



KARYON INDUSTRIES BERHAD
Registration No. 200301010377 (612797-T)
(Incorporated in Malaysia)

BOARD CHARTER

Our board's strategic intent is to ensure **Karyon Industries Berhad's** ("Company") and its Subsidiaries' ("the Group") resources and capacities are deployed in ways to protect and maximise shareholders' value and long-term earnings growth. We will do this by managing our business with integrity and the highest ethical standards while acting in a socially responsible manner with particular emphasis on the well-being of our teammates and the communities we serve.

1.0 Purpose of this Board Charter

The purpose of this Board Charter is to specify how the Company is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders, as well as championing good governance and ethical practices throughout the Company. This charter sets out the role and responsibilities of the Board, including the responsibilities that are delegated to committees of the Board or the management as well as membership and operation of the Board.

This Board Charter incorporates the Principles and Practices of the Malaysian Code on Corporate Governance ("MCCG"), as considered appropriate, relevant provisions of the Companies Act 2016, the Constitution of the Company and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

2.0 Role and Responsibilities

2.1 Role of the Board

The role of the Board is to provide overall strategic guidance for the Company and effective oversight of management.

The Board strives to ensure that the activities of the Company comply with its constitution, from which the Board derives its authority to act, and monitor the Company's performance to create sustainable value for shareholders.

The Board also has the overall responsibilities for promoting long term sustainable growth and financial soundness of the Group giving due regards to environmental, social, economic and governance issues.

In discharging its role, the Board shall perform *inter-alia*, the following:

- Provide guidance, reviewing and approving strategy plans and performance objectives;
- Monitor financial performance of the Company and approving quarterly and yearly financial reports;
- Review and approve major capital expenditure, capital management, major acquisitions and divestment and material commitments;
- Declare interim dividend and recommendation of final dividend for shareholders' approval;

- Establish committees and policies as to facilitate more effective discharge of the Board's roles and responsibilities;
- Ensure compliance obligations and functions of the Board committees are effectively discharged;
- Review and approve recommendations made by the various committees, where appropriate;
- Oversee and review systems of internal control/compliance, risk management and control and legal compliance of the Company, ensuring they are operating effectively;
- Appointment and if appropriate, removal of directors and company secretary;
- Consider the succession plans relating to the appointment of directors and key senior management;
- Consider the training and development of directors to update and enhance their skills and knowledge;
- Consider the implementation of the relevant policies and procedures concerning the Group;
- Approve remuneration policy and remuneration of directors and key senior management; and
- Ensure effective communication and reporting to shareholders to ensure they are informed of the performance and major developments of the Group..

2.2 Role of Individual Directors

In discharging the Board's responsibilities, individual Directors are expected to:

- Be aware of the environment the Company is operating in;
- Act in good faith and in the best interests of the Company as a whole;
- Avoid conflict of interest and notify the Board of a material personal interest when a conflict arises;
- Commit and devote sufficient time and efforts in discharging their duties;
- Contribute actively in Board discussion and deliberation of issues by providing sound advice to the Board; and
- Attend regular training programmes in order to update their knowledge and enhance their skills and knowledge, so as to keep abreast of industry and market issues and regulatory requirements.

The Non-Executive Directors and Independent Non-Executive Directors are also responsible in making independent assessment of information, reports or statements, having regard to the directors' knowledge, experience and competence, to provide an independent judgment and check and balance to the Board.

2.3 Role of Senior Independent Non-Executive Director

The Board shall appoint amongst its members a Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by shareholders and stakeholders. The responsibilities of Senior Independent Non-Executive Director include:

- Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman or Chief Executive Officer;
- Ensure all Independent 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 Directors to perform their duties effectively and adequately; and
- Receive report(s) made by employees or external parties for the purpose of whistle blowing in the form prescribed under the Whistle Blowing Policy of the Group.

2.4 Role of Board Chairman

The role of the Board Chairman is responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders.

