



BOARD CHARTER

Kelington Group Berhad
(501386-P)

We Engineer Solutions

History of Board Charter:-

- (1) Approved by the Board of Directors on 29 April 2013**
- (2) Reviewed by the Board on 28 April 2015**
- (3) Reviewed by the Board on 18 April 2017**
- (4) Reviewed by the Board on 26 February 2018**

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OUR VISION

To be a leading and well-diversified high-technology Company in Asia Pacific region.

OUR MISSION

We strive to build KGB as a profitable organization that is continuously investing in new technology, delivering world class and quality services to meet our customers' requirement, safely and cost effectively.

OUR CORE VALUES

In our drive towards our vision, we uphold the following four core values

- Building Partnership**
- Encourage Innovation**
- Continuous Improvement**
- Work Safety**

INTRODUCTION

The Board of the Company is responsible for the overall corporate governance of the KGB Group, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Company performance, maximizing shareholder value and safeguarding the stakeholders' interest.

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.

The management shall support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The responsibility for the operation and administration of the Group of Companies is delegated by the Board to the Executive Directors.

All Board members are responsible to the Company for achieving a high level of good corporate governance.

This Board Charter shall constitute and form an integral part of each Director's roles and responsibilities.

OBJECTIVES

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

This Board Charter is not an "all inclusive" document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

ROLES AND RESPONSIBILITIES

(A) ROLE OF BOARD

The Board is responsible for the proper stewardship of the Company and its subsidiaries (collectively referred as “Group”). Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

In discharging its responsibilities and facilitating its on-going oversight of the Group, the Board has agreed its role includes, but not limited to the following matters:-

1.0 Ethics and Compliance

- 1.1 The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board is guided by the Directors’ Code of Ethics in discharging its oversight role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group’s business and professional practice and act in good faith in the best interests of the Group and its shareholders.

- 1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance (“MCCG”). Where there is a departure, the Board will provide clear and meaningful disclosure in the Annual Report on why the practice was not applied and how the alternative practice achieves the intended outcome as set out in the MCCG.
- 1.3 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. 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.
- 1.4 The Board establishes 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.
- 1.5 The Board assumes the following specific duties in accordance to the Limits of Authority :-

- 1.5.1 Providing input into and final approval of the annual operating budget.
 - 1.5.2 Approving major capital expenditure, capital management and acquisitions/divestitures.
- 1.6 Major Responsibilities of the Board

1.6.1 *Setting the Company's strategic aims and the strategic plan*

The role of the Board is to review, challenge and decide on Management's proposal for the Company. The Board brings objectivity and breadth of judgment to the strategic planning process as they are not involved in the day-to-day management of the business. The Board should satisfy itself that Management has taken into account all appropriate considerations in tabling the proposals, includes strategies on economic, environmental and social considerations underpinning sustainability. The Board is also responsible for monitoring the implementation of the strategic plan by Management. The Budget and the Key Projects Update are tabled at every Board meeting to assist the Board examining the underlying strategic issues.

1.6.2 *Overseeing the conduct of the Company's business*

A basic function of the Board is to oversee the performance of Management to determine whether the business is being properly managed. The Board's obligation to oversee the performance of Management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the Board must ensure that there are measures in place against which Management's performance can be assessed.

The Board has put in place key performance indicators ("KPI") for the executive Management to ensure the Management's strategy and performance are aligned with the Company's strategic objective.

1.6.3 *Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures*

The Board must understand the principal risks of all aspects of the Company's business and recognise that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The Board must therefore ensure that there is a sound framework for internal controls and risk management systems which effectively identify, analyse, assess, monitor and manage these risks.

1.6.4 *Succession planning*

The Board should ensure that all candidates appointed to senior management positions are of sufficient calibre. The Board should also be satisfied that there are plans in place to provide for the orderly succession of Board members and senior management.

1.6.5 *Overseeing the development and implementation of a shareholder communications policy for the Company*

The responsibility of the Board is to ensure that the Company has in place a policy to enable effective and timely communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders are considered by the Company when making business decisions.

1.6.6 *Reviewing the adequacy and the integrity of the management information and internal controls system of the company*

The Board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

2.0 Policies and Strategies

2.1 The Board has established written procedures (such as the Delegation of Authority Table, Constitution of the Company and other documents) determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or Management.

2.2 The Board oversees the Company's Strategies and Policies as a whole. This includes the Code of Ethics and Conduct (Appendix B), Whistleblowing Policy (Appendix C), Succession Planning Policy (Appendix H) and other significant policies recommended under MCGG. The Code of Ethics and Conduct promotes ethical values and standards in the workplace while ensuring appropriate internal systems are in place to support, promote and ensure its compliance. The Whistleblowing Policy sets the appropriate communication channels to facilitate whistleblowing by employees, customers, suppliers and other stakeholders. The Succession Planning Policy ensures the continuity of Management and leadership in the Company.

2.3 The Board reserves full decision-making powers on the following matters:

2.3.1 Conflict of interest issues relating to a substantial shareholder or a Director.

2.3.2 Material acquisitions and disposition of assets not in the ordinary course of business.

2.3.3 Investments in capital projects.

2.3.4 Authority levels.

2.3.5 Treasury policies and bank mandate.

2.3.6 Risk management policies.

2.3.7 Key human resource issues.

- 2.4 The matters listed in **Appendix A** are reserved for the collective decision of the Board.

3.0 Internal Controls and Risk Management

- 3.1 The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.
- 3.2 The Board defines the level of risk appetite, approving and overseeing the operation of the Group Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group.
- 3.3 The Group has internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis.

Internal Auditors shall have direct access to the Board through the Chairman of the Audit Committee.

(B) ROLE OF INDIVIDUAL DIRECTORS

- 1.0 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:-
 - 1.1 Acting in good faith and in the best interests of the Company as a whole.
 - 1.2 Acting with care and diligence and for proper purpose.
 - 1.3 Avoiding conflicts of interest with the Company in a personal or professional capacity.
 - 1.4 Refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
- 2.0 Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

(C) ROLE OF INDEPENDENT DIRECTORS

- 1.0 Independent Directors have the mandate of bringing objectivity to the oversight function of the Board.

To execute their roles, Independent Directors, have similar responsibilities to those of other Directors. The fiduciary duties of care, diligence and acting in good faith apply equally to Independent Directors as to other Directors. In view of faith imposed on them by various agencies, they are more bound to execute their functions with impartiality.

- 2.0 It is necessary for the Independent Directors to:
 - 2.1 Prepare themselves thoroughly for the meeting.
 - 2.2 Be objective in forming sound decisions relating to the Company and its business.
 - 2.3 Be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates.
 - 2.4 Be committed to decisions made as a Board.
 - 2.5 Regularly seek information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the Company's operations.
 - 2.6 Constructively challenging and contributing to the development of the business strategies and direction of the Company.
 - 2.7 Mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Company.
 - 2.8 Be informed on laws and regulations influencing their functioning as Directors.
 - 2.9 Utilise the expertise they possess to the good advantage of the company.
 - 2.10 Be conversant with the business so as to exercise intelligent reviews of transactions involving Directors, Management and controlling shareholders.
- 3.0 The most important role that independent directors play directly in relation to the decision of the Board is the objective view that they bring in while evaluating the Board and Management, creating a balance in the interest of the shareholders. These areas are executive remuneration, succession planning, and changes in corporate control, take-overs and acquisitions and the audit function.

(C1) ROLE OF SENIOR INDEPENDENT NON-EXECUTIVE DIRECTORS

- 1.0 To ensure all Independent Non-Executive Directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Non-Executive Directors to perform their duties effectively.
- 2.0 To consult the Chairman regarding Board meeting schedules to ensure the Independent Non-Executive Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items.
- 3.0 To serve as the principal conduct between the Independent Non-Executive Directors and the Chairman on sensitive issues.
- 4.0 To serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman and the Group Managing Director and Group Executive Director.

