The individual Director does not participate in decision concerning his/her own remuneration packages.

7 Board Effectiveness Evaluation ("BEE")

- 7.1 The Board has entrusted the Nominating Committee with the responsibility for carrying out the annual BEE.
- 7.2 The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct, and the performance of the Chairman and Managing Director. The Board, through the Nominating Committee, reviews the respective directors and Managing Director to ascertain that their functions and duties are effectively discharged in accordance with their respective Terms of Reference.
- 7.3 The Directors' Self and Peer Assessment is intended to evaluate the mix of skills, experience and other relevant qualities the Directors bring to the Board and takes into account the individual director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The Self and Peer Assessment process also examines the ability of each Board or Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process.

- 7.4 The assessment results from the BEE form the basis of the Nominating Committee's recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members as well as for further development of the Board and Board Committees.

8. Chairman of the Board

8.1 Key Responsibilities of the Chairman Include–

- i. Providing leadership for the board so that the board can perform its responsibilities effectively;
- ii. Setting the Board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- iii. Leading board meetings and discussions;
- iv. Encouraging active participation and allowing dissenting views to be freely expressed;
- v. Managing the interface between board and management;
- vi. Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- vii. Leading the Board in establishing and monitoring good corporate governance practices in the Group. Including overseeing the AB&C Policy to fully comply with all laws and regulations governing its operation related to Malaysian Anti-Corruption Act 2009 (amended 2018).

9 Separation of Functions Between the Chairman and Executive Deputy Chairman cum Group Managing Director

- 9.1 The roles of the Independent Non-Executive Chairman and Executive Deputy Chairman cum Group Managing Director are distinct. The distinct and separate roles of the Chairman and Executive Deputy Chairman cum Group Managing Director, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 9.2 Executive Deputy Chairman cum Group Managing Director is the highest-ranking officer across the Group. He is responsible for the day-to-day business of the Group, within the authorities as delegated by the Board. The primary job tasks for the Executive Deputy Chairman cum Group Managing Director are as follows:
- i. Strategy development, monitoring and tracking;
 - ii. Business development;
 - iii. Regulation;
 - iv. Performance management;
 - v. Human resources management;
 - vi. Risk management;
 - vii. Stakeholder management; and
 - viii. Oversight and ensure full compliance with all laws and regulations governing its operation related to Malaysian Anti-Corruption Act 2009 (amended 2018).

10 Board Committees

- 10.1 The Board may delegate its responsibilities to the Board Committees and Management. However, the respective Committee's authority must be specifically spelt out in their terms of reference ("TOR"). Delegation of authority shall not in any way absorb or discharge the duties and responsibilities of the Board.

The detailed TORs are available publicly at the Group's website in Corporate Governance section.

10.2 There shall be an adequate degree of independence and a process or practice in place to allow the Directors to meet and actively exchange views to enable the Board to assess the direction of the Group and the performance of its Board Committees and Management. There shall be transparency and full disclosure from the Committees to the Board. Presently the Board has formed five (5) standing committees:

- i. Audit Committee;
- ii. Nominating Committee;
- iii. Remuneration Committee;
- iv. Risk Management Committee; and
- v. Sustainability Committee.

10.3 Audit Committee

10.3.1 The Audit Committee shall consist of not less than three (3) members, all must be Non-Executive directors, with a majority of them being Independent Directors.

10.3.2 The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors.

10.3.3 The Audit Committee has full access to both the internal and external auditors who, in turn, always have access to the Chairman of the Audit Committee.

10.4 Nominating Committee

10.4.1 The Nominating Committee shall comprise exclusively of Non-Executive Directors.

10.4.2 The Nominating Committee is set up to propose new nominees for the Board and to evaluate each individual Director on an on-going basis. The Nominating Committee also seeks to ensure an optimal mix of qualifications, skill and experience among the Board members.

10.5 Remuneration Committee

10.5.1 The Remuneration Committee shall comprise a majority of Independent Non-Executive Directors.

10.5.2 The Remuneration Committee is responsible for recommending to the Board the framework and quantum values for the Executive Directors' as well as senior management's remuneration package, terms of employments, reward structure and perks.

10.5.3 In general, the remuneration is structured to link rewards to corporate and individual performance as in the case of the Executive Directors and senior management. As for the Non- Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

10.6 Risk Management Committee

10.6.1 The Risk Management Committee is made up of Board members, and senior management (on invitation by the Committee and approved by the Chairman of the Board).

- 10.6.2 The Risk Management Committee is responsible for highlighting key risks affecting the Group (in particular, risks at Group level) to the Board.

10.7 Sustainability Committee

- 10.7.1 The Sustainability Committee shall comprise a majority of Independent Non-Executive Directors.
- 10.7.2 The Sustainability Committee is to assist the Board of Directors in discharging its statutory duties and oversight responsibilities relating to supporting and monitoring the sustainable development strategy of the Group's businesses covering:
- i. To oversee the environmental, social and governance ("ESG") aspects;
 - ii. To oversee the contribution to sustainability-related impacts in the course of the Group's operations; and
 - iii. To oversee the integrity of the Group's sustainability reporting.

