

KHIND HOLDINGS BERHAD (380310-D)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“Board”) of Khind Holdings Berhad (“Khind” or “the Company”) regards corporate governance as important principles and best practices to be upheld, and will continuously implement and carry out good governance practices throughout the Company and its subsidiaries (“Group”).

2. OBJECTIVE

The objective of this Board Charter is to ensure that all Board members are fully aware of their roles and responsibilities as Board members and the various regulations that may have an impact on the discharge of the Board’s responsibilities. In pursuit of the principles set out in this Board Charter, the Board shall commit to employ the principles of integrity, transparency and professionalism to ensure that the principles of good corporate governance are applied in all of the Group’s business dealings in respect of its shareholders and relevant stakeholders and the shareholders’ investment and value and the interests of the stakeholders are safeguarded.

3. KEY VALUES OF KHIND

2013 marked the beginning of the Company’s new phase of Khind 3.0, a new vision anchored on “We Deliver Happiness” to all stakeholders with the following values:-

Kindness - we aspire to be good, gentle and kind to our fellow beings and foster respect for mother earth and the environment

Harmony - we work to create an atmosphere of trust, respect and mutually beneficial synergies

Interesting - we aim to make inspiring and surprising discoveries in our day - to - day operations and conduct

Novelty - we constantly innovate and create to stay ahead and to push the boundaries of what is possible

Development - we believe and invest in continuous improvement and betterment for all

4. THE BOARD

4.1 Composition and Appointments

At least one-third of the Board shall consist of Independent Non-Executive Directors or a minimum of two (2), whichever is the higher. Where the Chairman of the Board is not an Independent Non-Executive Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

The Board shall consist of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and the Group.

The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination and Remuneration Committee. In making these recommendations, the Nomination and Remuneration Committee will consider the required mix of skills, experience and other qualities, including core competencies which the potential candidate would bring to the Board.

The Board has appointed a Senior Independent Non-Executive Director to whom all concerns or queries pertaining to the Company may be conveyed by shareholders and stakeholders.

The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness vis-à-vis the needs of the Company and the Group as well as the requirements set out in the relevant laws, regulations and codes.

4.2 Tenure of Directors

The Articles of Association of the Company provides that every newly appointed Director be subjected to re-election at the Company's next Annual General Meeting ("AGM") subsequent to their appointment. One-third of the Board shall retire from office and be eligible for re-election at every AGM. All Board members are subject to retirement by rotation and re-election by shareholders at least once in every three (3) years.

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.

The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

4.3 External Board Appointments

Any Board Member, whilst holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director's performance as a Board Member. All such appointments must first be discussed with the Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment.

4.4 Responsibilities of the Board

In order to ensure effective discharge of the Board's functions, the Board will assume the following 6 principal responsibilities:-

- (a) reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries ("Group");
- (b) overseeing the conduct of the Group's business to evaluate whether it is properly managed;
- (c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
- (d) succession planning including appointing, training, fixing the remuneration and where appropriate, replacing senior management;
- (e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
- (f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.

4.5 Matters reserved for the Board

Other than those statutorily and regulatory required and powers accorded under Articles of Association, the following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- (a) delegation of powers to Board Committees;
- (b) receiving and approving reports and recommendations from Board Committees;
- (c) approving strategic business plans, mergers and acquisitions of a substantial value;
- (d) major investment or divestment of current businesses;
- (e) changes to the group structure;
- (f) provision of indemnities or corporate guarantees; and
- (g) appointment of a senior independent director from among the members.

4.6 Directors' Training and Continuing Education

In addition to the mandatory training programs required by Bursa Malaysia Securities Berhad, the Directors shall continue to update and enhance their knowledge and skills by attending appropriate training to enable them to discharge their duties effectively. The Board shall evaluate and determine the training needs of the Directors from time to time.

4.7 Board Evaluation and Performance

The Nomination and Remuneration Committee shall evaluate the performance of the Board members on an annual basis. The Board committees shall also be regularly reviewed by the Nominating and Remuneration Committee to ascertain their performance and effectiveness.

4.8 Directors' Remuneration

The Nomination and Remuneration Committee is responsible for recommending to the Board the remuneration framework and packages of all Directors. The Directors shall abstain from deliberations and voting on their own remuneration. The performance of Directors is measured by the Directors' contribution to both the Board and the Company. The Executive Directors' remuneration is structured according to the skills, experience and performance of the Executive Directors.

4.9 Share dealings by Board Members

Board members are allowed to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Board members on the Company's performance and share value and therefore will be in the interests of all shareholders.

When buying or selling shares, Board members must strictly observe the provisions of the Company's Articles, the Company's own internal rules and all relevant legislative or regulatory procedures, and should follow any procedural recommendations prescribed by the Board from time to time.

