

MARCO HOLDINGS BERHAD

(Company No. 8985-P) (Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board Charter is a charter of the Board of Directors of Marco Holdings Berhad (“Marco” or “the Company”).

2. PURPOSE

The primary objective of the Board Charter is to set out the roles and responsibilities of the Board of Directors (“the Board”) and serves as a general statement of intent and expectation as to how the Board will discharge its duties.

3. ROLES AND RESPONSIBILITIES OF THE BOARD

A key role of the Board as a whole assumes full responsibility of leading, guiding and monitoring the performance of the Group and exploring new opportunity for the Group’s continual business growth. To that, the Board also undertakes to work towards a balanced approach in fulfilling the Group’s key business objectives and the stakeholders’ expectations.

4. BOARD SIZE AND COMPOSITION

The Board should comprise :-

- not more than 12 members;
- at least one-third or a minimum of two of its members as independent directors. If the number of Directors is not 3 or a multiple of 3, then the number nearest to 1/3 must be used. If a vacancy in the Board results in non-compliance with the required composition of independent directors, the vacancy must be filled within 3 months (paragraph 15.02 of the Main Market Listing Requirements);
- members who possess the necessary qualifications, skills, qualities and experience towards achieving the Company’s goals;
- members with the appropriate mix of knowledge, attributes and core competencies; and
- a meaningful proportion of non-executive directors with key attribute of independence. Such directors should ensure that the varied competing interests of all stakeholders are respected without sacrificing financial performance and accountability.

5. ROLE OF THE CHAIRMAN, EXECUTIVE DIRECTORS/OTHER DIRECTORS

Chairman

The Chairman is elected by the Board and is responsible for the leadership and management of the Board and ensuring the Board and Board Committees function effectively. He oversees and evaluate the conduct and performance of the Group and undertake to ensure efficient functioning of the Board and that procedural rules are followed and quality information to facilitate decision-making is delivered to Board members on a timely basis.

Executive Directors

Executive Directors oversee the day-to-day operations within their specific area of expertise or assigned responsibility. They represent the Company at the highest level and are decision makers on matters within their scope. They liaise frequently with the Chairman and with each other to lead the management to drive the Group forward.

Non-Executive Directors

Non-Executive Directors (NEDs) are :-

- those who have no direct or indirect pecuniary interest in the Company other than their directors’ emoluments and/or their shareholdings in the Company; or

- those who are not employees of the Company and are not involved in the day-to-day running of business, but are standing as nominees for major shareholders.

NEDs would act as a bridge between Management and stakeholders, particularly shareholders. They would provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

6. RESPONSIBILITIES OF THE BOARD

The Board has the overall accountability and responsibility for oversight and control of the Company's performance and conformance capabilities, which include, inter-alia, the following :-

- reviewing and adopting a strategic business plan for the Company, aligned to ensure obligations to shareholders and stakeholders are met;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed, the Board should therefore provide entrepreneurial leadership;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks - the Board should appraise the Company's major risks and oversee that appropriate risk management and internal control procedures are in place;
- reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.; and
- reviewing the responsibilities of each Board Committee as and when required.

7. FORMAL SCHEDULE OF MATTERS THAT ARE RESERVED FOR THE BOARD'S DELIBERATION AND DECISION-MAKING

The formal schedule of matters that would be reserved for the Board's deliberation and decision-making include, amongst others, the following :-

7a. Setting of Authority Limits

The Board should set authority limits which are relevant to the business operations of the Company.

7b. Strategy Setting, Implementation and Supervisory

The Board should review the Group's (including associates where relevant) strategic direction, including the approval of corporate exercises or restructuring plans.

7c. Board Processes in Meetings

There should be a meaningful review of outstanding major action items from previous meetings.

A candid discussion of current issues, which may significantly affect the business of the Company, should be encouraged. These issues include but not limited to the following :-

- risk management matters;
- major economic and industry trends;
- adverse publicity/rumours concerning the Company and/or its subsidiaries;
- changes in regulatory requirements in the industry/business that the Company operates in; and
- monitoring of Management's performance.