The Chairman's responsibilities include the following:

- Provide leadership of the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda, with the assistance of the Company Secretary, ensures that pertinent and relevant matters are included in the meeting agenda for discussion;
- Ensure that Board members are properly briefed on issues arising at the Board meetings and ensure sufficient time is allotted for discussions on complex issues;
- Leading Board meetings and discussions, encouraging active participation and deliberation by all members of the Board to enable the Board in making informed decisions;
- Ensure that board committee meetings are held separately and not combined with the main board meeting;
- Facilitate a healthy working relationship between the Directors;

- Monitor the implementation of the Group's strategies while providing his/her views to the Management including encouraging active participation and allowing dissenting views from other Directors in relation to the Group's operational matters.
- Ensure effective communication with shareholders and relevant stakeholders and leading the Board in establishing good corporate governance practices; and
- Ensure that general meetings support meaningful engagement between the board, senior management and shareholders including discussion on the company's financial and non-financial performance as well as the company's long-term strategies and sustainability; and
- Leading the board in the adoption and implementation of good corporate governance practices in the Group.

2.5 Roles of Deputy Board Chairman

The role of the Deputy Board Chairman is responsible for supporting and assisting the Chairman of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders.

The role of the Deputy Chairman is responsible for the following:

- Assist the Chairman in delivering his/her responsibilities and ensuring the smooth functioning of the Board;
- Provide assistance and support to the Chairman during meetings;
- Assist to chair and conduct the Board meetings and general meetings in the absence of the Chairman;
- Support the Chairman to facilitate a healthy working relationship between the Directors;
- Promote constructive dialogues between Non-Executive and Executive Directors together with the Chairman; and
- Support and assist Chairman to ensure effective Communication with Board members and the stakeholders.

2.6 Role of Chief Executive Officer (“CEO”)

The role of the CEO is to be responsible in overseeing the day-to-day management decisions and the implementation of the Group’s long and short-term plans as approved by the Board.

The responsibilities of CEO include:

- Oversee the day-to-day operations to ensure smooth and effective running of the Group;
- Development and implementation of the strategies and plans of the Group’s business operations based on effective risk management and internal controls; and
- Monitor the overall financial and operational performance of the Group.

2.7 Role of Board Committees

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

The present committees established by the Board are:

- (i) Audit Committee;
- (ii) Nominating Committee;
- (iii) Remuneration Committee;
- (iv) Risk Management Committee; and
- (v) ESOS Committee.

The roles and responsibilities of the above Committees are set out in the Terms of Reference of each Committee. The Chairman of each Committee will report to the Board on the key issues deliberated and recommendations made by the Committees at the Board meetings.

2.8 Role of Company Secretary

The Company Secretary shall be a person who is qualified pursuant to Companies Act 2016 and competent in carrying her duties. The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules and regulations affecting the Company. The appointment and removal of the Company Secretary shall be decided by the Board.

The roles and responsibilities of a Company Secretary includes:

- Manage all Board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Circulate meeting materials to the Board at least 5 business days in advance of the meeting;
- Ensure proper upkeep of statutory registers and records;
- Advise Board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Managing processes pertaining to the general meeting of shareholders;
- Monitor corporate governance developments and assist the Board in applying the governance practices to meet the board's needs and stakeholders' expectations;
- Continuously update the Board on changes to listing requirements, other related legislations and regulations; and
- Serve as a focal point for stakeholders' communication and engagement.

The directors have unlimited access to the professional advice and services of the Company Secretary.

3.0 Membership of the Board

3.1 Composition

The Board of Directors will consist of a minimum of 2 and a maximum of 15 members, in accordance with the Constitution. The Board will ensure that at least one-third of the directors are independent, thereby bringing objective and independent judgment to facilitate a balanced leadership in the Company as well as to safeguard the interest of the shareholders in ensuring the highest standard of conduct and integrity are maintained.

The Company will seek to have directors with an appropriate range of skills, professionalism, integrity, diversity, ethnicity, experience and expertise to deal with the operations and business of the Company. Directors are free from any interest and any business which could materially interfere with the director's ability to act in the best interests of the Company.

