

CNI HOLDINGS BERHAD

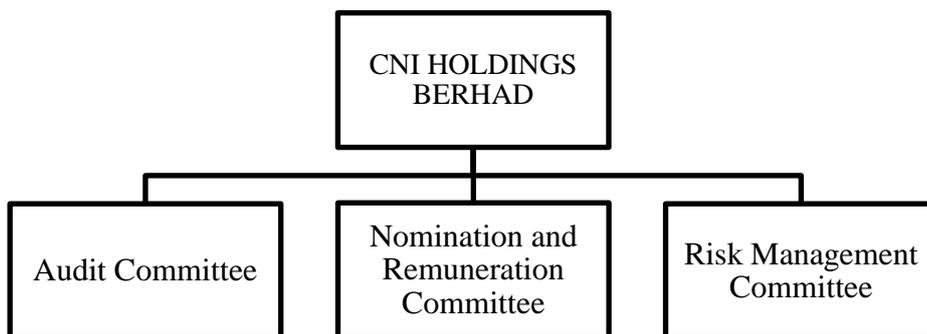
BOARD CHARTER

1. INTRODUCTION

- 1.1. The Board Charter sets out the Board’s strategic intent and outlines the roles and powers that the Board specifically reserves for itself and those which it delegates to Management and also set the tone of the various Board Committees.
- 1.2. This Board Charter is subject to the provisions of the Companies Act 2016 (“Companies Act”), the Constitution of CNI Holdings Berhad (“CNI”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.

2. PURPOSE

- 2.1. The role of the Board is to promote and protect the interests of CNI Group (“Group”) (i.e. the shareholders and stakeholders of each member of the Group). The Board shoulders the ultimate responsibility of determining the directors of the Group, thereby ensuring the long term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensure effective execution of these strategies.
- 2.2. The governance structure of the Board is as follows:



3. BOARD STRUCTURE AND COMPOSITION

- 3.1. The Constitution of CNI provide or a minimum of two (2) Directors and a maximum of twelve (12) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher of the Board members are Independent Non-Executive Directors.
- 3.2. The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it should provide justification and seek annual shareholders’ approval. If the Board continues to retain the Independent Non-Executive Director after twelfth (12) years, the Board should seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the same shareholders’ meeting:
 - Tier 1: Only the Large Shareholder(s) of the Company votes.
 - Tier 2: Shareholders other than Large Shareholder(s) vote.

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Large Shareholder means a person who:

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the company;
- is the largest shareholder of voting shares in the Company;
- has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

- 3.3. Members of the Board should possess relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. The Board should also regularly review its membership to ensure the Board remains relevant and should formalise its succession planning practices.
- 3.4. Directors may relinquish their membership on the Board with prior written notice to the Company Secretary and subject to compliance with the provisions of the Companies Act, MMLR and the Company's Constitution.

4. AUTHORITIES OF THE BOARD

- 4.1. The Board is authorised to do the following at the expense of the Group:
 - 4.1.1. Be provided resources in order to perform its duties
 - 4.1.2. Have direct access to the Senior Management team and the external auditors
 - 4.1.3. Have direct communication channels and access to the Company Secretary, and full and unrestricted access to information, records, properties and personnel of the Group in performing their duties.
 - 4.1.4. Obtain external, legal or independent professional advice as deemed necessary.
 - 4.1.5. Convene meetings with the external auditors without the attendance of any executive and where appropriate, the Company Secretary as deemed necessary

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- 4.1.6. Authorise investigations into fraud, illegal acts or suspected violations of Group policies involving Management or Directors

5. ROLES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN, DIRECTORS AND MANAGEMENT

5.1. Principal Responsibilities of the Board

The Board is principally responsible for:

- 5.1.1. Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- 5.1.2. Reviewing and adopting a strategic plan for the Group
- Review, challenge and approve the Management's proposal on a strategic plan for the Group by bringing objectivity and breath of judgement to the strategic planning process;
 - Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety and health, social and governance considerations underpinning sustainability; and
 - Monitor the implementation of the strategic plan by Management.
- 5.1.3. Overseeing the conduct of the Group's business
- Oversee the conduct of the Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
 - Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
 - Supervise and assess the performance of Management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which Management's performance can be assessed;
 - Review, challenge and decide on Management's proposals for the Group and monitor its implementation by Management; and
 - Monitor compliance with established policies and procedures.

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

- Understand the principal risks of the Group business and recognise that business decisions involve the taking of appropriate risks;
- Fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group and ensuring that internal controls procedures are in place;
- Set the risk appetite within which the Board expects Management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
- Comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.