7d. Monitoring of Financial Performance

The Board should conduct a review of the Company's performance, i.e. financial results and operations of the current quarter, year-to-date and annual budgets.

There should be a discussion and approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a predetermined threshold given to Management.

The Board should ensure proper procedures are put in place and that the financial statements (including quarterly/year-end announcements) of the Group (comprising the Company and its subsidiaries) are reviewed for integrity and approved for timely lodgement with, and/or release to the authorities and the Stock Exchange.

7e. Risk Management and Internal Control

The Board must actively identify, assess and monitor key business risks to safeguard shareholders' investments and Company's assets, including the relevant measures deployed by Management to address the said risks.

The Board must understand the principal risks of the business that the Company is engaged in and recognise that business decisions require the incurrence of risk. Board of Directors must ensure that there is in place systems that effectively monitor and manage these risks with a view to the long term viability of the Company.

A periodic review of the Company's internal control systems and risk management process, including the procedures thereof, should be carried out.

8. CONDUCT OF BOARD MEETINGS

Board meetings should be conducted in a manner where all directors feel encouraged to share their views and partake in discussions.

The notice of Board and Committee meetings, full agenda and the supporting meeting papers should be given in advance to the respective members to facilitate their deliberations and decision making during each meeting.

The quorum of meeting shall not be less than two.

Minutes of meeting shall be properly documented by the Company Secretary and shall remain confidential. The Board should review the minutes to ensure completeness and accuracy.

9. BOARD COMMITTEES

The Board has delegated specific responsibility to its three committees namely Audit, Nomination and Remuneration Committees, all of which have terms of reference to govern their respective responsibilities.

The Board Committees will deliberate and examine issues within their defined terms of reference and report to the Board with their recommendation.

Audit Committee

The key function of the Audit Committee is to assist the Board to oversee the Group's financial reporting process for quarterly results and annual financial statements to ensure correctness and adequacy prior to the release of them to the Authorities and the Stock Exchange.

Nomination Committee

The Nomination Committee is charged with the responsibility of proposing suitable new nominees for appointment as Directors and to fill the seats on Board Committees wherever necessary. It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director annually

The Board shall upon the recommendation of the Nomination Committee, justify and seek shareholders' approval in the event it desires to retain a Director who has served as an independent director for more than 9 years.

Remuneration Committee

The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages accorded to the Directors to ensure that the Executive Directors' level of remuneration commensurate with their experience, level of responsibilities, achievement and contribution to the Group. As for the Non-Executive Directors, to ensure it is consistent with their commitment, participation and contribution to the Group.

10. DIRECTORS' TRAINING AND DEVELOPMENT

All newly appointed Directors must complete the mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, and shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to effectively discharge duties and sustain active participation in the Board deliberations.

The Nomination Committee will- review the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

11. DECISION MAKING

All strategic decisions are made at Board meetings after due deliberations and where appropriate decisions are also made by way of circular resolutions in between of scheduled meetings.

12. REPORTING

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

13. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Group through timely dissemination of information on the Group's performance and major corporate developments via appropriate channel of communication which includes distribution of annual reports, relevant circulars to shareholders, press releases (where appropriate), quarterly performance results and corporate announcements to Bursa Securities.

The Annual General Meeting is the principal forum for dialogue and interaction with shareholders wherein shareholders are encouraged to attend and participate. Directors, the Finance Director and the External Auditors will be present to respond to the queries and to provide explanation on the issues raised thereat.

14. CORPORATE SOCIAL RESPONSIBILITY

The Group undertakes its corporate social responsibility conscientiously by doing business in a responsible manner, for the shareholders, employees and business partners at large.

15. CODE OF ETHICS

The Board adheres to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia. All Directors and employees are expected to behave ethically and professionally at all times to protect and promote the reputation and performance of the Company. The Group communicates the Code of Ethics to its Directors upon their appointment.

16. REVIEW OF BOARD CHARTER

The Board will regularly review the Board Charter to ensure they remain consistent with the Board's objectives, responsibilities and the relevant standards of corporate governance.