



MARINE & GENERAL
BERHAD

BOARD CHARTER AND DIRECTORS' CODE OF ETHICS

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BOARD CHARTER

This Board Charter (“Charter”) is designed to provide Directors and Officers of Marine & General Berhad (“M&G” or “the Company”) with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their role and discharging their duties to the Company, and the Board's operating practices.

The Charter reads as follows: -

1.0 Introduction

- 1.1 The Board of Directors (“Board”) is responsible to shareholders for the stewardship and oversight of the management of the Company’s business and affairs.
- 1.2 The Board’s overriding objective is to increase shareholders’ value within an appropriate framework, which protects the rights and interests of the Company’s shareholders and to ensure that the Company is properly managed.

2.0 Composition

2.1 Composition of the Board

- 2.1.1 The Board shall comprise an appropriate number of Directors as shall be determined from time to time by the Board, in accordance with the Company’s Constitution (“Constitution”) and the applicable laws and regulations.
- 2.1.2 The Company's Constitution (Clause 24.7) provides that unless otherwise determined in a General Meeting, the number of Directors shall not be less than two (2) nor more than fifteen (15).
- 2.1.3 In order to have a more independent input and better oversight, the Board strives to have half of its members made up of Independent Directors. In any event, the minimum number of Independent Directors on the Board shall be at least two (2) Directors or one third (1/3) of the total number of Directors, whichever is the higher. The independence of the Directors is to be assessed by the Nomination and Remuneration Committee in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance.

2.1.4 In order to promote greater gender diversity, the Board seeks to have 30% of its membership made up of female Directors. The appointment of female Directors to join the Board will be in part dependent on the pool of available female candidates with the necessary skills, knowledge and experience.

2.1.5 The tenure of an Independent Director must not exceed a term limit of nine (9) years. At any stage up to the completion of nine (9) years, an Independent Director may be re-designated to be a Non-Independent Director if the Nomination and Remuneration Committee so finds that the Director no longer qualifies to be an Independent Director. An Independent Director so redesignated, may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek shareholders' approval through a two-tier voting process, annually.

2.1.6 The Board may appoint a Senior Independent Director to whom concerns from other Directors, shareholders, potential investors and members of the public may be conveyed.

2.1.7 The screening and evaluation process for potential new Directors and Directors to be nominated for re-election are delegated to the Nomination and Remuneration Committee.

A new Director is required to commit sufficient time to attend the Company's meetings/matters before accepting the appointment to the Board.

2.1.8 Directors must notify the Executive Chairman before accepting any new Directorship. Subsequently, the affected Director must also inform the Company Secretary of the same to enable the appropriate filings to be made.

2.2 *Executive Chairman's Role*

2.2.1 The Executive Chairman carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders.

2.2.2 He maintains a close professional relationship with his management team.

2.2.3 He chairs Board meetings, as well as general meetings of shareholders, and concerns himself with the good order and effectiveness of the Board and its processes.

2.2.4 The Executive Chairman acts as a facilitator at Board meetings and ensures that no Board member, whether executive or non-executive, dominates the discussions.

2.2.5 The Executive Chairman shall also encourage all Directors to participate in the affairs of the Board and that all Directors be given adequate opportunity to express their views.

2.2.6 The key roles of the Executive Chairman are: -

- Ensuring that there is a balanced board, comprising Executive, Non-Executive and Independent Directors;
- Ensuring full participation of the Executive, Non-Executive and Independent Directors in the Board's decision-making processes and activities;
- Facilitating the effective contribution of Non-Executive and Independent Directors and building a strong bond and trust between them and the Executive Director;
- Ensuring that the whole Board plays a full and constructive part in developing and determining the Company's and/or Group's strategy and overall business and commercial objectives;
- Ensuring that all relevant material and timely information is made available to the Board for Board meetings;
- Effectively leading the Board as a whole and in particular during Board meetings and general meetings;
- Setting the agenda to be tabled for discussion, in consultation with the management team and the Company Secretary, taking into consideration the important issues facing the Company and/or Group with emphasis to strategic, rather than routine issues;
- Ensuring that there are sufficient channels for effective communication between the Board and the shareholders at general meetings;
- Ensuring that complete, timely and clear information on the Company and/or Group affairs are provided to the Board;
- Ensuring that the advice of the Company Secretary on compliance, procedures and rules are considered and acted upon; and
- Ensuring effective communication between the Company and/or Group and its shareholders, management and other stakeholders.

2.3 *Executive Chairman's Day-to-day Management Role*

2.3.1 The role of the Executive Chairman is also vital to the performance of the Company. He is required to provide leadership, strategic vision, high-level business judgment

and wisdom, and the ability to meet immediate performance targets without neglecting longer-term growth opportunities of the Company.