5.1.5 Succession Planning

- Ensure Senior Management has the necessary skills and experience; and
- Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management.

5.1.6 Overseeing the development and implementation of a stakeholder communications policy for the Group

- Ensure that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions.

5.1.7 Reviewing the adequacy and the integrity of the management information and internal control systems of the Group

- Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
- Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls; and
- Ensure the integrity of the Group's financial and non-financial reporting.

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5.2. Role of the Board Chairman

The Board Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The duties of the Board Chairman include the following:

5.2.1. Managing Board meetings to ensure robust decision-making by

- Setting the agenda for each Board meeting together with the Company Secretary and the Chief Executive Officer (“CEO”), other Directors and key members of Management may also be consulted;
- Ensuring the provision of accurate, complete, timely and clear information to the Directors;
- leading Board meetings and discussions;
- managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed; and
- ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.

5.2.2. Building a high performance Board by:

- providing leadership for the Board so that the Board can perform its responsibilities effectively;
- taking a leading role in establishing an effective corporate governance system and practices, including Board and Committee Charters, a Committee structure and ensuring that induction as well as ongoing education programmes for Directors are in place;
- arranging the regular evaluation of the performance of the Board, its Committees and individual Directors and discussing the performance assessment with individual Directors and Committee Chairmen;
- ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate, which may include a competency and behavioural analysis of the candidate; and
- ensuring that the Board and senior executive succession planning is considered on an ongoing basis.

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5.2.3. Managing Board / Management interface by:

- Acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team;
- Developing a positive relationship with the CEO, acting as a confidant and advisor; and
- Facilitating the selection and appointment of a successor to the current CEO.

5.2.4. Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

5.3. Role of Individual Directors

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

- acting in good faith and in the best interests of the Group;
- demonstrating good stewardship and acting in professional manner with sound mind;
- acting with reasonable care, skill and diligence subject to the business judgement rule;
- avoiding conflict of interests with the Group in a personal or professional capacity, including improper use of the property, information, opportunity of the Group or position as Director or officer of the Group or engaging in business which is in competition of the Group;
- ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employer's interest;
- disclosure of and abstaining from voting on matters of material personal interest;
- exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and/or Group; and
- compliance with the Companies Act, securities legislation and MMLR.

5.3.2. Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programme and briefings.

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- 5.3.3. Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.
- 5.3.4. Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Group.
- 5.3.5. Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

5.4. Role of the Senior Independent Non-Executive Director

- 5.4.1. The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman and/or CEO.

5.5. Role of the Chief Executive Officer

- 5.5.1. The CEO assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals. The key roles of the CEO include, among others:
 - Displaying ethical behaviour while overseeing the day-to-day business operations, implementing Board policies and strategies, and making operational decisions;
 - Serving as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions;
 - Ensuring that all Board decisions are implemented and Board directions are adhered to;
 - Ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;
 - Providing strong leadership by effectively communicating the vision, management philosophy and business strategy to the employees; and
 - Keeping the Board informed of salient aspects and issues concerning the Group's operations and ensuring sufficient information is distributed to the Board members.

6. MATTERS RESERVED

- 6.1. The matters reserved for the Board include:

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- 6.1.1 Group strategy, plans and budgets
- 6.1.2 Acquisitions and disposals and transactions exceeding the authority limits;
- 6.1.3 Change to the CEO and Senior Management; and
- 6.1.4 Changes in the key policies, procedures and delegated authority limits of the Group.

7. BOARD MEETINGS

7.1. Frequency

- 7.1.1. The Board shall meet at least four (4) times in a financial year, with additional meetings to be convened as and when necessary.

7.2. Notices and agenda

- 7.2.1. Notices and agenda of meetings duly endorsed by the Chairman together with the relevant Board papers shall be distributed at least five (5) working days prior to the Board meetings.

7.3. Quorum

- 7.3.1. The quorum for a Board meeting shall be a minimum of one-third of the Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

7.4. Meeting Mode

- 7.4.1. A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.
- 7.4.2. The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communication, in like form, each signed by one or more Directors.