3.2 Appointment and Re-election

The Company has in place formal and transparent procedures for the appointment of new directors and had established a Fit and Proper Policy and Declaration Assessment Form which were adopted on 26 May 2022. These procedures ensure that all nominees to the Board, are first considered by the Nominating Committee (“NC”) taking into account the required mix of skills and experience and other qualities and proper procedures as set out in the Fit and Proper Policy, before making recommendation to the Board. The Board, through the NC, reviews annually its required mix of skills and experience including the core competencies of all the Directors to ensure the effectiveness of the Board as a whole and the Committees of the Board. The maximum tenure for an independent director shall be twelve years.

Any director appointed during the year is required under the Company’s Constitution, to retire and seek re-election by shareholders at the following Annual General Meeting (“AGM”) immediately after their appointment. The Clauses also require that one-third of the Directors including the Managing Director to retire by rotation and seek re-election at each AGM and that each Director shall offer themselves for re-election at least once in every three years.

The tenure of an independent director should not exceed a cumulative term of nine years. The Board may seek shareholders’ approval in the event it retains an independent director, who has served in that capacity for more than nine years, with strong justification provided. Otherwise, upon completion of nine years, an independent director may continue to serve on the Board subject to the director’s re-designation as a non-independent director.

4.0 Board Process

4.1 Meetings

The Board meets regularly on a quarterly basis with additional meetings being conducted as and when necessary. Directors are expected to attend the Company’s General Meeting, Board meetings, Committee meetings and Non-Executive Directors (“NED”) meetings annually or as and when required on which they serve. Standard agendas will be established for each meeting. Board members are free to suggest items for inclusion on the agenda or to raise subjects that are not in the agenda for that meeting, subject to the provisions of the Constitution covering the Board of Directors’ meetings. Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

4.2 Supply and Access to Information

Directors are furnished with Board papers detailing the agenda for each meeting which are disseminated at least five (5) business days in advance of the meeting to ensure sufficient time is available to the Directors to review and consider the items to be deliberated at the Board meetings. The Board papers include, amongst others, quarterly financial reports, financial statements, minutes of meetings and other management reports.

Directors have access to all information and may request for additional information or to take independent professional advice at the Company's expense during meetings or written request indicating the purpose for such information, in furtherance of their duties.

4.3 Proceedings at Meetings

No meeting shall take place unless a quorum is present. The Chairman of the Board or Committee shall chair the meeting. If the Chairman of the Board or Committee is not present, another director elected by the directors present shall chair the meeting.

Any director may participate in a meeting of the Board or any committee of the Board by conference telephone, electronic or such other communication facilities shall be treated as presence in person provided all directors participating in the meeting are able to hear each other and recognize each other's voice, and for this purpose, participation constitutes prima facie proof of recognition. The director shall be counted towards the quorum notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held.

5.0 Role of Board Committees

5.1 Audit Committee

Purpose

The Audit Committee is instrumental in the Board's fulfillment of its oversight responsibilities relating to (1) the integrity of the Company's financial statements; (2) the qualifications, independence and performance of the Company's external auditors; (3) monitoring the performance of the Company's internal audit function and (4) the Company's compliance with the legal and regulatory requirements.

The purposes of the Committees are as follow:

1. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Company;
2. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors;
3. To act upon the Board's request to investigate and report on any issue of concern with regard to the management of the Company; and
4. To assist the Board in compliance with any such changes/amendments/updates/insertions of the Main Market Listing Requirements of

Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) and any other applicable laws and regulations, arising thereof from time to time with advice of adviser/company secretary.

Membership

The Audit Committee shall be appointed by the Board from among their members and shall consist of not less than three (3) members. All the audit committee members must be non-executive directors and a majority of whom being independent directors and all the members should be financially literate with at least one of the members of the Committee:

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he/she is not a member of the MIA, he/she must have at least three (3) years’ working experience and;
 - (aa) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) he/she must fulfill such other requirements as prescribed or approved by Bursa Securities.

Alternate Directors shall not be eligible for appointment as a member of the Committee.

The members of the Committee must elect a Chairman among themselves who is an Independent Director and the Chairman of the Board must not be a member of the Committee.

The terms of office and performance of each of the members of the Committee shall be reviewed by the Board as and when necessary, at least once every year.

Where the membership of the Committee falls below three (3) due to retirement or resignation or any other reason, the vacancy must be filled within two (2) months, but in any case not later than three (3) months.