(D) ROLE OF CHAIRMAN

- 1.0 The Chairman leads the Board and is responsible for the effective performance of the Board.
- 2.0 The Chairman is responsible for:
 - 2.1 Providing leadership for the Board so that the Board can perform its responsibilities effectively:-
 - ensures that the Board plays a constructive part in determination of the Company's strategies and policies, and that Board decisions taken are in the Company's best interests and fairly reflect the Board's consensus; and
 - ensures that procedures are in place to govern the Board's operation.
 - 2.2 Maintaining a relationship of trust with and between the Executive and Non-Executive Directors.
 - 2.3 Ensuring the provision of accurate, timely and clear information to Directors.
 - 2.4 Ensuring effective communication with shareholders and relevant stakeholders.
 - 2.5 Arranging evaluation of the performance of the Board, its Committees and individual Directors.
 - 2.6 Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
 - 2.7 Facilitating the on-going development of all Directors.
 - 2.8 Leading the Board in establishing and monitoring good corporate governance practices in the Company.
- 3.0 The Chairman, in consultation with the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.0 The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
 - 4.1 All Directors are properly briefed on issues arising at Board meetings in a timely manner.
 - 4.2 All Directors receive complete and accurate information in a timely manner.
 - 4.3 Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board's discussion.
 - 4.4 The issues discussed are forward looking and concentrates on strategy.

Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

(E) ROLE OF CHIEF EXECUTIVE OFFICER (“CEO”)

- 1.0 The CEO is primarily accountable for overseeing the day-to-day management to spearhead the business and ensure the smooth and effective operation within the Group.
- 2.0 The CEO is responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group’s business operations based on effective risk management controls.
- 3.0 The CEO ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- 4.0 The CEO is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- 5.0 The CEO is the conduit between the Board and Management in ensuring the success of the Company’s governance and management functions.
- 6.0 The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on Management is delegated through the CEO and this will be considered as the CEO’s authority and accountability as far as the Board is concerned.

(F) ROLE OF COMMITTEE

- 1.0 The Board appoints the following Board Committees with specific Terms of Reference:
 - (1) Audit Committee
 - (2) Nomination Committee
 - (3) Remuneration Committee
 - (4) ESS Committee
- 2.0 Independent and Non-Executive Directors play a leading role in these Committees. Management and third parties are co-opted to the Committees as and when required.
- 3.0 The respective committees’ terms of reference are set out in the **Appendices I, J, K and L**.

(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD

1.0 Size and Composition

- 1.1 At least half of the Board members comprises Independent Directors. Besides, at any one time, at least two or one-third, whichever is higher, of the Board members are Independent Directors.

In the event of any vacancy in the Board members, resulting in non-compliance with the abovementioned, the vacancy must be filled within three months.

- 1.2 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Constitution of the Company provides that there will be a minimum of two directors and a maximum of nine Directors.
- 1.3 Qualifications for membership of the Board include:

- 1.3.1 Appropriate knowledge, understanding and experience of the conduct of the business, as well as the laws, customs and values that govern the activities of the organisation.
 - 1.3.2 Ability to make informed business decisions and recommendations.
 - 1.3.3 Entrepreneurial talent for contributing to the creation of shareholder value.
 - 1.3.4 Ability to ask sensible questions.
 - 1.3.5 High ethical standards and profession approach to duties as well as sound practical sense.
 - 1.3.6 Ability to see the wider picture and perspective, with some benefit of international experience.
 - 1.3.7 Integrity in personal and business dealings.
 - 1.3.8 Proactive and total commitment to furthering the interest of the Company's shareholders and to achieve the Company's goals.
- 1.4 A Non-Executive Director is considered an individual who:
- 1.4.1 has no direct or indirect pecuniary interest in the Company other than his/her Director's emoluments and his/her "permitted" shareholdings in the Company;
 - 1.4.2 is not an employee of the Company or affiliated with it in any other way and is not involved in the day-to-day running of the Company's business but may have pecuniary interests in the Company, whether direct or indirect; or
 - 1.4.3 is not an employee of the Company but standing as a nominee for a substantial shareholder.
- 1.5 Key competencies required for Non-Executive Directors:-
- 1.5.1 To contribute an independent view to matters under consideration.
 - 1.5.2 To add value to Board deliberations.
 - 1.5.3 To contribute to the breadth and depth of experience of the Board.
 - 1.5.4 To clearly communicate.
 - 1.5.5 To demonstrate a wide and unfettered perspective on issues and bring to the Board, integrity and a strong sense of ethics.
 - 1.5.6 To have organisational and strategic awareness and an appropriate level of financial literacy.

- 1.5.7 To be well-versed in the responsibilities of a Director.
 - 1.5.8 To constructively collaborate as part of a team contributing towards the successful performance of the Company.
 - 1.5.9 To possess appropriate and relevant industry-specific knowledge and experience.
- 1.6 An Independent Non-Executive Director is considered an individual who:
- 1.6.1 Is not an Executive Director of the Company or any related corporation of the Company.
 - 1.6.2 Has not been within the last two years and is not an officer (except as a Non-Executive Director) of the Company or any related corporation of the Company. For this purpose, “officer” shall have the meaning given in Section 2 of the Companies Act 2016.
 - 1.6.3 Is not a major shareholder of the Company or any related corporation of the Company.
 - 1.6.4 Is not a family member of any Executive Director, officer or major shareholder of the Company. For this purpose, “family member” means spouse, parent, brother, sister, child (including adopted or step child) and spouse of his child, brother or sister.
 - 1.6.5 Is not acting as a nominee or representative of any Executive Director or major shareholder of the Company or any related corporation of the Company.
 - 1.6.6 Has not been engaged as a professional adviser by the Company under such circumstances as prescribed by Bursa Securities either personally or through a firm or company of which he is a partner, director (except as an Independent Director) or major shareholder, as the case may be.
 - 1.6.7 Has not been engaged in any transaction with the Company 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 Company) which has been engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.
- 1.7 The Board must give effect to the spirit, intention and purpose of the above definition and criteria. Directors should be able to determine if they have an interest or relationship which is likely to have impact on their independence. As such, Directors are expected to advise the Chairman immediately if they believe that they may no longer be independent. Should the Chairman or any other Director has any concern about the independence of a Director, he/she must immediately raise the issue with that Director and, if the issue is not resolved, with the Board.

- 1.8 The Board may appoint a Senior Independent Non-Executive Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the chairman or the CEO have failed to resolve them.
- 1.9 The Board shall appoint the Senior Independent Director as the Chairman of the Nomination Committee, unless a better candidate is available.

2.0 Nomination and Appointments

- 2.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee and making reference to the 'Fit and Proper' Criteria set out in **Appendix F**.
- 2.2 The Company Secretary has the responsibility of ensuring that relevant procedures set out in **Appendix G** relating to the appointments of new Directors are properly executed.
- 2.3 Upon the appointment of a new Director, the new Board member shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Directors:-
 - Board Charter
 - Constitution & Latest Annual Report
 - Organisation Chart
- 2.4 The Company Secretary shall explain the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 2.5 The directorships held by any Board member at any one time shall not exceed five in listed companies.

3.0 Time Period of Office

- 3.1 All Directors are subject to retirement by rotation at least once in every three years and is eligible for re-election.
- 3.2 New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.
- 3.3 The tenure of an Independent Director should not exceed a cumulative of nine years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the director as an Independent Director.

4.0 Independence

- 4.1 An Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.
- 4.2 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 4.3 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 4.4 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 4.5 The Board undertakes to assess the independence of the Independent Directors on an annual basis upon readmission or when any new interest or relationship develops.

5.0 Time commitment of Director for accepting new directorships

- 5.1 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.
- 5.2 Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

(H) PERFORMANCE OF THE BOARD

1.0 Directors' Assessment / Board Evaluation

- 1.1 The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.
- 1.2 The Board evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment and an Assessment of Independence of Independent Directors.
- 1.3 The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

- 1.4 For Individual (Self & Peer) Assessment, the assessment criteria include contribution to interaction, quality of inputs, and understanding of role.
- 1.5 The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

2.0 Directors' Training and Development

- 2.1 In addition to the mandatory programmes as required by the Bursa Securities, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.
- 2.2 The Nomination Committee shall assess the training needs of the Directors and ensure Directors have access to continuing education programme.
- 2.3 The Board shall disclose in the Annual Report the trainings attended by the Directors.

(I) MEETING

1.0 Board Meeting

- 1.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 1.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 1.3 A full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board meeting.
- 1.4 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

2.0 Annual General Meeting ("AGM")

- 2.1 The Board regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 2.2 The Company 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.

