

MALAYSIAN BULK CARRIERS BERHAD

BOARD CHARTER

1. Introduction

The Board of Directors is committed to ensuring high standards of corporate governance are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders' value.

2. Purpose

The purpose of the Board Charter is to set out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, acting on behalf of the Company, to be aware of their duties and responsibilities at all times.

The Board Charter also serves as a comprehensive guide for prospective or new Board members to understand their roles and responsibilities and the commitment of time and contribution expected of them.

This Board Charter is subject to the provisions of the Companies Act, 2016, the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad, the recommended principles of the Malaysian Code of Corporate Governance 2017 and any other applicable law or regulation.

3. The Board

3.1 Board Composition

The Board shall comprise a balance of executive and non-executive directors who are experienced and competent and have the time to effectively discharge their role as a director of the Company. Pursuant to the Company's Constitution, the number of directors of the Company shall not be less than two (2) directors.

The size, composition and diversity of the Board shall be reviewed and determined from time to time to reflect the Company's requirements and to facilitate effective decision making.

At least two (2) or one third (1/3) of the Board members, whichever is higher, shall be independent non-executive directors who provide independent judgement and objectivity.

3.2 Appointments and Re-elections

The Nomination & Remuneration Committee shall assist the Board in identifying and recommending suitable potential candidates with the relevant experience required for appointment as a director and for approval by the Board thereafter. Any new director so appointed shall be subject to re-election at the next annual general meeting ("AGM") to be held immediately following the appointment.

At each AGM of the Company, one third (1/3) of the Board shall retire and be eligible for re-election.

3.3 Directorships

All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship.

3.4 Board's roles and responsibilities

The roles and responsibilities of the Board include, inter-alia, the following:

- review and approve business strategy and annual budget for the Group;
- oversee the conduct of the Company's business to ensure the business is being properly managed;
- identify principal risks and ensure the implementation of appropriate internal controls system to manage these risks;
- review the adequacy and the integrity of the management information and internal controls system of the Company;
- establish succession plan and ensure the members of Management team are qualified and have competence to lead the operations of the Group;
- formulate and implement an investor relation programme or shareholder communication policy for the Company;
- oversee the Group's adherence to high standards of conduct or ethics and corporate behaviour, including the Code of Ethics for Directors set out in Appendix A of this Charter.

3.5. Matters reserved for the Board

- review and approve corporate/ strategic direction and major business proposals;
- review and approve major capital commitments, acquisition and disposal of assets and investments;
- review and approve commitment to loans and long/ short term financing with banks;
- review capital structure of the Company;
- declaration of dividends;
- the adoption of any significant change in accounting policies of the Company and Group;
- the approval of annual audited financial statements and quarterly results; and
- any other matters requiring the Board's approval under the financial authority limits adopted by the Company and Group.

3.6 Chairman and Chief Executive Officer

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Chief Executive Officer to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman of the Board is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business.

3.6.1 Role of Chairman

The responsibilities of the Chairman, amongst others, are as follows:

- to lead the Board in establishing and monitoring good corporate governance practices in the Company;
- to ensure the efficient organisation and conduct of the Board's function and meetings;
- to facilitate the effective contribution of all Directors at Board meetings;
- to encourage active participation and allowing dissenting views to be freely expressed; and
- to ensure effective communication with shareholders and relevant stakeholders.

3.6.2 Role of Chief Executive Officer

The responsibilities of the Chief Executive Officer, amongst others, are as follows:

- to develop and implement corporate strategies for the Group;
- to ensure the efficiency and effectiveness of the operation for the Group;
- to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group; and
- to assess business opportunities which are of potential benefit to the Group.

3.7 Executive Directors

The Executive Directors are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They represent the Company at the highest level and are decision makers on matters within their scope.

3.8 Non-Executive Directors

Non-executive directors are not involved in the day-to-day management of the Group but they will contribute their particular expertise and experience in developing the business strategy.

3.9 Independent Directors

The independent Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgment. They ensure that the interests of all shareholders are taken into account by the Board and that relevant issues are subjected to objective and impartial consideration by the Board.