A former partner of the external audit firm and/or the affiliate firm of the Company or any entity within the Group is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

All members of the Committee should be financially literate and have sufficient understanding of the Group’s business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Group’s reporting process.

Authority

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

1. Have explicit authority to investigate any matters of the Company and its subsidiaries, within its Terms of Reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interest, or abuse by a significant or controlling shareholder;
2. Have resources which are required to perform its duties;
3. Have full and unrestricted access to any of the Company's staff and to any information pertaining to the Company which it requires in the course of performing its duties;
4. Have direct communication channels with the external auditors;
5. Have direct authority over the internal audit function of which is independent from management and operations;
6. Be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise in its meeting if it considers necessary;
7. Be able to convene meetings with the external auditors, the internal auditors or both, with or without the prior knowledge of Management, whenever deemed necessary but at least twice a year; and
8. Be able to consider any risk related matters and make recommendation to the Board in an advisory capacity where necessary.

Function and Duties

The functions and duties of the Committee are as follows:

Financial Reporting

1. Review the quarterly results and annual financial statements before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practice;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - any significant transactions which are outside the ordinary and usual course of the Group's business;
 - the going concern assumptions;
 - compliance with the accounting standards;
 - compliance with stock exchange and legal requirements;
 - assess the quality and effectiveness of the internal control system and the efficiency of the Company operations;

- the quality and effectiveness of the entire accounting, management information and internal control systems; and
 - the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.
2. Review the financial statements as a whole and the Group's financial position and performance.
 3. Provide probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.

(a) External Audit

1. Consider and recommend to the Board on the appointment or reappointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process;
2. Review the independence, objectivity and suitability of the external auditors upon consideration of:
 - (i) the criteria to guide decisions on the appointment and re-appointment of the external auditors. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditors in relation to the audit. The assessment should also consider the information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks as well as corporate liabilities risks;
 - (ii) the appropriateness of audit fees to support a quality audit;
 - (iii) the requirement for non-audit service to be approved by the Committee before they rendered by the external auditors and its affiliates while taking into account the nature and external of the non-audit services and the appropriateness of the level of fees;
 - (iv) the conduct of an annual evaluation on the performance of the external auditors and undertaking follow-up measures, where required;
 - (v) the written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements;

3. Where the external auditors are removed from office or give notice to the Company of their desire to resign as external auditors, the Committee shall ensure that the Company to notify Bursa Securities and forward to Bursa Securities a copy of any written representations or written explanations of the resignation made by the external auditors at the same time as copies of such representations or explanations are submitted to the Registrar of Companies pursuant to Section 284 of the Companies Act, 2016;
4. Discuss with the external auditors on their audit plan, the nature, scope including the audit report and any significant problems that may be foreseen in the audit, ensure adequate tests to verify the accounts and procedures of the Company and to ensure co-ordination where more than one audit firm is involved;
5. Ensure and confirm that the management has placed no restriction on the scope of the audit;
6. Discuss any matters and reservations arising from the audits, and any other matters the external auditor may wish to discuss without the presence of the Executive Directors and Management;
7. Review the external auditors' management letter and management response;
8. Consider the appropriate timeframe to appoint any former partner of the Audit firm and/or Affiliate firm as a member of Audit Committee and to observe a cooling-off period of at least three (3) years before one is eligible for appointment as a member of Audit Committee;
9. Obtain written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements; and
10. Review the findings of the External Auditors on related-party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(b) Internal Audit

1. Consider and recommend the appointment of internal auditor;
2. Ensure the internal audit function which is independent of the activities it audits and the internal audit function reports directly to the audit committee;
3. Review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.;
4. Review internal audit plan, program, processes, and the reporting structure.
5. Ensure co-ordination of external audit with internal audit;

6. Consider major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
7. If the internal audit function is outsourced, to review the appointment or termination of the internal auditors, the fee and inquire into the staffing and competence of the internal auditors in performing their work;
8. If the internal audit function is performed in-house, to:
 - (i) review any appraisal or assessment of the performance of the staff member of the internal audit function on annual basis;
 - (ii) approve any appointment or termination of senior staff member of the internal audit function;
 - (iii) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason of resignation; and
9. Discuss any matters and reservations arising from the interim and final audits, that the external auditor may wish to discuss with or without prior knowledge of Management.