11 Investor Relations and Shareholders' Communication

- 11.1 The Board shall maintain a communications policy that enables both the Board and Management to communicate effectively with the Group's shareholders, stakeholders and the general public.
- 11.2 The Board shall arrange for the General Meetings of the Group to be conducted in an efficient manner to enhance shareholder communications. The Board shall also provide timely and relevant information to shareholders and encourage their active participation at the meetings, taking into account the following measures:
- i. Ensure that each item of business included in the notice of meeting is accompanied by a full explanation of the effects of the proposed resolution;
 - ii. Ensure that a brief description, including information such as age, relevant experience, list of directorships, date of appointments to the Board, details of participation at Board Committees and designation of Directors (Independent or Non-Independent), in respect of the Directors standing for re-election or re-appointment, is disclosed in the Annual Report;
 - iii. The Chairman shall provide reasonable time for discussion at the meeting. Where appropriate, the Chairman will undertake to provide the shareholder with a written response to any significant question which cannot be answered immediately; and
 - iv. Consider the need for substantive resolutions, including, but not limited to, related party transactions to receive specific shareholder approval by way of poll and announce the detailed results of the votes cast for and against each resolution. The Chairman shall also inform shareholders of their right to demand a poll vote at the commencement of the General Meeting subject to Group's Articles of Association.

12 Board Procedures

12.1 Board Meetings

- 12.1.1 Meetings shall be conducted at least on a quarterly basis. The Group has scheduled four (4) quarterly meetings a year. The Company Secretary(ies) shall prepare and distribute to all Directors in advance a timetable for the meetings for the year. The Company Secretary(ies) shall work together with the Chairman in developing the meeting agenda.
- 12.1.2 Except for cases of emergencies, seven (7) days' notice of every Board meeting will be provided in writing. In addition to notices sent through post or by hand, notices may also be sent via facsimile, electronic mail or by any means of telecommunication in a permanent written form.
- 12.1.3 The Chairman of the Board - or in his absence, Executive Deputy Chairman cum Group Managing Director from amongst the Board members - shall preside at all meetings.
- 12.1.4 Board members are required to attend Board meetings. However, other senior officers may be invited to attend meetings for items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Resolutions at any meeting of the Directors shall be decided by a majority of votes.
- 12.1.5 Resolutions of the Directors at a meeting or adjourned meetings of the Directors shall be adopted by a majority of votes of all Directors present. In the event matters requiring Board's decision arise between meetings, such matters shall be resolved through circular resolution which shall be supported by relevant papers setting out details of the subject matter. The Board members may obtain more information from Management and express their viewpoints by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolutions shall be submitted for confirmation or ratification at a meeting of the Board following the passing of the circular resolutions.
- 12.1.6 The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication. The physical presence of Director(s) is not compulsory and participation at the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating at any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- 12.1.7 Pursuant to regulatory requirements, a Director shall abstain from deliberation and voting on contracts or proposed contracts or arrangements in which the Director has direct and/or indirect interests.

12.2 Agenda

- 12.2.1 The Chairman, in conjunction with the Company Secretary, shall assess the type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

12.3 Meeting Papers

- 12.3.1 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 12.3.2 Minutes are prepared following a Board meeting. The draft minutes shall be tabled at the following meeting for confirmation and signing.

12.4 Access to Information

- 12.4.1 All Directors shall have unrestricted access to Management and to information pertaining to the Group and its subsidiaries, including access to the Group auditors and consultants, relevant to the furtherance of their duties and responsibilities as Directors of the Group.

12.5 Independent Professional Advice

- 12.5.1 In discharging the Director's duties, each member of the board is entitled to obtain independent professional advice with the cost thereof borne by the Group.
- 12.5.2 Where such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Group, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.

12.6 Directors' Training

- 12.6.1 Directors are required to undergo the mandatory accreditation programme under the auspices of Bursa Malaysia. In addition, Directors are required to attend relevant training courses or seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters, for example, financial reporting standards, tax budgets, etc. the Nominating Committee shall decide on the continuous education training programme for Directors.
- 12.6.2 All trainings attended by Directors shall be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year shall also be disclosed.

13. Formal Schedule of Matters for the Board's Decision

13.1 The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Group is firmly in its hands. This serves as a safeguard against misjudgments and possible acts deemed ultra vires, and contrary to the Group's or shareholders. The schedule is updated regularly and shall include the following:

- Acquisitions and disposals of businesses of the Group or its subsidiaries;
- Acquisition of assets or material capital expenditure and/or investment which exceeds RM20 million in value;
- Disposal of asset or material capital expenditure and/or investment which exceeds RM10 million in value;
- Determining level of authority;
- Determining treasury policies;
- Determining risk management policies;
- Related Party Transactions;
- Material agreements that are not in the normal course of business;
- Funding and financing;
- Approving of quarterly financial results, public announcements, press releases and financial statements;
- Adoption of new/change in accounting policy;
- Proposal to increase/decrease capital;
- Proposal to amend Constitution;
- Convening of general meetings;
- Material litigation that is not in the ordinary course of business;
- Appointment and resignation of Director;
- Appointment and resignation of Principal Officer of the Group e.g. Company Secretary and Chief Financial Officer;
- Circulars to shareholders;
- Adopting or amending the Terms of Reference/by-law of the respective Board Committees;
- Recommending dividends; and
- Recommending Director's fees.

14 Company Secretary

14.1 The Company Secretary shall be a person who is qualified pursuant to Section 235 of the Act.

The Board is supported by a suitably qualified and competent Company Secretary who plays an important role to provide sound governance advice, ensure adherence to rules and procedures, and advocate the adoption of corporate governance best practices.

14.2 The roles and responsibilities of a Company Secretary include, but are not limited to the following:

- i. Manage all Board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- ii. Ensure statutory records are kept and maintained in a proper manner, in compliance with all applicable laws and regulatory guidelines;
- iii. Advise the Board on its roles and responsibilities;
- iv. Facilitate the orientation of new directors and assist in director training and development;

- v. Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- vi. Manage processes pertaining to the annual shareholder meeting;
- vii. Monitor corporate governance developments and assist the board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- viii. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

15 Review of Board Charter

- 15.1 The Board Charter shall be reviewed annually or on an ad hoc basis by the Board and amended and/or updated as and when necessary.

This Board Charter is dated 01.02.2024.