

MULPHA INTERNATIONAL BHD

(Company No. 19764-T)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of Mulpha International Bhd (**“the Board”**) regards corporate governance as vitally important to the success of the Company’s business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:-

- The Board is the focal point of the Company’s corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of the Company.

3. THE BOARD

3.1 Role

- 3.1.1 The Board is charged with leading and managing 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.

3.1.2 The Board meets at least once every quarter to facilitate the discharge of their responsibilities, with additional meetings convened when necessary. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

3.1.3 Duties of the Board include establishing the corporate vision and mission as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.

3.1.4 The main functions and roles of the Board are as follows:-

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Succession planning for senior management.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

3.1.5 The Board may seek independent professional advice in furtherance of their duties at the Company's expense.

3.2 Composition and Board Balance

3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives.

3.2.2 Under the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), at least two (2) or one-third (1/3), whichever is higher, of the Board members must be Independent Directors.

3.2.3 The Independent Directors provide unbiased and independent judgement and advice.

3.2.4 The Board has appointed a Senior Independent Director to whom any concern regarding the Company may be conveyed.

3.2.5 If, on any matter discussed at a board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

3.3 Appointment of Directors

3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.3.3 Visits to the Group's businesses and meetings with senior management will be arranged for new Directors to facilitate their understanding of the Group.

3.3.4 Directors should notify the Chairman before accepting any new directorship in other companies. This notification should include an indication of time required to be spent on the new appointment.

3.4 Directors' Training

3.4.1 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Securities, Board members are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.4.2 The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

3.5 Tenure of Directors

3.5.1 In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by the shareholders in the next Annual General Meeting ("AGM") subsequent to their appointment. One-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) are required to retire from office by rotation annually and subject to re-election at each AGM.

All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment.

3.5.2 Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

3.5.3 Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

3.5.4 For those Independent Directors whose tenure exceeded a cumulative term of nine (9) years, shareholders' approval is required for their re-appointment to be retained as Independent Directors.

3.6 Board Meetings, Procedures and Supply of Information

3.6.1 The Board meets regularly at least once a quarter to review financial, operational and business performances. The quorum for board meetings is two (2) Directors.

3.6.2 Notices and agenda of meetings together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.

3.6.3 The board papers provided include inter alia, the financial results, business plan and budget, progress report on the Company's developments, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

3.6.4 All proceedings of the Board, including agenda papers submitted and presentations made to the Board, will be kept confidential and will not be disclosed to any person other than Board members, except as required by law or as agreed by the Board.

3.6.5 The Board may conduct meetings by telephone or other electronic communication media, provided that all Board members are able to hear each other and participate in discussion.

3.6.6 In the intervals between board meetings, decisions and approval for urgent matters are obtained via circular resolutions, to which supporting documents and information are provided to the Board for an informed decision.

4. CHAIRMAN AND EXECUTIVE DIRECTORS

There is a balance of power and authority between the Chairman and the Executive Directors with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and Executive Directors are separated and clearly defined.

4.1 Chairman

4.1.1 The Chairman's primary role is to lead the Board in the oversight of Management and is responsible for ensuring the integrity and effectiveness of the governance process of the Board.

4.1.2 The Chairman ensures that the Board members are properly briefed on issues arising at board meetings and that available information on an issue is presented to the Board.

4.1.3 The Chairman will act as facilitator at board meetings to ensure that no Board member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.

4.1.4 Questions arising at any board meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, except that where two (2) Directors form a quorum and only two (2) Directors are present, or where there are only two (2) Directors who are competent to vote on the question at issue, the Chairman shall not have a casting vote.

4.2 Executive Directors

4.2.1 The Executive Directors have the responsibility in the running of the day-to-day operation of the Company's business, and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing the Company.

5. BOARD COMMITTEES

The Board may from time to time delegate certain responsibilities to Board Committees. The Board has delegated certain responsibilities to the various Board Committees as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

- Risk Management Committee
- Tender Committee

Independent and Non-Executive Directors play a leading role in the Audit, Nomination and Remuneration Committees.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1 The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by each Director. They receive a basic fee and an attendance fee for attending meetings.
- 6.2 The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 In presenting the annual financial statements, Annual Report and quarterly results to shareholders, the Board aims to provide a balanced and comprehensive assessment of the Group's financial position, performance and prospects.
- 7.1.2 The Board ensures 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 the approved accounting standards. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

7.2 External Auditors

- 7.2.1 The Board has established a formal and transparent relationship with the External Auditors through the Audit Committee. From time to time, the External Auditors will highlight matters that require further attention of the Audit Committee and the Board.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors.

7.2.3 The External Auditors are invited to attend the AGM of the Company and are available to clarify and answer shareholders' queries on their conduct of the audit or on the audited financial statements.

7.2.4 Appointment of the External Auditors is subject to approval of shareholders at general meeting of the Company. The External Auditors have to retire during the AGM of the Company every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

7.3.1 The Company has an in-house internal audit function, which reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of the Company are undertaken on a regular basis.

7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

7.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

8. AGM

8.1 The Board regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the Company's shareholders.

8.2 The Chairman encourages active participation by the shareholders during the AGM.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

9.1 The Company adopts a communication policy that enables the Board and Management to communicate effectively with shareholders and the public.

9.2 The Board values constant dialogue and is committed to clear communication with shareholders and investors.

- 9.3 The Company communicates information to shareholders and the investing community through the Annual Report and announcements that are released to Bursa Securities. Such announcements include the quarterly results, material transactions and other developments relating to the Group requiring disclosure under the Listing Requirements of Bursa Securities.
- 9.4 In addition to published Annual Report sent to all shareholders and quarterly results announced to Bursa Securities, the Company has established a website at *www.mulpha.com.my* from which investors and shareholders can access for information.
- 9.5 While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

10. COMPANY SECRETARY

- 10.1 The Company Secretary plays a vital advisory role to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.
- 10.2 The Board has access to all information relating to the Group and to the advice and services of the Company Secretary who is responsible for ensuring that board meeting procedures are followed and that applicable rules and regulations are complied with.