(c) Related Party Transaction

1. Consider and review:
 - a. any related party transactions that may arise within the Company or the Group and to ensure that Directors report such transactions annually to shareholders via the annual report; and
 - b. in respect of the recurrent related party transactions of a revenue or trading nature which are the subject of a shareholders' mandate, prescribe guidelines and review procedures to monitor and ascertain that such transactions are in compliance with the terms of the shareholders' mandate.

(d) Others

1. Report to Bursa Securities on matters reported by it to the Board that has not been satisfactorily resolved resulting in a breach of the MMLR as well as consider other topics, as may be defined and directed by the Board from time to time.
2. Review any conflict of interest and potential conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that raises questions on management integrity.
3. Review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary.
4. Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Company (if any).

5. Review all financial related reports/statements as required by the MMLR, for inclusion in the Annual Report.
6. Obtain regular updates from the management regarding compliance matters.
7. Consider other topics, as may be defined and directed by the Board from time to time.

5.2 Nominating Committee

Purpose

The primary purposes of the Nominating Committee are:

- 1) Recommend to the Board of Directors, individuals qualified to serve the Board, Board committees and key senior management;
- 2) Recommend to the Board, the Directors retiring or new nominated directors (if any) at the next annual general meeting;
- 3) Recommend to the Board, members and chairpersons for each committee to enable the Board and Committees to function effectively and efficiently;
- 4) Assess the effectiveness of the Board as a whole, Board Committees and individual directors; and
- 5) Ensure that composition of the Board is refreshed periodically.

Membership

The Committee shall compose of at least three members. All the nominating committee members must be non-executive directors with a majority of them being independent directors. The Chairman of this Committee will be chaired by a senior independent non-executive director or an independent non-executive director. Chairman of the Board should not be a member of the committee.

Candidate Nomination & Selection Criteria

The Nominating Committee believes that it is in the best interest of the Company and its shareholders to obtain qualified candidates to serve as members of the Board of Directors. The Nominating Committee will seek candidates for election and appointment that possess the integrity, skill, professionalism, experience and competency that will best complement Board effectiveness.

Criteria of Selection

Candidates are selected for, among other things, their independence, diversity in terms of age, gender, ethnicity and experience, leadership and the ability to exercise sound judgment relevant to the Company's business.

The candidate must be willing to regularly attend Committee and Board of Director's meetings, to participate Board of Director's development programs, to develop a strong understanding of the Company, to contribute his or her time and knowledge to the Company.

Selection Process

This selection process will involve primarily five stages:

- 1) Identification of candidates;
- 2) Evaluation of suitability of candidates base on the selection criteria;
- 3) Meeting up with candidates;
- 4) Final deliberation by Nominating Committee; and
- 5) Recommendation to the Board.

Authority and Responsibilities

The Nominating Committee is responsible for considering and making recommendations to the Board concerning appropriate size, functions and needs of the Board. For the appointment of new Directors, all nominees are first considered by the Nominating Committee, before making recommendation to the Board. The Committee will annually assess and review the performance and effectiveness of the Board as a whole, the Committees of the Board and individual directors.

The Committee has the authority, as necessary and appropriate, to consult with outside advisors to assist in their duties to the Company.

The duties and responsibilities of the Committee include:

- (a) Propose new nominees to the Board and assess directors on an ongoing basis. The actual decision as to who should be nominated should be the responsibility of the full Board after considering the recommendations made by the Committee. The Committee should:
 - (i) Recommend to the Board, candidates for all directorships and key senior management to be filled by the recommendation of shareholders or the Board. In making its recommendations, the Committee shall not solely rely on the recommendation of other senior executive or any director or shareholder, but shall also utilises independent sources to identify suitably qualified candidates.

In making its recommendations, the Committee shall consider the candidates:

- skills, knowledge, expertise and experience;
- age, gender and ethnicity
- professionalism;
- integrity;

- in the case of candidates for the position of independent non-executives, the Committee should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from independent non-executive directors, and
- Time Commitment.

