

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 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.

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 assess the suitability of candidates, taking into account the qualifications, credentials, core competencies vis-à-vis the composition of required mix of skills to demonstrate knowledge, expertise and experience, character, professionalism, integrity, competencies, time commitment and other qualities, which the potential candidate would bring to the Board to effectively discharge his/her role as Director of the Company.

The Board strives to ensure that there is no discrimination on the basis of race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, marital status, education physical ability or geographic region when deciding on the composition of the Board.

The Board shall have a Senior Independent Non-Executive Director to whom all concerns or queries pertaining to the Company may be conveyed by shareholders and stakeholders. The Senior Independent Non-Executive Director shall also act as a sounding board for the Chairman and an intermediary for other Directors when necessary.

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.

The Company expects the Directors to give their time commitment in carrying out their duties and responsibilities as Director. This includes at least 50% attendance at the Board meetings held in each financial year. Directors are also required to attend regular meetings of any Board Committee of which they are a member of. In addition, they would be expected to devote appropriate preparation time ahead of each meeting.

4.2 Tenure of Directors

The Constitution 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.

The Board, with the assistance of the Nomination and Remuneration Committee, will assess the Directors' standing for re-election to ensure that such Directors meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors of the Company.

Independent Non-Executive 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.

If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12) year, the Board shall seek annual shareholders' approval through a two-tier voting process in accordance with the Malaysian Code on Corporate Governance.

4.3 External Board Appointments

Any Director, 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. The Director shall notify the Chairman when accepting any new directorships. 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 responsibilities:-

- (a) review, adopt and monitor the implementation of strategic plans for the Group;
- (b) together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- (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's performance to determine whether the business is being properly managed;
- (e) oversee the conduct of the Group's businesses to evaluate whether they are properly managed;
- (f) identify principal risks, set the risk appetite and ensure there is an appropriate risk management framework and sound framework for internal controls and risk management;
- (g) ensure Senior Management has the necessary skills and experience and there are measures for orderly succession of Board and Senior Management;
- (h) oversee the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
- (i) ensure the integrity of the Company's financial and non-financial reporting.

4.5 Matters reserved for the Board

A schedule of matters reserved for the collective decision of the Board is listed in Annexure A. The Schedule is non-exhaustive and may be amended by the Board

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 assist the Board in carrying out an annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

4.8 Directors' Remuneration

The Nomination and Remuneration Committee shall be responsible for recommending to the Board the remuneration framework and packages of Directors and Senior Management.

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.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibility undertaken by the particular Non-Executive Director.

Directors who are shareholders should abstain from voting at general meetings on the resolution concerning their fees.

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 Constitution of the Company', the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Companies Act 2016 ("the Act"), the Company's own internal rules and all relevant legislative or regulatory procedures.

5. ROLES OF THE CHAIRMAN, GROUP CHIEF EXECUTIVE OFFICER ("GROUP CEO"), 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, ethical standards and good corporate governance practices in the Company;
- (b) manage the interface between Board and Management;
- (c) lead Board discussions, encourage active participation and allow dissenting views to be freely expressed;
- (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.

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 Group CEO

The Group CEO 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 Group CEO 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) assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- (h) communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- (i) 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.

Board Members are expected to make every effort to attend Board meetings and prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and bring the benefit of their knowledge, skills and abilities to the Board table.

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

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

The Board Committees shall operate under their clearly defined Terms of Reference. The Board 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 Board Committees shall report to the Board on the outcome of the Board 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.

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 the business.

The responsibilities of a Company Secretary shall include:-

- (a) advising the Board on its roles and responsibilities;
- (b) advising the Board on corporate disclosures and compliance with the Act and MMLR;
- (c) ensuring that Board procedures and applicable rules are observed;
- (d) maintaining records of the Company and ensuring effective management of the Company's statutory records;
- (e) ensuring the proceedings of Board meetings are properly minuted and conclusion of the Board's decisions are accurately recorded.

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 Constitution 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. Except in the case of emergency, notice of board meetings and meeting materials should be distributed at least five (5) business days in advance of the meetings. 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 following:
 - (i) first, discuss with the Chairman;
 - (ii) provide a written notice to the Company Secretary of his intention to seek independent advice with a summary of the subject-matter; and
 - (iii) the Board shall be notified and approval be obtained prior to the engagement of the professional advisors.

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

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.

This Board Charter was adopted on 17 April 2013 and last reviewed on 12 March 2018.

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

ANNEXURE A

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

- (1) Strategy and Operations
 - (a) Strategic business plans, mergers and acquisitions of a substantial value;
 - (b) Major investment or divestment of business, property or undertaking;
 - (c) Annual budget (including capital expenditure budget);
 - (d) Investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities;
 - (e) Limits of authority for the Company;
 - (f) Extension of the Group's activities into new business or geographic areas;
 - (g) Any decision to cease to operate all or any material part of the Group's business;
 - (h) Provision of indemnities or corporate guarantees.

- (2) Financial Reporting and Controls
 - (a) Quarterly financial results following recommendations from the Audit Committee;
 - (b) Annual Report including statements and reports contained therein;
 - (c) Audited Financial Statement following recommendations from the Audit Committee;
 - (d) Dividend policy;
 - (e) Declaration of interim dividends and recommendation of final dividends;
 - (f) Any significant changes in accounting policies or practices following recommendations from the Audit Committee and adoption of accounting policies in line with the Malaysian Financial Reporting Standards;
 - (g) Effectiveness of the Group's system of risk management and internal controls following recommendations/feedback from the Audit Committee.

- (3) Internal Controls

Ensuring maintenance of a sound system of internal control and risk management, following recommendation from the Audit Committee, including approving an appropriate statement for inclusion in the Annual Report;

- (4) Board Membership and Other Appointments
 - (a) Changes to the structure, size and composition of the board, following recommendations from the Nomination and Remuneration Committee;
 - (b) Approval of the terms of reference, membership of board committees;
 - (c) Scope and extent of delegations to Directors or Board Committees;
 - (d) Appointment and removal of the Directors of the Company and changes to their executive positions all on the recommendation of the Nomination and Remuneration Committee;
 - (e) Selection and appointment of the Chairman and Senior Independent Director following recommendations from the Nomination and Remuneration Committee;
 - (f) Succession planning for the board and senior management;
 - (g) Appointment and removal of the Company Secretary;
 - (h) Appointment, reappointment or removal of the external auditor to be put to shareholders for the approval, following recommendations from the Audit Committee;
 - (i) Approval of the remuneration of the auditors and terms of engagement, following recommendations from the Audit Committee.

(5) Remuneration

- (a) Recommendation of Directors' fees and benefits for Non-Executive Directors to be put to shareholders for approval.
- (b) Approval of remuneration packages, including service contracts, for Executive Directors

(6) Other matters

- (a) Changes relating to the Group's capital structure including reduction of capital, share issues and share buybacks;
- (b) Changes to the group structure;
- (c) Changes to the Constitution of the Company
- (d) Change in financial year end.