2.3.2 The key day-to-day management role of the Executive Chairman, amongst others, shall include:-

- Ensuring that the Company's strategies and corporate policies as adopted by the Board are effectively implemented;
- Ensuring that Board decisions are implemented and Board directions are responded to;
- Providing direction in the implementation of short and long term business plans;
- Providing strong leadership i.e. effectively communicating the vision, management philosophy and business strategy to the employees;
- Keeping the Board fully informed of all important aspects of the Company's operations and ensuring that sufficient information is distributed to Board members; and
- Ensuring the day-to-day business affairs of the Company is effectively managed by various Heads of Department.

2.4 *Non-Executive Directors' roles*

Non-Executive Directors are expected to provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

3.0 Board Structures and Procedures

3.1 *Board's role*

3.1.1 The Board is responsible for the overall direction of the Company's business and affairs on behalf of the shareholders. The Board delegates authority for the actual conduct of the business to the Executive Chairman who, together with the management team, is accountable to the Board.

3.1.2 The Board's roles shall, among others, be as follows:-

- Contributing to approving the Company's goals and strategic direction and monitoring the implementation of those goals and strategies;
- Monitoring the financial performance of the Company including adopting annual budgets and approving the Company's financial statements;

- Approving and monitoring the progress of capital expenditure, capital management acquisitions and divestitures;
- Ensuring that adequate systems of internal compliance and control exist and that these systems are appropriately monitored for compliance;
- Appointing and removing the Board Appointee Officers and Company Secretary, and reviewing their performances;
- Ensuring significant business risks are identified and appropriately managed, and regularly reviewing the risk management framework and system; and
- Ensuring sufficient and due disclosure of information is made to shareholders, Bursa Securities and any other authorities.

3.2 *Board's power*

3.2.1 The Board's powers include the ability to:-

- Appoint new Directors to the Board in accordance with the applicable Acts and the Constitution of the Company;
- Initiate and adopt corporate plans, commitments and actions;
- Initiate and adopt changes in accounting principles and practices;
- Provide advice and counsel to the Executive Chairman;
- Instruct and review the actions of any Board Committee and of the Executive Chairman;
- Make recommendations to shareholders;
- Meet from time to time in the absence of management;
- Require the attendance of the Company's Auditors, either with or without management being present;
- Act as approving authority to all other corporate matters not requiring shareholders' approval;
- Determine the dividend policy and declare dividends to shareholders;
- Issue or buy-back shares in accordance with the applicable Acts and the Constitution of the Company.

3.3 *Board's Performance*

3.3.1 The Board keeps its own performance under review. This includes a formal review, such as an annual review and self/peer assessment process that:

- Compares the performance of the Board with the requirements of this Charter.

- Sets forth the goals and objectives of the Board for the upcoming year; and effects any improvements to this Charter that are necessary or desirable.

3.3.2 The objective of the Board performance review is to assess the overall Board effectiveness with particular emphasis on:

- Individual performance of Directors.
- The Board's own role.
- The effectiveness of processes to support that role, and the desired capabilities to carry out that role.

3.3.3 This evaluation shall be conducted by the Board in any manner it deems fit and shall also consider the annual assessment of the effectiveness of the Board as conducted by the Board Nomination and Remuneration Committee.

The performance of the Executive Chairman is assessed based on the Key Performance Indicators approved by the Board.

3.4 *Board's committees*

3.4.1 The Board may delegate matters to committees of the Board to oversee and address matters which requires detailed review or in-depth consideration.

3.4.2 The Committees established are as follows:-

- Audit Committee;
- Risk Management Committee; and
- Nomination and Remuneration Committee.

3.4.3 From time to time, the Board may create ad hoc committees to examine specific issues on behalf of the Board.

3.5 *Board Meetings*

3.5.1 The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine.

3.5.2 Meeting agendas shall be developed by the Company Secretary in consultation with the Executive Chairman. Board members may propose agenda items through communication with the Company Secretary.

3.5.3 At each scheduled meeting, the Board shall consider, where applicable, the following:-

- Financial results;
- Quarterly announcements to be submitted to Bursa Securities;
- Minutes and reports by various committees of the Board;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Company's/Group assets;
- Major operational issues; and
- Any other matters requiring its authority.

3.5.4 At the discretion of the Board, members of management and others may attend Board meetings.

3.5.5 Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting.

3.5.6 At Board meetings, each Director is expected to take an active role in discussion and decision-making. To facilitate this, the Executive Chairman is responsible for fostering an atmosphere conducive to open discussion and debate.

3.5.7 Independent Directors shall have the opportunity to meet at appropriate times, without the presence of the Management, at regularly scheduled meetings. Independent Directors may propose agenda items for meetings of Independent Directors through communication with the Executive Chairman.

3.5.8 The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.

4.0 Access

4.1 The Board shall have unrestricted access to management and to information pertaining to the Company and/or Group including from the Company and/or Group's auditors and consultants.