3.10 Senior Independent Director

A senior independent director will be appointed if the position of Chairman is assumed by an Executive Chairman or Non-Independent Non-Executive Chairman.

3.11 Board Committees

The Board may from time to time establish Board Committees to assist in discharging its duties and responsibilities.

The Board Committees that have been established by the Board are as follows:

- (i) Audit Committee
- (ii) Nomination & Remuneration Committee
- (iii) Risk Management Committee

3.11.1 Audit Committee

The Audit Committee is responsible for providing oversight on financial reporting process, the appropriateness of the Group's accounting policies and internal control system of the Group.

3.11.2 Nomination & Remuneration Committee

The Nomination & Remuneration Committee provide recommendation to the Board on appointment of new members of the Board, conduct assessment of Board and Board Committees and review the level of remuneration of members of the Board and Board Committees.

3.11.3 Risk Management Committee

The Risk Management Committee is responsible for providing oversight on the Group's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The powers and authority delegated to the Board Committees are set out in the respective terms of reference and approved by the Board. The Board may also establish and delegate specific functions to ad hoc committees as and when required.

4. Board Meetings

The Board schedule at least 4 meetings a year with additional meetings to be convened as and when the Board's approval and guidance is required.

The Board may invite senior management or other senior executives or external parties such as the auditors, solicitors and consultants, to attend meetings, as and when the need arises.

The agenda and full set of board papers are distributed at least one (1) week prior to the Board meeting to ensure that sufficient time is given to the Directors to review the matters to be discussed. The board papers includes various reports covering market conditions, outlook and financial performance.

Minutes are prepared following a Board meeting. The draft minutes shall be tabled at the following meeting for confirmation and execution.

5. Board and Board Committee Evaluation

The Nomination & Remuneration Committee evaluates the performance of the Board and Board Committees on an annual basis.

This shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole, and the responses will be collected and collated by the Company Secretary, on behalf of the Nomination & Remuneration Committee. The Nomination & Remuneration Committee, upon discussion of the results, will present the findings to the Board.

6. Director's Remuneration

All directors will be paid a fee for acting as Directors of the Company. The Board is guided by the market norms and industry practices in determining the level of remuneration of the Directors.

7. Directors' Training & Continuing Education

All newly appointed directors are required to attend the Mandatory Accreditation Programme (MAP) as required under the Listing Requirements of Bursa Malaysia.

In addition to the MAP, the Directors shall continue to attend training programmes/ seminars from time to time, to enhance their knowledge and skills so as to keep abreast with current developments in the industry as well as the current changes in laws and regulations. This will enable Directors to effectively discharge duties and active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

8. Conflict of Interest

A conflict of interest occurs when a Director's personal interest conflicts with his responsibility to act in the best interest of the Group.

These conflict situations present the risk that the Directors might make a decision based on or affected by these influences rather than in the best interest of the Group. In general, when a Director encounters such a situation, his obligation would be:

- (i) to declare to such interest to the Board; and
- (ii) not to participate in deliberations and vote on transactions in which he has an interest in.

9. Investor relations and shareholder communication

The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders. The Group's financial results, announcements, annual report and circulars are the primary modes of disseminating information in relation to the Group's business activities and financial information.

The AGM represents the principal forum for dialogue and interaction with shareholders. At each AGM, the Chief Executive Officer or Executive Director presents the Group's business and financial performance for the financial year. The Board encourages shareholders to participate in the question and answer session at the AGM.

The Company also conducts briefings where appropriate after the release of its mid-year or year-end financial results, for analysts, fund managers and media, to provide an overview of the Group's performance.

Directors' Code of Ethics

The Board is required to observe the Directors' Code of Ethics as follows:

- (a) A director must act honestly, in good faith and in the best interest of the Company as a whole.
- (b) A director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (c) A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- (d) A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- (e) A director must not make improper use of information acquired as a director.
- (f) A director must not take improper advantage of the position of director.
- (g) A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company.
- (h) A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- (i) Confidential information received by a director in the course of the exercise of their duties as a director of the Company remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.