- 2.3 The Company must ensure that any vote of shareholders taken at the AGM on the resolution approving Related Party Transaction is taken on a poll.
 - 2.4 To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
 - 2.5 The Chairman and, where appropriate, the CEO responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.
- 3.0 Extraordinary General Meeting ("EGM")
- 3.1 The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

(J) REMUNERATION

- 1.0 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 2.0 The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 3.0 No Director other than the CEO and Executive Directors shall have a service contract with the Company.
- 4.0 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

Refer to **Appendix D** for Remuneration Policy

(K) ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 1.0 Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.
- 2.0 Directors will be entitled to:
 - 2.1 Access members of the senior management via the CEO at any time to request relevant and additional information or seek explanations.
 - 2.2 Have access to internal and external auditors, without management present to seek explanations or additional information.

- 2.3 Seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

(L) FINANCIAL REPORTING

1.0 Transparency

- 1.1 The Directors ensure 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.
- 1.2 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two months after the end of each quarterly financial period.
- 1.3 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

2.0 Company Auditors

- 2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- 2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 2.3 The Audit Committee performs annual evaluation on the performance of the External Auditors and undertaking follow-up measures.
- 2.4 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

(M) SHAREHOLDERS COMMUNICATIONS

1.0 Investor Relations

- 1.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 1.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

- 1.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 1.4 The Company leverage on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

2.0 Other Stakeholders

- 2.1 In the course of pursuing the vision and mission of the Company, the needs and interests of other stakeholders are also taken into consideration.

3.0 Employees

- 3.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 3.2 The Company adopts comprehensive and documented policies and procedures with respect to the Occupational safety and health with the objective of providing a safe and healthy working environment for all employees
- 3.3 In line with best practice, the Company has established an Occupational Safety and Health (OSH) Committee for the effective management of safety and health issues. It is a forum for discussion and the development of new ideas, for the improvement of Safety and Health programmes.

4.0 Environment

- 4.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 4.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 4.3 The Company supports initiatives on environmental issues.

5.0 Social Responsibility

- 5.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 5.2 The Company supports charitable causes and initiatives on community development projects.

(N) COMPANY SECRETARY

- 1.0 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 2.0 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 3.0 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 4.0 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
 - 4.1 Disclosure of interest in securities;
 - 4.2 Disclosure of any conflict of interest in a transaction involving the Company;
 - 4.3 Prohibition on dealing in securities; and
 - 4.4 Restriction on disclosure of price-sensitive information.
- 5.0 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 6.0 The Board members have unlimited access to the professional advice and services of the Company Secretary.

(O) CONFLICT OF INTERESTS

- 1.0 Directors must:
 - 1.1 disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - 1.2 take any necessary and reasonable measures to try to resolve the conflict; and
 - 1.3 comply with the Companies Act provisions on disclosing interests and restrictions on voting.
- 2.0 If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.
- 3.0 Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

(P) APPLICATION

- 1.0 The principles set out in this Charter are:
 - 1.1 Kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.
 - 1.2 Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- 2.0 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 3.0 The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.
- 4.0 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

LIST OF MATTERS RESERVED FOR THE BOARD

The following matters shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board Committees (as appropriate):

Financial

- 1) The adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries.
- 2) The raising of incremental borrowing facilities involving substantial amounts.
- 3) The approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans.
- 4) The approval of the annual financial statements and interim reports, the valuation of unlisted investments, the declaration of dividends and the forfeiture of unclaimed dividends.
- 5) The recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any employee share option scheme).

Statutory and administrative

- 1) Recommending amendments to the Constitution of the Company.
- 2) The frequency of meetings of the Board.
- 3) The convening of general meetings of shareholders of the Company.
- 4) The prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business.
- 5) The appointment, removal or replacement of the Company Secretaries.

List of Matters Reserved for the Board (Cont'd)

Regulatory

- 1) The approval of the terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- 2) The approval and authority to issue circulars to the shareholders of the Company;
- 3) The approval of and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
- 4) Recommending to the shareholders that any ordinary or special resolutions in respect of the Company;
- 5) Recommending to the shareholders to take a particular course of action proposed by the Board; and
- 6) Any decision to list the Company's shares on any stock exchange or to terminate any such listing.

Conduct of the Board

- 1) Appointments to the Board including the appointment of the Chairman, Chief Executive Director, Executive Directors and Non-Executive Directors and the approval on the nomination of Alternate Directors (if any) as recommended by the Nomination Committee.
- 2) The appointment of, terms of reference and changes in the composition of the Board Committees as are established from time to time.
- 3) Any increase of Board members' fees as recommended by the Remuneration Committee and endorsed by the Board, which shall ultimately be approved by the shareholders of the Company in a general meeting.
- 4) To recommend any employee share option scheme, the rules applicable to any such scheme and any amendments to such rules for submission to the shareholders of the Company for approval.
- 5) The formulation of recommended policies in relation to equal opportunity employment, human capital development, environment, health and safety.
- 6) Constituting part of this Board Charter is a "general enabling resolution" which deals with the authority of certain Directors and officials to negotiate and finalise the terms of contracts, for and on behalf of the Company.

1.0 INTRODUCTION

In line with good corporate governance practices, the Board, the Management and employees of Kelington Group Berhad (“Kelington” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) have made a commitment to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. This Code of Ethics and Conduct (the “Code”) sets out the principles and standards of business ethics and conduct of the Group.

2.0 OBJECTIVE

The objective of the Code is to assist the Directors and Employees (as defined under Clause 3 of the Code) in defining ethical standards and conduct at work. The Code is not intended to be exhaustive, and there may be additional obligations that Directors and Employees are expected to behave or conduct when performing their duties. For all intents and purposes, all Directors and Employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties.

3.0 APPLICABILITY

The Code is applicable to all employees (including full time, probationary, contract and temporary staff) (“Employees”) and Directors of the Group. Each Employee has a duty to read and understand the Code. Violation of any of the Code’s provisions can result in disciplinary action, including termination of employment. If a Director requires further clarification on the Code, the Director may refer or highlight any concerns to the Chairman of the Board, whereas for an Employee, the Employee may refer or highlight any concerns to the immediate superior, Head of Department or the Chief Operating Officer.

4.0 CORE AREAS OF CONDUCT

4.1. BUSINESS CONDUCT

4.1.1 Dealing with External Parties

4.1.1.1 Vendors and Business Partners

4.1.1.1.1 The Company shall take a collaborative approach in all their partnerships ensuring that employees address the specific needs of the stakeholders, while offering products, services and solutions.

4.1.1.1.2 The Company shall conduct business with vendors or business partners that share the same ethical commitment as the Company, and shall avoid conducting business with vendors or business partners who are likely to harm the Company’s reputation.

4.1.1.1.3 Facts shall be weighed objectively and impartially to decide on vendors or business partners.

4.1.1.1.4 Employees shall not exert or attempt to exert influence to obtain privilege treatment for any particular vendor. Vendors in competition for contracts with the Company shall at all times be able to have confidence in the integrity of the Company’s selection processes.

4.1.1.2 Governments

- 4.1.1.2.1 Employees shall hold themselves up to the highest standards of conduct and aim to proactively engage with the government to improve the social and economic conditions.
- 4.1.1.2.2 Employees shall be aware of and adhere to the relevant laws and regulations pertaining to relations between government employees and customers, suppliers and business partners.
- 4.1.1.2.3 Employees shall not provide gifts to government employees or those acting on the government's behalf if doing so violates certain local laws and regulations or could be reasonably construed as an action to seek special favour.

4.1.1.3 Investors, Media, Analysts and Others

- 4.1.1.3.1 Any employee approached by investors, prospective investors, media and analysts on confidential information shall refer such requests to Group Finance and Administration Department.
- 4.1.1.3.2 Employees shall also refer any request for information on the Company's business from investigators or law enforcement officials to the Group Finance and Administration Department.
- 4.1.1.3.3 Employees shall not initiate contract with the media and analysis unless it is part of their job responsibilities, and with prior management approval and knowledge. In all instances, employees shall exercise caution in their communication.