5.0 Independent Professional Advice

5.1 The Board collectively and each Director individually may take, at the Company's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

5.2 Individual Board members seeking such advice must obtain the approval of the Executive Chairman (which may not be unreasonably withheld) and the advice shall be made available to all Board members as appropriate.

6.0. Remuneration

6.1 Both Executive and Non-Executive Directors' remuneration are deliberated by the Nomination and Remuneration Committee and will be recommended to the Board for its approval.

6.2 Non-Executive Directors will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board committees and for their attendances at meetings. The fee which is subject to the approval of the shareholders shall be fixed in sum and not by a commission or percentage of profits/turnover.

7.0 Indemnification and Directors and Officers insurance

In the course of discharging Directors' duties, the Directors may be exposed to certain wrongful acts such as error, misstatement, misleading statement, omission, neglect or breach of duty committed or attempted or allegedly made. To the extent allowed by law, the Company will provide Board members with and will pay the premiums for such indemnity and insurance cover while acting in their capacities as Directors, provided always that such wrongful acts occur in good faith and not as a result of dishonesty, fraud, insider trading or malicious conduct. The insurance cover shall not pay for fines, penalties and/or liabilities arising from intentional breach of contract.

DIRECTORS' CODE OF ETHICS

1. General

- 1.1 Directors of the Company shall carry out their responsibilities objectively, honestly and in good faith, and shall act to the best interests of the Company.
- 1.2 Directors of the Company are expected to conduct themselves according to the highest standards of personal and professional integrity and honesty.
- 1.3 Directors are also expected to set the standard for Company-wide ethical conduct and ensure ethical behaviour and compliance with this Directors' Code of Conduct and all other relevant laws and regulations.
- 1.4 Directors are expected to observe high standards of corporate governance at all times and act in accordance with applicable law, the Company's Constitution and relevant policies (*e.g. Directors' Fit & Proper Policy, Anti-Bribery and Corruption Policy*) that may be adopted by the Company from time-to-time.
- 1.5 Directors are required to declare and disclose any conflicts of interest through the Annual Conflict of Interest Declaration process. At other times, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. If any matter is to be discussed at a meeting of the Board which would involve one or more Directors having a conflict of interest, then those Directors:-
 - a) shall declare that conflict of interest;
 - b) shall not receive the relevant papers;
 - c) shall not be present at the meeting when the matter is being considered; and
 - d) shall not participate in any decision on the matter.
- 1.6 Directors are required to declare and disclose any transaction with the Company and/or its subsidiaries in which they are deemed to have an interest.
- 1.7 All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and shall not be disclosed or released to any person other than Board members, except as required by law, or as agreed by the Board.

- 1.8 Directors must not misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organizations.
- a) Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled “Guidelines on Acceptance of Gifts” below.

2. Declaration of Interests

- 2.1 Subject to the requirements of any Acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary of any changes in the following:
- a) Shareholding in the Company and its related corporations, whether direct or indirect; and
b) Directorships or interests in any other corporations.
- 2.2 In addition to the above, members of the Board who have a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest.
- 2.3 Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits.
- 2.4 Relevant interests in this context are as follows:-
- a) Executive and Non-Executive Directorships, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
b) Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

3. Register of Related Parties

- 3.1 This Directors’ Code of Ethics requires that a formal Register of Related Parties be established. The register should include details of all Directorships and other relevant interests, declared by Board Members and key management personnel of the Group.
- 3.2 The register should be kept up-to-date by the Company Secretary.

4. Conduct in Meetings

- 4.1 Any Board Member who has an interest in a matter under consideration by the Board should declare such interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

5. Membership of Committees

- 5.1 Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

6. Guidelines on Acceptance of Gifts

- 6.1 It is the responsibility of the Directors to inform such external parties of the Company's policy in relation to receipt of gifts, entertainment and hospitality, and to request the external parties' understanding of and adherence with this policy.
- 6.2 Directors and their family members must refrain from, directly or indirectly, receiving lavish gifts of significant value in their personal capacity from external parties or agents representing those parties, where that aforementioned external party either has a business relationship with the Company and/or its subsidiaries or is seeking to develop a business relationship with the Company and/or its subsidiaries. Directors must abide by this Directors' Code of Ethics to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings.
- 6.3 Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of the Company is allowed only in limited circumstances, whereby refusing the gift is likely to seriously offend and may sever the business relationship with the external party. However, in no circumstances may a Director or his/her family/household members accept gifts in the form of cash or cash equivalent. In the limited circumstances mentioned, the Director is expected to inform any acceptance of gifts to the Chairman of the Audit Committee.
- 6.4 The Company takes note that the occasional acceptance of a reasonable and modest level of entertainment provided by external parties in the normal course of business is a legitimate way to network and build good business relationships. However, it is

important for Directors to exercise proper care and judgment before accepting entertainment offered or provided by an external party.