5. ROLES OF THE CHAIRMAN, GROUP CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR ("CEO/ED"), INDIVIDUAL DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

5.1 The Chairman

The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and stakeholders. The roles of the Chairman, amongst others, are as follows:

- (a) lead the Board in setting its values and ethical standards of the Company and monitor the workings of the Board;
- (b) facilitate the progress and conduct of meeting;
- (c) stimulate debates on issues and encourage positive contributions from each Board Member;
- (d) set the agenda for Board Meetings with assistance of the Company Secretary and ensure all relevant issues for the effective running of the Company's business are on the agenda;
- (e) ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group;
- (f) ensure effective communication with shareholders and relevant stakeholders;
- (g) perform any other responsibilities assigned by the Board from time to time.

The Chairman should allow every board resolution to be voted on and ensure the will of the majority prevails. In determining policies matters, the Chairman should ensure that the following are carried out:

- (i) all Directors are properly briefed on issues arising at Board meetings; and
- (ii) there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arrange informal meetings beforehand to enable thorough preparations.

5.2 CEO/ED

The CEO/ED is responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. The roles of the CEO/ED are as below:-

- (a) to ensure balance of management power and authority;
- (b) responsible for the overall business performance of the Group;
- (c) develop performance target, strategic direction and long term goals for the Group;
- (d) implementation of Board policies, strategies and decisions;
- (e) provide strong leadership to employees of the Group;
- (f) assess business opportunities which are of potential benefit to the Group; and
- (g) keep the Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

5.3 Individual Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- (a) acting in good faith and in the best interest of the Company as a whole;
- (b) acting with due care and diligence;
- (c) avoiding conflict of interest wherever possible; and
- (d) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

5.4 Independent Non-Executive Directors

The Independent Non-Executive Directors shall provide independent judgment and objectivity without being subordinated to operational considerations. The Independent Non-Executive Directors help to ensure that the interests of all shareholders, and not only the interests of a particular group, and that all relevant matters and issues are objectively and impartially considered by the Board.

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

- (a) provide independent judgement on issues relating to strategy, performance, resources allocation and standards of conducts;
- (b) participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making;
- (c) provide a check and balance to the Board.

6. BOARD COMMITTEES

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

- (a) Audit Committee; and
- (b) Nomination and Remuneration Committee

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such minutes will be included in the Board papers.

7. COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities. The Company Secretary shall ensure Board proceedings are followed in compliance with relevant laws, regulations and requirements.

8. BOARD MEETINGS

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. The Articles of Association of the Company stipulates the procedures for convening board meetings and the size and required attendance for the Board's quorum.

Board meeting agendas shall be the responsibility of the Chairman with input from Board Members and the Company Secretary. The Chairman may also ask Management to participate in this process.

Management is responsible for providing the Board with the required information in an appropriate and timely manner.

Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

9. ACCESS TO INDEPENDENT ADVICE AND INFORMATION

Board members shall:-

- (a) have full and unrestricted access to any information pertaining to the Company.
- (b) have full and unrestricted access to the advice and services of the Company Secretary;
- (c) be able to seek independent professional advice in the furtherance of their duties and responsibilities at the expense of the Company subject to the procedures set up by the Board. Independent advice sought shall exclude those of personal interests relating to the Director's personal disputes in matters that are not related to or affect the Board or the Company as a whole.

10. RELATIONSHIP WITH SHAREHOLDERS, INSTITUTIONAL INVESTORS & MEDIA.

The Board shall communicate and interact regularly via different platforms such as Company's annual general meetings, media interviews, road shows, announcements to Bursa and other social media in updating the status of Company's performance, direction and strategies to shareholders and stakeholders.

11. DIRECTORS' CODE OF CONDUCT AND ETHICS

Members of the Board shall observe and adhere to the following;

- (a) Compliance with the Board Charter;
- (b) Observe high standards of corporate governance at all times;
- (c) Act in good faith and in the best interest of the Company;
- (d) Uphold accountability to all stakeholders;
- (e) Declaration of any personal, professional activities that may be in conflict with the Director's responsibilities;
- (f) No misuse of power and information gained in the course of duty for personal gain;
- (g) No acceptance of gift or benefit.

12. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Board recognises the need for strategies and plans to promote and contribute towards sustainable development, with particular focus on the environmental, social and governance aspects of the business.

The Company shall constantly strive to maintain a safe and conducive work environment for its employees and adopts documented policies and procedures as part of its commitment towards Quality, Health, Safety and Environment.

13. REVIEW OF THE BOARD CHARTER

This Board Charter was adopted by the Board on 17 April 2013. The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.

The Board Charter is made available for reference in the Company's website at www.khind.com.