4.1.1.4 Competitors

- 4.1.1.4.1 Employees shall compete fairly and ethically within the framework of applicable competition laws.
- 4.1.1.4.2 Employees shall exercise caution in all business contracts and contacts with competitors, suppliers and vendors and seek advice from Group Finance and Administration Department if in doubt whether an action violates any competition laws.
- 4.1.1.4.3 Employees shall disassociate themselves and the Company from participation in any possible illegal activity with competitors and avoid communicating sensitive or confidential information which includes pricing policy, contract terms, marketing and product plans and any other proprietary information.
- 4.1.1.4.4 Employees shall not use improper or illegal means to acquire a competitor's trade secrets or other confidential information. When working with such information, employees shall use it in the proper context and for legitimate purposes such as to evaluate the merits of the products, services and marketing of the Company. Such information shall only be made available to other employees on a need to know basis.

4.1.2 Authority to Make Commitments

- 4.1.2.1 Employees are expected to be aware of and adhere to the Company's defined delegation of authority guidelines and processes for key functions and commitments, limits of authority documents and supplementary procedural documents.

4.1.2.2 Commitments that bind the Company shall only be made by employees who are authorized to do so and in accordance with established limits of authority guidelines. It is not acceptable for employees to make any business commitments whether oral or written that contradict established guidelines and which create a new agreement or modify an existing agreement without proper approval consistent with the limits of authority guidelines.

4.1.3 Money Laundering

4.1.3.1 Money laundering is the process of concealing the identity of proceeds from unlawful activities to convert “dirty” money to a legitimate source of income or asset. Money laundering is an offence under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 in Malaysia.

4.1.3.2 Employees shall be aware of the applicable anti-money laundering laws and shall seek to ensure they are appropriately and adequately informed of developments in the laws relating to this area.

4.1.3.3 Employees are expected to be mindful of the risk of the Company’s business being used for money laundering activities and to raise any suspicious transactions to their immediate superior.

4.1.4 Bribes and Corruption

4.1.4.1 Employees shall not offer, give, solicit or accept bribes in order to achieve business or personal advantages for themselves or others or engage in any transaction that can be construed as having contravened the anti-corruption laws.

4.1.4.2 Employees shall be cognisant of the fact that bribes may be in any form, monetary or otherwise including but are not limited to unauthorized remuneration such as referral fee, commission or other similar compensation, material goods, services, gifts, business amenities, premiums or discounts of an inappropriate value or of an unreasonable level or that are not generally offered to others or that are prohibited by law or may reasonably be viewed as having crossed the boundaries of ethical and lawful business practice.

4.1.4.3 Prior to giving or accepting any business amenity or other gifts (in whatever form or value), employees shall assess the appropriateness of their actions by assessing if the action could influence or could reasonably give the appearance of influencing the business relationship of the Company with that organization or individual or any business decision arising out of that business relationship.

4.1.5 Gifts, Entertainment and Others

4.1.5.1 As a general rule, employees are discouraged from giving or accepting gifts, entertainment and other benefits to or from business partners. Notwithstanding this, the Company recognizes that the occasional acceptance or offer of modest gifts and entertainment may be a legitimate contribution to good business relationships.

4.1.5.2 Generally, all invitations to business luncheons or dinners may be given or accepted by the employees. Employees receiving or giving the gifts, entertainment and other benefits is responsible for assessing whether it is appropriate and within the boundaries set out in this Code.

The following rules and guidelines shall be observed:

- 4.1.5.3 The purpose of the gifts, entertainment and other benefits shall never influence business decision-making processes or cause others to perceive an influence.
- 4.1.5.4 The situation in which the gifts, entertainment and other benefits is received or given shall not be in connection with contractual negotiations of similar situations.

4.2 EMPLOYEE CONDUCT

4.2.1 Workplace Environment

- 4.2.1.1 Employees shall strive to maintain a healthy, safe and productive work environment which is free from discrimination or harassment based on race, religion, political opinion, membership in political group, gender, sexual orientation, marital status, national origin, disability, age or other factors that are unrelated to the Company's legitimate business interests.
- 4.2.1.2 Employees shall avoid any conduct in the workplace that creates, encourages or permits an offensive, intimidating or inappropriate work environment including, but not limited to:
 - 4.2.1.2.1 Threats or comments that contain discriminatory or harassment elements;
 - 4.2.1.2.2 Unwelcome sexual advances;
 - 4.2.1.2.3 Violent behaviour or actions;
 - 4.2.1.2.4 Misuse or abuse of position of authority;
 - 4.2.1.2.5 Inappropriate dressing in violation of the dress code or policy of the Company;
 - 4.2.1.2.6 Possession of weapons of any type; or
 - 4.2.1.2.7 Use, possession, distribution or sale of illegal drugs, alcohol or any prohibited substance, except for approved medical purposes. The consumption of alcoholic beverages on company premises is only permitted for company-sponsored events and with prior management approval.

4.2.2 Working Attitude

- 4.2.2.1 Employees are expected to be adaptive and optimistic with continued energy and confidence to meet global challenges.
- 4.2.2.2 Employees are encouraged to collaborate across markets, functions and teams towards achieving Kelington Group's common goal.
- 4.2.2.3 Employees shall support the establishment of centres of excellence and innovation to enable knowledge sharing and the free-flow of ideas across Kelington Group.
- 4.2.2.4 Employees are expected to behave in a professional and harmonious manner, by treating each other with respect, dignity, fairness and courtesy.

4.2.3 Protection of Assets and Funds

Directors and Employees must protect the assets and funds of the Group to ensure availability for legitimate business purposes and that no property, information or position belonging to the Group or opportunity arising from these be used for personal gain.

4.2.4 Business Records and Data Integrity

Accurate, timely and reliable records are necessary to meet the Group's legal and financial obligations and to manage the affairs of the Group. All books, records and accounts should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations. The preparation and maintenance of accurate and adequate business records are the responsibility of each Employee. No unauthorized, false, improper or misleading records or entries shall be made in the books and records of the Group, under any circumstances.

4.2.5 Confidential Information

It is pertinent that all Directors and Employees exercise caution and due care to safeguard any information of a confidential and sensitive nature relating to the Group which is acquired in the course of their employment, and are strictly prohibited to disclose to any person, unless the disclosure is duly authorized or legally mandated. In the event that a Director or an Employee knows of material information affecting the Group which has not yet been publicly released, the material information must be held in the strictest confidence by the Director or Employee involved until it is publicly released.

4.3 CONFLICTS OF INTEREST

The Directors and Employees should avoid involving themselves in situations where there is real or apparent conflict of interest between them as individuals and the interest of the Group. Directors and Employees must not use their positions or knowledge gained directly or indirectly in the course of their duties or employment for private or personal advantage (directly or indirectly).

In addition, a Director or an Employee shall avoid any situation in which the Director or Employee has an interest in any entity or matter that may influence the Director or Employee's judgment in the discharge of responsibilities.

4.3.1 Competing against Kelington Group

4.3.1.1 Employees shall not engage in activities that have conflict with the business interests, even in their own time, including commercially marketing products or services in competition with the current or potential offerings of the Company.

4.3.1.2 Employees are not allowed to provide any form of assistance to organizations that market products or services in competition with the Company regardless if they receive any direct or indirect remuneration of any kind for the assistance provided. Accordingly, employees shall not work for the competing organization in any capacity as an employee, consultant or as a member of its board of directors.

4.3.2 Supplying to Kelington Group

4.3.2.1 Employees shall not supply to the Company, represent a supplier, work for a supplier or be a member of the supplier's board of directors during your employment with the Company.

4.3.3 Insider Trading

4.3.3.1 Employees who are in the possession of market sensitive information are not allowed to trade in securities of the Company or the shares of another listed company if that information has not been made public. In the context of Malaysian law, insider trading is an offence defined under the Capital Market and Services Act 2007. The laws of other country on insider trading may be applicable in the context of inside information concerning company listed outside of Malaysia.

4.3.3.2 Further, employees shall not disclose such price sensitive information to any third party or encourage any other person to deal in price-affected securities.

4.3.3.3 Employees must consult their respective Head of Department if unsure of the status of the information held by them.

4.3.3.4 Employees must ensure that all transactions in the Company shares comply with the procedures set out in the Bursa Malaysia Listing Requirements and the law on insider trading.