If the selection of candidates was solely based on recommendations made by the existing Board, the management or major shareholders, the Committee should explain why other sources were not used;

- (ii) consider the succession plan in relation to the appointment of directors and key senior management, in making its recommendations, candidates for directorships and key senior management as proposed by the chief executive officer and within the bounds of practicability, by any other senior executive or any directors or shareholder, and
 - (iii) recommend to the Board, directors to fill the seats on board committees;
- (b) Assist the Board to examine the composition and size of the Board at least once a year, with a view to determining the impact of the number upon its effectiveness;
 - (c) Carry out and review the annual assessment of the effectiveness of the Board as a whole as well as the committees of the Board. It shall review annually and evaluate the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer based on the required mix of skills and experience and other qualities and core competencies. All assessments and evaluations carried out by the Committee in the discharge of all its functions and should recommend its findings to the Board and to be properly documented;
 - (d) Entitled to the services of a company secretary who must ensure that all appointments are properly made, and all necessary information is obtained from directors, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Securities or other regulatory requirements;
 - (e) Recommend the re-election of retiring directors in accordance with the Company's Constitution for their reappointment at the Company's forthcoming Annual General Meeting upon due consideration of their performances and contributions to the Group;

As an integral element of the process of appointing new directors, the Committee should ensure that all directors undergo appropriate induction programs and receive continuous training;

- (f) Review training programs for the Board of Directors and ensure that all newly appointed Directors undergo appropriate induction programs and receive continuous training;

- (g) Review and assess annually the objectivity and independence of Independent Directors including those Independent Directors who serve the Board over the tenure of 9 years and to adopt the mandatory 12-year tenure limit in accordance to the Bursa Securities' Listing Requirement;
- (h) Evaluate the performance and effectiveness of the Audit Committee ("AC") including contribution by each individual member and to ascertain that the AC members financially literate with clear understanding of financial reporting;
- (i) Ensure the Board and Senior Management comprise at least one (1) woman member respectively and to endeavor to increase women representation on the Board to 30% upon identifying suitable candidates
- (j) Review and recommend to the Board, the development and implementation of the relevant policies and procedures on matters concerning the Group; and
- (k) Consider and carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

The Committee will consider any other matters referred to the Committee by the Board.

5.3 Remuneration Committee

Purpose

The Committee is established to provide overall guidance and making recommendations to the Board the remuneration and other benefits for the Directors and key senior management of the Group. The Committee will have such other duties and responsibilities as assigned to it from time to time by the Board of Directors.

Membership

The Remuneration Committee shall consist of not fewer than three directors. It shall consist of non-executive directors and majority of them must be independent directors. Membership criteria shall be met according to the requirements of the exchange, if any. Chairman of the Board should not be a member of the committee.

Authority and Responsibilities

The Committee shall review and make recommendations to the Board with respect to the remuneration policy of the Company as well as the remuneration packages and other benefits for the Board of Directors and key senior management on annual basis.

The Committee with guidance from the Group's Remuneration Policy, recommends the remuneration packages of the Executive Directors as well as Key Senior Management for the Board's approval. During these meetings, individual Directors abstain themselves from the discussion in respect of their remuneration.

The Committee will recommend directors' fees for both Executive Directors and Non-Executive Directors of the Company to the Board. The Board as a whole will then make recommendation on the directors' fees for shareholders' approval at the forthcoming Annual General Meeting.

The Committee is authorised to obtain external professional advice with the relevant experience and if necessary, the expertise may if required be invited to attend any of its deliberations.

The Committee will have the power to conduct or authorize investigations or reviews into any matters within its scope of responsibilities. It may delegate any responsibilities to a subcommittee when appropriate.

5.4 ESOS Committee

Purpose

The ESOS Committee is established to administer the Company's Employees' Share Option Scheme ("ESOS") in accordance the ESOS bye-laws and other relevant regulations.

Membership

The ESOS Committee shall consist of not fewer than three (3) directors. Membership criteria shall be met according to the requirements of the exchange, if any.