7.5. Voting

- 7.5.1. All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In case of quality of votes, the Chairman of the Board shall have a second or casting vote.
- 7.5.2. A Board member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

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7.6. Meeting Minutes

- 7.6.1. The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the Board. The minutes shall include compiled Board instructions as Matters arising for discussion at each Board meeting to ensure proper follow through.
- 7.6.2. Minutes shall be distributed to Board members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

7.7. Secretary

- 7.7.1. The Secretary to the Board shall be the Company Secretary or a person recommended by the Company Secretary and approved by the Board.
- 7.7.2. The Secretary shall organise and provide assistance at Board and Board Committee meetings and have the following key responsibilities:
- draft the schedule of Board activities for the financial year;
 - ensure meetings are arranged and held accordingly;
 - assist the Chairman in planning the Board's activities;
 - draw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
 - ensure structured communication channels between Board and Board Committees;
 - attend Board and Board Committee meetings and ensure the proceedings are recorded and the minutes circulated in a timely manner;
 - ensure the presence of a quorum at the meeting; and
 - ensure Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.

8. BOARD REVIEW PROCESS

- 8.1. To remain relevant, the effectiveness of the Board, its Committees and each individual Director should be annually reviewed and disclosed in the annual report as prescribed under the MMLR and the MCCG.
- 8.2. The Board via the Nomination and Remuneration Committee shall establish a set of criteria for the assessment of all Directors including Independent Directors. In establishing these criteria, attention shall be given to the values, principles and skills required for the Group. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board's annual assessment and shall be reviewed regularly to maintain their relevance.

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- 8.3. The evaluation shall cover the performance of the Board, the various Board Committees and each individual Director.
- 8.4. The Board should disclose how it has conducted such assessment and its outcome in the annual report including the identity of the third party if the assessment is conducted by an independent third party.
- 8.5. The Board, in assessing a Director's independence should focus not only on whether a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or ability to act in the best interests of the Company.

9. DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION TRAINING

9.1. Induction of Newly Appointed Directors

9.1.1 All newly appointed Board members shall undergo a formal induction and continuous education programmes to ensure that they understand:

- their roles and responsibilities;
- the Board's expectations in terms of their knowledge contribution;
- the nature of the Group's business;
- current issues faced; and
- strategies adopted by the Group.

9.2. Directors' Training and Development

9.2.1 All Directors shall ensure that they keep abreast of regulatory changes, other developments and broad business trends. The Board must evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.

10. BOARD COMMITTEES

10.1. The Board has delegated some of its powers and functions to each of the following Board Committees to assist in carrying out its responsibilities:

a) Audit Committee ("AC")

- The AC assists and supports the Board's responsibility of overseeing the Group's operations by providing a means for reviewing the Group's processes for producing financial data, its internal controls and policies and procedures to assess the suitability, objectivity and independence of the Group's external auditor and internal audit function.

b) Nomination and Remuneration Committee ("NRC")

- The NRC oversees matters related to nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of

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Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director; and

- The NRC is also primarily responsible for recommending to the Board the remuneration framework for Directors, reviewing the remuneration package for Executive Directors and Senior Management as well as the remuneration framework of employees of the Group.

c) Risk Management Committee (“RMC”)

- The RMC is primarily responsible for assisting the Board in overseeing the risks management framework and policies within the Group and reviews the efficacy of internal controls within the Group.

10.2. The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

11. CODE OF CONDUCT AND ETHICS

11.1. The Board shall formalise and maintain a set of ethical standards of behaviour expected of all Directors, Management and employees through the ‘CNI Values and Ethical Workplace Behavior’ and together with Management, implement its policies and procedures.

11.2. The policies of the ‘CNI Values and Ethical Workplace Behavior’ should be integrated into group-wide management practices.

12. COMPANY SECRETARY

12.1. The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.

12.2. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Group.

12.3. The roles and responsibilities of the Company Secretary shall include, but are not limited to the following:

12.3.1. Advising the Board on its roles and responsibilities;

12.3.2. Facilitating the orientation of new Directors and assist in Directors’ training and development;

12.3.3. Advising the Directors on corporate disclosures and compliance with Company and securities regulations and listing requirements including:

- disclosure of interests in securities;

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- disclosure of any conflict of interest in a transaction involving the Group;
- prohibition of dealing in securities; and
- restrictions on disclosure of price-sensitive information

12.3.4. Managing processes pertaining to the annual shareholders' meeting;

12.3.5. Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and

12.3.6. Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

12.4. The Company Secretary must keep abreast of, and inform the Board of current governance practices. The Company Secretary should undertake continuous professional development.

13. STAKEHOLDERS' COMMUNICATION

13.1. The Board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations.

14. GENERAL MEETING

14.1. All Directors and the Chairs of Board Committees must attend General Meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.

15. REVIEW OF THE BOARD CHARTER

15.1. This Charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.