4.3.4 Relative of Employees

4.3.4.1 Employees shall disclose to the Company if any relative (for this Code, "relative" comprises employee's spouse, parents, children, brothers, sisters and spouse of child, brother or sister) provides any form of goods or services direct or indirect to the Company, or is a competitor, vendor, business partner, contractor or consultant to the Company. Employees shall avoid or abstain from participating in or making decisions on any deal involving employee's relative.

4.3.4.2 If employee's relative is a competitor or supplier of the Company or is employed by one, employees are expected to exercise extra caution in their communication and conduct to ensure the security and confidentiality of information important to the Company and to avoid and/or create a conflict of interest situation.

4.3.5 Personal Financial Interest and Borrowings

4.3.5.1 Employees shall not have a financial interest in any organization that the Company conduct business with or compete with if that interest results in or appears to present a conflict of interest situation for the employees with the Company. Employees shall disclose such financial interest to Group Human Resource if it will cause or result in a conflict of interest situation.

4.3.5.2 Employees are prohibited from borrowing from any organization that the Company conduct business with or compete with, unless the organization is a legal financial institution and the loans are granted at rates that are available to the general public. Additionally, employees are also prohibited from borrowing from representatives of any organization that the Company conduct business with compete with, regardless of the nature of business of the organization concerned.

5.0 REPORTING OF VIOLATIONS OF THE CODE

Any Employee who knows of, or suspects, a violation of the Code, is encouraged to whistle blow or report the concerns through the Whistle Blowing Policy. The provision, protection and procedure of the Whistle Blowing Policy for reporting of the violations of the Code are available on the Kelington website. No individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violations of the Code.

6.0 REVIEW OF THE CODE

The Board will monitor compliance with the Code and review the Code regularly to ensure that it continues to remain relevant and appropriate.

DECLARATION BY EMPLOYEE

I, _____ (NRIC/Passport No. _____), hereby confirm that I have read and understand the Code of Conduct (“Code”) and agree to observe and adhere to the Code, as amended from time to time. I shall conduct myself with complete professionalism, integrity and be true to the spirit of the Code in the daily execution of my duties and assignments and as an employee of Kelington Group Berhad. I acknowledge that failure to abide by the Code will lead to the appropriate action being taken against me.

Signature

WHISTLEBLOWING POLICY

1.0 Introduction

- 1.1 Kelington Group Berhad ('Kelington') is committed to achieving and maintaining high standards with regards to behaviour at work as set out in Kelington's Standard of Business Conduct.
- 1.2 In order to achieve the standards set in Kelington's Standard of Business Conduct, all employees and stakeholders (i.e. shareholders / suppliers / customers) are encouraged to report genuine concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.
- 1.3 Kelington views any harassments or retaliations in any form or manner against genuine whistle blower seriously and will treat such action as gross misconduct, which if proven, may lead to dismissal.
- 1.4 The policy and procedures is applicable to all companies within Kelington Group.

2.0 Whistleblowing

- 2.1 Whistleblowing is a specific means by which a worker or stakeholder can report or disclose through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future.
- 2.2 Only genuine concerns should be reported under Whistleblowing procedures. This report should be made in good faith with a reasonable belief that the information and any allegation in it are substantially true, and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

3.0 Procedures

- 3.1 Any concern should be raised with immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to 'Group Chief Executive Officer ('Group CEO'). Channel of reporting to Group CEO are:

Name : Raymond, Gan Hung Keng
Email : raymond.gan@kelington-group.com
Telephone : +603 7845 5696

Mail : *Mark Strictly Confidential*

Kelington Group Berhad
No. 3 Jalan Astaka U8/83
Seksyen U8
Bukit Jelutong Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Attention: Mr Gan Hung Keng

- 3.2 In the case where reporting to management is a concern, then the report should be made to the Chairman of Audit Committee. Channel of reporting to the Chairman of Audit Committee are:

Name : Steven, Chan Thian Kiat
e-mail : ba.associate@gmail.com
Telephone : +6012 206 6618

Mail : *Mark Strictly Confidential*

Kelington Group Berhad
No. 3 Jalan Astaka U8/83
Seksyen U8
Bukit Jelutong Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Attention : Chairman – Audit Committee

4.0 Action

- 4.1 All reports will be investigated promptly by the person receiving the report. If required, he can obtain assistance from other resources within the Group (e.g. Group Internal Audit, Group Human Resource Department, Company Secretary etc.). The progress of investigation will be reported to the Audit Committee no later than at the next scheduled meeting.
- 4.2 Reports received anonymously will be treated as confidential.
- 4.3 The person making anonymous report will be advised that maintaining anonymity may hinder an investigation. Irrespective of this, anonymity will be maintained as long as it's permitted by law or the person making the report indicates that he no longer wishes to remain anonymous.
- 4.4 Upon completion of investigation, appropriate course of action will be recommended to the Audit Committee for their deliberation. Decision taken by the Audit Committee will be implemented immediately.

- 4.5 Where possible, steps will also be implemented to prevent similar situation arising.

5.0 Further action

- 5.1 If for any reason, the person making the report is not satisfied with the way his report had been dealt with, he can escalate his report to the Chairman of Audit Committee. Channel of reporting to the Chairman of Audit Committee are:

Name : Steven, Chan Thian Kiat
e-mail : ba.associate@gmail.com
Telephone : +6012 206 6618

Mail : *Mark* **Strictly Confidential**

Kelington Group Berhad
No. 3 Jalan Astaka U8/83
Seksyen U8
Bukit Jelutong Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Attention : Chairman – Audit Committee

- 5.2 Chairman of Audit Committee will deliberate the report with his Committee members and decide on the appropriate course of action.

1. INTRODUCTION

This policy sets out the criteria to be used in recommending remuneration package for Directors of Kelington Group Berhad ("Company"). This policy aims to support the corporate strategies and visions of the Company whilst it strives to provide adequate motivation for individual Directors of the Company to pursue the long term growth and success of the Company.

2. SCOPE

This policy shall apply to all the Directors of the Company.

3. OBJECTIVES

This policy is designed to:

1. Remunerate individual Directors appropriately in accordance with their respective level of competencies, scope of work and responsibilities undertaken.
2. Attract, develop and retain high performing Directors.
3. Encourage value creation for the Company and its Stakeholders.

4. REMUNERATION COMPONENTS**4.1. Fixed Remuneration for Executive Directors**

The Executive Directors receive monthly fixed salaries. The fixed salary is determined based on the following:

- Their executive position and function
- Their scope of the duty and responsibilities.
- Their level of competencies.
- Prevailing market trend for comparable position within the industry and in comparable companies.

4.2. Bonuses for Executive Directors

The bonuses for Executives Directors are designed to reward outstanding performance. The bonuses are granted to reflect:

- Individual Executive Directors' performance associated with their scope of work within the Company and/or its subsidiaries/departments/divisions.
- The annual performance of the Company and its subsidiaries as a group

4.3. Statutory Contribution

Statutory contribution such as the Employees Provident Funds ("EPF") are paid in relation to fixed salaries and bonuses of the Directors in accordance with the EPF Act, 1991.

4.4. Fixed Fee for Non-Executive Directors

The fixed fees for Non Executive Directors are determined based on:

- Comparable market rate.
- Qualifications and contribution required in view of the Group's complexity.
- The extent of the duty and responsibilities undertaken according to requirements by relevant regulators.
- The number of chairmanship held in respect of the Board and its Committees.
- The number of memberships in Board Committees.

4.5. Other Personal Benefits and Allowances

The Executive Directors are entitled the following benefits:

- Company car
- Medical benefits
- Personal Accidents & life insurance coverage
- Company mobile phone

The Non-Executive Directors are entitled to meeting allowances which are determined based on the number of meetings attended.

All the Directors are covered by the Company's Directors and Officers Liability insurance.

5. ROLES AND RESPONSIBILITIES

The Remuneration Committee shall recommend to the Board the remuneration of the Executive Directors, while the Board as a whole determine the remuneration of the Non Executive Directors, and individual Directors concerned should be abstained from discussion of their own remuneration during deliberation.

6. PERIODIC REVIEW AND DISCLOSURE

The Board, through its Remuneration Committee, shall review this Policy annually and will be amended as appropriate to reflect the current best practices.