Authority and Responsibilities

The ESOS Committee shall make recommendations to the Board with respect to equity-based plans ie. ESOS. To the extent directed or authorized by the Board, the Committee shall adopt or administer such plans in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations on behalf of the Board as may be required.

The Committee will also consider any other matters referred to the Committee by the Board.

5.5 Risk Management Committee

Purpose

The duties and responsibilities of the Committee are as follows:

- (i) Review and recommend the risk management policy for approval by the Board;
- (ii) Recommend the changes on the risk management policies and strategies of the Group, to the Board and recommend action when necessary;
- (iii) Oversee the establishment and implementation of the enterprise risk management framework and oversee the development and execution of the Company's risk management framework and processes in identifying, managing and monitoring risks of the Company and its business;
- (iv) Set reporting guidelines for management to report to the Committee on the effectiveness of the Group's management of business risks;
- (v) Review reports on compliance with risk management policies and recommend action where necessary; and
- (vi) Liaise with internal and external auditors in their conduct of the audit/review of the Group's risk management process.

Membership

The Risk Management Committee ("RMC" or "the Committee") shall be appointed by the Board from among their members and shall consist of not less than three (3) members. At least one member of the Committee shall be a non-executive director.

The Chairman of the Committee shall be elected by the Committee's members. In the absence of the Chairman, the members of the RMC present shall elect one amongst them to Chair the meeting.

Where the membership of the Committee falls below three (3) due to retirement or resignation or any other reasons, the vacancy must be filled within three (3) months to achieve the minimum of three (3) members.

The terms of office and performance of each of the members of the Committee shall be reviewed by the Board of Directors as and when necessary or at least once in every year.

Authority

The RMC is authorised by the Board and at the expenses of the Group to obtain external professional advice and if required to invite outsiders to attend the meeting to assist the Committee in its deliberations. In obtaining outside professional service, the Committee shall comply with the procedures of the Company.

The RMC may delegate any duty and responsibility to a sub-committee of management, when appropriate.

6.0 Code of Conduct and Ethics

The Board is responsible to establish and maintain a Code of Conduct and Ethics (“CCE”) to guide directors, senior executives and all employees necessary to maintain confidence in the Company’s integrity. The CCE was adopted to ensure appropriate corporate governance structures are in place including standards of ethical behavior according to the Code of Conduct and Ethics and promoting a culture of corporate and social responsibility, while achieving the objectives and goals of the Company.

The CCE is available at <http://www.karyongroup.com.my/about/corporate-governance/code-of-conduct-and-ethics/>.

7.0 Anti-Corruption Compliance Programme

The Board shall ensure a sustainable Anti-Corruption compliance programme, which includes the Anti-Bribery and Corruption Policy (“ABC Policy”) and assign adequate resources to implement the anti-corruption compliance programme. The ABC Policy is available at <https://www.karyongroup.com.my/anti-bribery-corruption-policy/>

8.0 Whistleblowing Policy

To enhance corporate governance practices across the Group, a Whistleblowing Policy was adopted and a Whistleblowing Channel has been set up to enable internal and external stakeholders of the Group to raise concerns in confidentiality. Further details on the Whistleblowing Policy and relevant channels are accessible via: <http://www.karyongroup.com.my/whistleblowing-policy/>.

This Whistleblowing Policy provides Directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, breach of the ABC Policy, contravention of the Group’s policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimization, harassment or subsequent discrimination.

9.0 Relationship with Shareholders

The Board will ensure that the General Meetings of Shareholders are conducted in an efficient manner and serve as a mode of communication with shareholders and will also consider the feasibility of leveraging on technology to facilitate voting in absentia and remote shareholders’ participation at General Meetings. The Board will supply comprehensive and timely information to shareholders and to encourage active participation at the General Meeting.

10.0 Review of Board Charter

Recognising that best practices for the Board and practical considerations will change over time, the Board may amend this charter, or grant waivers in exceptional circumstances as it deems appropriate.

The Board is responsible for reviewing this charter and may be amended from time to time depending on the appropriate needs of the Company.

Reviewed and approved by the Board on 8 July 2022.