The Board will make appropriate disclosure to shareholders in its annual report of the key aspects of this Policy, including explaining any departure from the best practices and recommendations as set out by the Malaysian Code on Corporate Governance 2017 (if any).

7. ADMINISTRATION

The Remuneration Committee is responsible for the administration, revision, interpretation, and application of this Policy.

KELINGTON GROUP BERHAD

Board Diversity Policy

Introduction

This Policy pursues to record, more formally, the Company's policy on Board diversity and to recognise the recommendation of the Malaysian Code on Corporate Governance 2017.

Principles and Objectives

The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board encourages a dynamic and diverse composition of members by nurturing suitable and potential candidates equipped with competency, skills, experience, good character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The objectives of this Policy are to have a Board which:

- is characterized by a broad range of viewpoints rather than just diversity in skills and experience; diversity in viewpoints would exist if there are diversity in gender, nationality, age, culture and socio-economic backgrounds; and
- has sustainable development as its core value, thus promoting the interests of all our stakeholders, particularly the long term interests of our shareholders, fairly and effectively.

Scope & Policies

The Board considers that the concept of diversity incorporates a number of different aspects, such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background.

(a) Board Mix

The Board shall include a balanced composition of Executive, Non-executive and Independent Non-executive Directors to promote a strong element of independences in the Board. The Independent Non-executive Directors shall be of sufficient calibre and standing, for their views to carry weight.

(b) Skills and Experience

The Board shall possess a balance of appropriate skills for the requirements of the business of the Company. The Directors shall have a mix of financial, legal, management and other backgrounds which when working in synergy, could provide the Company with considerable experience in a wide range of activities.

(c) Gender

The Board takes cognisance of the recommendation of the Malaysian Government to have at least 30% women as decision makers in corporate sector. The Company shall endeavour to increase female representation on the Board if there are appropriate candidates available when Board vacancies arise.

(d) Ethnicity/Nationality

The Company aspires to have a board of directors of different nationality or ethnic backgrounds who can contribute their knowledge and understanding of the business, industry and environment.

(e) Age

The Board is fully committed to promote age diversity, valuing the contribution of its members regardless of age, and seeks to eliminate age stereotyping and discrimination.

Measurable Objectives

This Diversity Policy framework for the Group is aimed towards achieving the following objectives:

1. Selection of candidates will be based on a range of diversity perspectives, including but not limited to, professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background. The ultimate decision will be based on merit and contributions that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity and age) will be disclosed in the Corporate Governance Report annually.
2. The Board acknowledges the importance of promoting gender diversity. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

Monitoring and Reporting

1. Pursuant to the Term of Reference of the Nomination Committee, the Nomination Committee is (among other things) responsible for:
 - reviewing, recommending and considering candidates to the Board and committees of the Board;
 - assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Directors on an on-going basis; and
 - assessing the balance of the Board membership and determining the core competencies and skills required for the Board.

2. The Nomination Committee shall report to the Board on:
 - initiatives undertaken by the Board in relation to board Diversity and to achieve the Measurable Objectives;
 - progress in achieving the Measurable Objectives; and
 - recommendations regarding Measurable Objectives.
3. The Board shall, at least annually, assess:
 - Measurable Objectives; and
 - the progress in achieving the Measurable Objectives.
4. The Board will ensure that appropriate disclosures are made in the Annual Report regarding Board Diversity.

KELINGTON GROUP BERHAD**'Fit and Proper' Standards/Criteria for Directors and Senior Management staff****Introduction**

To develop a formal policy defining "fit and proper" standards for directors and senior management staff of the Group on continuing basis.

Objectives

To ensure that the Directors, Chief Executive Officer, Chief Operating Officer and Senior Management staff of the Company are of high calibre, sound judgment, high integrity and credibility as they are entrusted by the shareholders and other stakeholders to manage and perform effectively.

Minimum Requirements for the Board/Senior Management

1. Age
 - In accordance with the Companies Act 2016.
2. Work Experience
 - 5 years or more preferably in the similar industry.
 - Have been in senior management position.
 - Good track record of managing a successful and profitable organization.
3. Qualifications
 - MBA, Degree, Professional qualification or equivalent or with the requisite years of relevant work experience
4. Personal Background
 - A person of good character and high integrity and credibility.
 - Not a bankrupt and has never been engaged in deceitful/oppressive/improper business practices.
 - Has not been engaged/associated or had conducted himself in a manner which may case doubt on his fitness, competence and soundness of judgment.
 - Has not been convicted by:-
 - a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
 - a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
 - a court of law of an offence under the securities laws or the corporation laws within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.

5. Competencies

Experience

- Industry / Business acumen
- Board of public listed companies
- Government liaison
- Senior leadership (CEO/Chairman)
- Global Organisation
- Entrepreneurship

Skill/Expertise/Knowledge

- Legal
- Financial knowledge
- Consulting
- Market and global awareness
- Corporate Governance
- IT awareness
- Brand marketing / Sales
- Human Resource / Management Development

6. Others

He must not hold more than 5 directorships in listed issuers.

KELINGTON GROUP BERHAD

Procedure for the appointment of Directors and Senior Management staff for the approval of the Board of Directors

Introduction

To develop a formal set of terms of appointment for Directors and Chief Executive Officer (“CEO”).

Objective

To have clear terms of appointment for Directors and CEO which defines scope of responsibility and accountability, tenure, retirement age ,performance goals, misconduct and termination clause among others.

Procedure for Appointment for the Board and Chief Executive Officer

1. Recruitment

(a) Recruitment of the Board and CEO can be sourced out from internally or externally.

(b) Internal sources:

- Internal nomination from Succession Planning
- Nomination from Internal Talent Pool

(c) External sources:

- Head Hunting
- Referral

2. Procedures for Nomination

- All nominations of candidates including for the positions of Chief Financial Officer or Chief Operating Officer, must be submitted to the Nomination Committee for consideration.
- Chairman of the Nomination Committee to recommend to the Board, based on the established “Fit and Proper” standards.
- Board of Directors deliberate on the recommendation and approve the appointment of CEO/ Directors, subject to the provisions in the Constitution, Listing Requirements and Companies Act 2016.

3. Re-election

- All directors are required to submit themselves for re-election at regular intervals, subject to the provisions in the Constitution, Listing Requirements and Companies Act 2016.

4. Negative List

- Practicing accountant may be appointed as directors provided they are not employed/partners in an accounting firm, which has been engaged to conduct audit or consultancy work at the Company.
- Practicing lawyers who are partners in a legal firm, which is on the panel of lawyers of the Company (and not receiving remuneration on a regular basis), may be appointed to the board. The lawyers are required to disclose the relationship with the Company on the onset to avoid potential issues of conflict of interest.
- Individuals who are active in politics cannot be appointed as directors in order to avoid the risk of politicians encountering conflicts of interest situations in serving their constituencies. A person is considered to be politically active if he is a Member of Parliament, State Assemblyman, Supreme Council Member of a political party or member who holds a position at divisional level in a political party.

5. Disqualification of Directors and CEO

- Nomination Committee is responsible for assessing on an annual basis, that the directors and key senior management officers are not disqualified under the Companies Act 2016 and other regulations and continue to comply with the established "Fit & Proper" standards and recommend to the Board the removal of Director/Senior Management if they are ineffective, errant or negligent in discharging their responsibilities.

6. Others

- Before any appointment by the Board, the Nomination Committee shall evaluate the balance of skills, knowledge, experience and diversity in the Board, and the current and future needs and size of the Company.

KELINGTON GROUP BERHAD

Succession Planning Policy for Executive Directors/Senior Management staff for the approval of Board of Directors

Introduction

One of the major responsibilities of the Board is to approve a Succession Planning Policy for Executive Directors/Senior Management staff to ensure continuity of management and leadership in the Company. Hence, this proposal which outlines the objective of the policy and the terms of reference is submitted for the Board's approval.

Objective

The objective of the Succession Planning policy for Executive Directors/Senior Management is to identify and develop potential staff to ensure the continuity in the professional leadership in the Company.

Policy

The Board to ensure an effective Succession Plan which is in line with the Company's core values, mission & vision and corporate culture which embraces high ethical standards and integrity are in place for the continuity of a competent leadership and management at all times.

7. Phase 1

To identify from internal pool of Senior Management Staff who possess the following criteria/qualities to assume future senior position in the Company.

- **Corporate Mission & Vision**

Understands and keeps up to date on the issues relevant to the broad organization and business. Aware and initiates the necessary measures on impact of external events on the organization plans and objectives.

- **Ethics and High standard of Integrity**

Able to demonstrate sound business and professional ethics and has displayed consistency with principles, values and behaviors. Build trust with others through own authenticity and follows through on commitments.

- **Decision Making**

- Makes times and sound decisions.
- Makes decisions under conditions of uncertainty.
- Evaluates short-and long term consequences when making decisions.

- **Planning, Evaluation and Execution**

Able to manage projects concurrently by prioritizing, planning, goal setting and coordinating with others.

- **Qualification or related work experience**

Degree, MBA or professional qualification or equivalent.

- **Good Track Record on Past Performance**

Achieved good ratings consecutively in the performance appraisals.

8. Development Phase

Identify and ensure the implementation of the necessary training plan to develop the required capabilities and individual development plan that outlines specific activities for the development of skills and competencies.

9. Evaluation Phase

Evaluate the Policy to ensure its effectiveness by measuring the impact of the program against established objective(s).

**AUDIT COMMITTEE
TERMS OF REFERENCE**

1. Composition and Appointment

- (a) The Audit Committee shall be appointed amongst the Board members and shall comprise no fewer than three (3) members;
- (b) All the Audit Committee members must be Non-Executive Directors, with a majority of them, including the Chairman, being independent directors.
- (c) At least one (1) member of the Audit Committee –
 - (i) must be a member of the Malaysian Institute of Accountants;
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and –
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (d) No Alternate Director is to be appointed as a member of the Audit Committee.
- (e) In case a former key audit partner is being nominated as a member of the Audit Committee, he shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

2. Retirement and Resignation

In the event of any vacancy resulting in non-compliance of items (1)(a), (b), (c) and item (4)(a), the vacancy must be filled within three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice of not less than three (3) months to the Company.

3. Review of the Audit Committee

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee once a year to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

4. Chairman

- (a) The members of the Audit Committee must elect a Chairman among themselves who is an Independent Director.
- (b) The Chairman shall not be the Chairman of the Board.
- (c) In the absence of the Chairman, the meeting shall be chaired by an Independent Director.
- (d) The Chairman should engage on a continuous basis with senior management, such as the chief executive officer, the chief operating officer, the group financial controller, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company.

5. Committee Secretary

The Company Secretary shall be the Secretary of the Audit Committee and shall:-

- a) ensure meetings are arranged and held accordingly as per the terms of reference;
- b) assist the Chairman in planning the work of the Audit Committee;

- c) draw up meeting agendas in consultation with the Audit Committee Chairman and maintain the minutes;
- d) ensure structured communication channels between the Board and the Audit Committee;
- e) ensure proceedings of meetings are recorded and the minutes are circulated to and confirmed by the Audit Committee Chairman before disseminating them to the Board; and
- f) ensure Audit Committee's recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the proposal.

6. Quorum and Frequency of Meetings

The Audit Committee shall meet at least five (5) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Audit Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided by a majority of votes. The Chairman shall have a casting vote.

The External Auditors and Internal Auditors shall have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The External Auditors may also request a meeting if they consider it necessary. The Chairman shall call for a meeting upon the request of the External Auditors.

Attendance of other Directors and employees to any particular Audit Committee meeting shall only at the Audit Committee's invitation, specific to the relevant meeting.

7. Private session with the External Auditors

The Audit Committee should meet up with the External Auditors without the executive Board members and Management present at least twice a year.

8. Rights

The Audit Committee shall:

- (a) have the authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the External Auditors and/or the Internal Auditors, excluding the presence of the executive Board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board resulting in a breach of the listing requirements.
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise; and
- (i) meet as and when required on a reasonable notice.

9. Duties and Responsibilities

The Audit Committee, as required by applicable laws, rules, or regulations and otherwise to the extent it deems necessary or appropriate, shall:-

External Audit

- (a) consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal, including recommending the nomination of person or persons as auditors to the Board.
- (b) have policies and procedures to assess the suitability and independence of External Auditors.
- (c) review with the External Auditors on:
 - (i) the audit plan, its scope and nature;
 - (ii) the audit report;
 - (iii) the results of their evaluation of the accounting policies and systems of internal controls within the Group; and
 - (iv) the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
- (d) review with Management:
 - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
 - (ii) interim financial information/ report; and
 - (iii) the assistance given by the officers of the Company to the External Auditors.

Internal Audit

- (e) discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of Management where necessary).
- (f) review the adequacy of the scope, competency and resources of the internal audit function.
- (g) review the internal audit plan, processes the internal audit reports, recommendations raised, investigation undertaken and whether or not appropriate action is taken on the recommendations.

Risk Management and Internal Control

- (h) recommend such measures as to be taken by the Board on the effectiveness of the system of internal control and risk management practices of the Group.
- (i) evaluate the quality and effectiveness of Company's internal control system and management information systems, including in compliance with applicable laws, rules, corporate governance requirements and guidelines.
- (j) recommend to the Board the Directors' Statement on Risk Management and Internal Control and any changes to the said Statement.

Whistleblowing and fraud

- (k) review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and review the company's procedures for detecting fraud.

Overseeing Financial Reporting

- (l) review and deliberate the quarterly results and year-end financial statements, before the approval by the Board, focusing particularly on –
- changes in or implementation of major accounting policy changes;
 - significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements.
- (m) monitor the integrity of the financial statements of the Company.
- (n) assess whether the financial report represents a true and fair view of the Company's performance and ensure compliance with the regulatory requirements.

Reviewing conflict of interests situations and related party transactions

- (o) review and monitor the related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Board reports such transactions annually to the shareholders via the annual report.
- (p) review conflict of interests situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

Reporting Responsibilities

- (q) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (r) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other Matters

- (s) verify the allocation of options pursuant to a share scheme for employees to ensure in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.
- (t) report to Bursa Securities, if there is any related party transaction which exceeded the Shareholders' Mandate and provide full reasoning and detailed explanations.

10. Terms of Reference

The terms of reference should be assessed, reviewed and updated at least once every three years by the Audit Committee or as and when there are changes to the Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements.

The Audit Committee should recommend any change to the terms of reference to the Board for approval.

The assessment of the Audit Committee's terms of reference should be a rigorous process, taking into consideration the Company's circumstances and any new regulations that may have an effect on the Audit Committee's responsibilities.

**NOMINATION COMMITTEE
-TERMS OF REFERENCE**

The terms of reference are as follows:-

Composition

The Nomination Committee shall be appointed amongst the Board members and shall:-

- (i) comprise no fewer than two (2) members; and
- (ii) comprise exclusively Non-Executive Directors, a majority of whom must be independent.

The term of a Nomination Committee member shall automatically be terminated when he ceased to be a Director.

The Chairman of the Nomination Committee should be selected amongst the Nomination Committee members and should be the Senior Independent Non-Executive Director identified by the Board.

Rights

1. The Nomination Committee shall:
 - (a) have the resources which are required to perform its duties;
 - (b) have full and unrestricted access to all information and documents within the Group to perform its duties;
 - (c) have the right to obtain independent professional or other advice at the Company's expense;
 - (d) have the right to invite any employees of the Group to attend Nomination Committee meetings and to brief the Committee Members on matters being deliberated;
 - (e) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting;
 - (f) have the right to pass resolutions by a simple majority vote from the Committee Members and that the Chairman shall have the casting vote should a tie arise; and
 - (g) have the right to provide recommendations to the Board for consideration and approval.

Duties and Responsibilities

The main functions and duties of the Nomination Committee shall include, but are not limited to the following:

New Appointment

1. To consider, review and recommend the appointment of potential candidates to the Board proposed by Management or any Director or shareholder taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity.
2. Before any appointment by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and the current and future needs and size of the Company in identifying suitable candidates, the Nomination Committee may:-

- a. Use the services of external advisors to facilitate the search from diverse pools;
 - b. Consider candidates from a wide range of backgrounds;
 - c. Consider candidates on merit and against objective criteria with due regard for diversity including gender, ethnicity and age, and appointees time commitment, skill and experience; and
 - d. Request to consider the disclosure of any business interests that may result in a conflict of interest.
3. To recommend to the Board, candidates to fill the seats on the Board Committees in consultations with the chairmen of those committee. In the event that the Chairman's position is to be filled, to consult with the Board.
 4. To consider and recommend to the Board the candidates for Chief Executive Officer ("CEO") and Chief Financial Officer, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism, integrity and diversity on senior management.

Re-election, Reappointment and Resignation/Termination

5. To recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions of retirement with due consideration to the extent to which interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention should be given to Independent Directors who are retained beyond nine (9) years as the Board has to provide strong justification in exceptional circumstances and seek shareholders' approval. In obtaining the shareholders' approval, the Nomination Committee should conduct an assessment of the Independent Director and recommend to the Board whether the Independent Director should remain independent or be re-designated.
6. Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
7. The re-appointment of any Non-Executive Director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience requested.

Succession Planning

8. To understand the current performance, competencies and potential of those in key positions in senior management in order to identify and develop plans for those key talents.
9. To make recommendations to the Board concerning the succession plans for both Executive and Non-Executive Directors and in particular for the Chairman and the CEO and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
10. To establish a clear succession plan for senior management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future. In terms of senior management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the CEO and/or senior management of the Company to:-
 - a. identify expected critical position vacancies and determine any future critical positions; and
 - b. identify gaps in current employees and develop individual development plans, coaching and monitoring programmes.

Annual Performance Assessment of Board, Board Committee, Individual Directors and CEO

11. To annually review the required mix of skills, experience, diversity and other qualities including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual director. All evaluation carried out by the Committee in the discharged of its function should be documented.
12. To annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfil their duties.
13. To annually review the independence of the Independent Director and recommend to the Board whether the Independent Director(s) who has (have) exceeding the cumulative term of nine (9) years should remain independent or be re-designated.
14. To annually review the performance of the CEO.
15. To annually review the term of office of the Audit Committee ("AC") and each of its members to determine whether the AC has carried out their duties in accordance with their terms of reference.

Continuous Education / Development

16. To identify suitable orientation, educational and training programmes for continuous development of Directors and ensure all Directors receive appropriate continuous trainings programme in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
17. To assess the AC members' knowledge on financial literacy.

Size of Board and Independent Directors

18. To assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.
19. To assess desirable number of Independent Directors.
20. To consider the representation of interest group as part of boardroom diversity and to set up a policy on board composition. Factors to consider may include gender, race, religion, nationality, professional background and culture.

In developing its procedures and making recommendations to the Board, the Nomination Committee will take into account of:-

- (a) the provisions of the Company's Constitution, the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
- (b) the need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise;
- (c) the overall composition and balance of the Board.
- (d) Board Diversity Policy, 'Fit and Proper' Standards/Criteria for Directors and Senior Management Staff and Succession Planning Policy.

Meetings

1. The number of meetings which the Nomination Committee shall hold will depend on the circumstances but as a minimum, there must be at least one (1) meeting in a financial year. Additional meetings shall be scheduled as considered necessary by the Nomination Committee or Chairman. The Nomination Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
2. The quorum for a meeting shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
3. The Nomination Committee may request other Directors, members of Management and consultants as applicable to participate in the Nomination Committee meetings, as necessary, to carry out the Nomination Committee's responsibilities.

Terms of Reference

The terms of reference should be assessed, reviewed and updated at least once every three years by the Nomination Committee or as and when there are changes to the Malaysian Code on Corporate 2017 and the Main Market Listing Requirements.

The Nomination Committee should recommend any change to the terms of reference to the Board for approval.

**REMUNERATION COMMITTEE
- TERMS OF REFERENCE**

The terms of reference are as follows:-

Composition

The Remuneration Committee shall be appointed from amongst the Board and shall:-

- (i) comprise no fewer than three (3) members; and
- (ii) comprise exclusively Non-Executive Directors.

Rights

1. The Remuneration Committee shall:

- (a) have the resources which are required to perform its duties;
- (b) have full and unrestricted access to all information and documents within the Group to perform its duties;
- (c) have the right to obtain independent professional or other advice at the Company's expense;
- (d) have the right to invite any employees of the Group to attend Remuneration Committee meetings and to brief the Committee Members on matters being deliberated;
- (e) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting;
- (f) have the right to pass resolutions by a simple majority vote from the Committee Members and that the Chairman shall have the casting vote should a tie arise; and
- (g) have the right to provide recommendations to the Board for consideration and approval.

Duties and Responsibilities

1. To recommend and advise the Board the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Directors (including Chief Executive Officer ("CEO")), ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre, individuals and so structured as to align their interest with those of the Company and shareholders;
2. To establish a formal and transparent procedure for developing framework or policy on remuneration packages of individual directors, taking into consideration the following:-
 - In case of Executive Directors (including CEO), the component parts of remuneration should be structured so as to link rewards to corporate and individual performance;
 - In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the Non-Executive Director concerned.
3. To monitor structures and levels of remuneration for other senior executives and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives.
4. To approve any major changes to employee compensation and benefits arrangements applicable to the Executive Director(s) and senior management.
5. To approve incentive plans for the Executive Directors and senior management, and any amendments to such plan; and
6. To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
7. To establish and review the benefits in all its form for the Executive Directors, Non-Executive Directors, CEO and key management positions under the employment within the Group;

8. To review and approve annual salary increments and bonuses for the Executive Directors, CEO and key management positions under the employment of the Group; and
9. To obtain external advice, where necessary, on Benefits for the Executive Directors, Non-Executive Directors and key management positions under the employment of the Group.

Directors, whether executive or non-executive, should abstain from discussion and from participating in decisions of their own remuneration packages.

Meetings

1. The number of meetings which the Remuneration Committee shall hold will depend on the circumstances but as a minimum, there must be at least one (1) meeting in a financial year. Additional meetings shall be scheduled as considered necessary by the Remuneration Committee or Chairman. The Remuneration Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
2. The quorum for a meeting shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
3. The Remuneration Committee may request other Directors, members of Management and consultants as applicable to participate in the Remuneration Committee meetings, as necessary, to carry out the Nomination Committee's responsibilities.

Terms of Reference

The terms of reference should be assessed, reviewed and updated at least once every three years by the remuneration Committee or as and when there are changes to the Malaysian Code on Corporate 2017 and the Main Market Listing Requirements.

The Remuneration Committee should recommend any change to the terms of reference to the Board for approval.

Terms of Reference of ESS Committee

ESS Committee comprising such persons as may be appointed by the Board from time to time. The ESS Committee will have the discretion in administering Employee Share Scheme ("ESS") in accordance with the By-Laws governing the ESS.

Meeting

The quorum for a meeting shall be two (2) and meetings shall be held as and when the ESS Committee is required to deliberate on regent matter.

Responsibilities of the ESS Committee

- I. To administer the ESS in accordance to the By-Laws and in such manner, and it shall at its discretion deem fit and, within such powers and duties as are conferred upon it by the Board; and
- II. To review and amend, at any time and from time to time, any provisions of the ESS and the By-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

Functions of the ESS Committee

The functions of the ESS Committee shall be governed by the By-Laws which, inter alia, include:-

1. To determine the vesting conditions and certain performance target and the number of KGB shares to be vested to the eligible employees in accordance with the terms of the By-Laws.
2. To determine the Grant to be awarded to selected employees during the duration of the ESS with vesting to be made on an annual basis or over such other periods with such number of tranches comprising such number of Kelington Shares.
3. To decide mode of settlement of Grant.
4. In the case of existing Kelington Shares to be transferred to the Grantees under the ESS, the ESS Committee shall use all reasonable efforts to ensure that the Trustee has sufficient Kelington Shares available to satisfy the Grants made during the duration of the ESS.
5. To decide the total number of Kelington Shares that may be offered to a Selected Employee under the ESS at any time after taking into consideration the performance of the entire group, employees' personal grade, employees' individual work performance rating and employees' contribution to the continued success of Kelington Group and/or such other criteria as the ESS Committee may deem relevant (subject always to the By-Laws and any applicable laws).
6. Subject to the applicable laws, to vary or revise any of the eligibility criteria at any time and from time to time at its absolute discretion.