

**MHC PLANTATIONS BHD. (4060-V)**  
**BOARD CHARTER**

*Adopted on 27 February 2018*

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## **INTRODUCTION**

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The conduct of the Board is also governed by the Articles of Association of the Company, a copy of which is made available for reference in the Company's website at [www.mhc.com.my](http://www.mhc.com.my)

The Board Charter is also intended to provide a concise overview of:

1. a strategic guidance and effective oversight of management;
2. clarification of the roles and responsibilities of the Board, individual director, chairman, chief executive officer and management to facilitate the Board, individual director, chairman, chief executive officer and management's accountability to the Company and its shareholders;
3. delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities; and
4. Board operating procedures and practices pertaining to meetings, trainings and developments, code of conduct and declarations on conflicts of interest.

## **BOARD STRUCTURE**

### **A. Composition**

The number of directors shall not be less than 3 not more than 15 as set out in the Company's Articles of Association.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least 2 directors or 1/3 of the Board, whichever is the higher, are independent directors. The Independent Non-Executive Directors play a key role in providing unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

Under Malaysian Code on Corporate Governance 2017, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Board must justify and seek Shareholders' approval at an Annual General Meeting in the event it retains the director as an Independent Director beyond nine years. If the Board continues to retain the Independent Director after the 12<sup>th</sup> year, the Board shall seek Shareholders' approval at an Annual General Meeting through a two-tier voting process.

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The Board has appointed Mr Chan Kam Leong, the Independent Director, who shall serve as the point of contact between the Independent Directors and the Chairman on sensitive issues and to act as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channels of communication with shareholder.

The Board shall examine the composition and size of the Board from time to time to ensure its effectiveness.

**B. Appointment and Re-election**

The Board is responsible to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Nominating Committee ("NC"). The NC will consider the required mix of skills, experiences, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board. Apart from these, to ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the NC shall consider the number of directorships held in other PLC's when determining candidates for recommendation to the Board. In view of this, potential candidates are not allowed to hold directorships in more than five PLCs (as prescribed in Paragraph 15.06 of the Listing Requirements). Other factors considered by the NC shall include the candidates' ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism. Diversity of the Board's composition is also important to facilitate optimal decision-making by harnessing different insights and perspectives. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. It provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately.

**C. Directors' Assessment/ Board Evaluation**

The NC shall carry out the Board, Committees and Director's assessment exercise annually. The effectiveness of the Board is assessed in the areas of Board diversity, composition and governance, decision-making and Boardroom activities, as well as in terms of each Director's skills and expertise. The respective Board committees are assessed through the appointed Committee's Chairman to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference. The effectiveness of the Board Committees is also assessed in terms of composition and governance, meeting administration and conduct, skills, competencies, roles and responsibilities. Additionally, the ability of each individual Director and Board Committee member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, offer practical advice to the Board and/or Committee discussions are also taken into consideration.

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The Directors shall be assessed on their independence on an annual basis in accordance with the criteria stipulated in paragraph 1.01 of the Listing Requirements, which states that a director needs to be independent from Management and free from any business or other relationship which could interfere with his independent judgment or ability to act objectively and in the best interest of the Company. Other criterias assessed includes relevant experience, expertise, skills and competencies.

All Independent Non-Executive Directors shall not participate in the day-to-day management of the Group and shall not engage in any business dealings or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the specific functions shall be reserved for the Board and those delegated to Management.

**D. Other Board Appointments**

Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not detrimentally affect the Director's performance as a Member.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

**ROLES AND RESPONSIBILITIES**

**Responsibilities of the Board**

1. Understanding shareholders' expectations and contribute to the development of strategies in their best interest and enhance shareholder value;
2. Conscious balance of other stakeholders' interest, where appropriate, in line with Government's policies and increasing shareholders' value;
3. Ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
4. Understanding that the responsibility for good corporate governance rests with them and therefore strives to comprehend and apply the principles and practices stated in the Malaysian Code on Corporate Governance 2017 ("CG Code 2017");
5. Reviewing and adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
6. To ensure high standards of ethics and corporate behaviour in the conduct of business;

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7. Commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, the monitoring of performance and succession planning;
8. Approving major capital expenditure, capital management and acquisitions/divestitures;
9. Developing and implementing an investor relations programme or shareholder communication policy;
10. Commitment to understanding and implementation of appropriate measures to manage key risk factors of the Company; and
11. Reviewing the adequacy and the integrity of the Company's internal control systems and risk management systems.

**Responsibilities of Individual Director**

Directors are accountable to their shareholders and should use their best efforts to ensure that the Company and Group are properly managed and constantly improved so as to protect and enhance shareholders' value, and to meet the Company's obligations to all parties with which the Company interacts, its stakeholders. Their responsibilities include, amongst others, the following:

1. Directors are appointed to act in the interests of the Company and an important area of their legal responsibilities derives from trust law - the fiduciary duty to act in the interests of the company, which includes the interests of the shareholders;
2. They are under a duty to exercise reasonable skill and care in the discharge of their functions;
3. Directors are required to exercise the utmost good faith towards the company in all their actions and to act honestly in the exercise of the powers and in the discharge of their duties of their offices;
4. Directors are expected to be actively involved not only in Board meetings but general meetings of shareholders;
5. Acquiring knowledge about the business of the Company and Group, the statutory and regulatory requirements affecting effective discharge of their duties, and are aware of the physical, political and social environment in which it operates;
6. Assisting the Chairman in providing the Company and Group with effective leadership; and
7. Being available to advise management between Board meetings when necessary.

**Responsibilities of Chairman**

The Chairman is elected by the Board members to provide leadership at Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring integrity and effectiveness of the Board and its committees. The Chairman is required, amongst others, to:

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1. Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members and senior management;
2. Ensure a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode;
3. Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making;
4. Monitor the performance of the individual and collective roles of the directors and the Board;
5. Maintain a regular and constructive dialogue with the Chief Executive Officer and senior management in respect of all material matters affecting the Company and the Group and to consult with the other Board members promptly and appropriately; and
6. Chair all meetings with the shareholders i.e. Annual General Meeting, Extraordinary General Meeting.

**Responsibilities of Chief Executive Officer**

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company. The Chief Executive Officer is appointed by the Board on recommendation of the Nominating Committee.

The Chief Executive Officer is accountable to the Board, amongst other things, the following:

1. The Chief Executive Officer has a direct reporting line to the Board and not to the shareholders of the Company. The Chief Executive Officer is the link between the Board and management of the Company;
2. Develop and recommend to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical performance targets;
3. Develop and recommend to the Board the annual business plans, budgets, actions plans and risk management policies that support the Company's long term strategy that reflect current business environment and trends;
4. Ensure management of day-to-day business affairs, continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies sanctioned by the Board;
5. Ensure that the Company has an effective management team and structure, management development program and succession plans;
6. Ensure that effective internal Company and Group controls and governance measures are deployed; and
7. Serve as chief spokesperson of the Company and Group.

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**Responsibilities of the Management**

The responsibilities of the Management, in general, are:

1. Developing and proposing for the Board's approval, strategic plan and annual budget for the Company to ensure achievement of the objectives set by the Board;
2. Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company that were approved by the Board are met;
3. Running and managing the operations of the Company in a proper manner and in accordance with the Board's approved strategic plan within the authority limit set by the Board;
4. Setting up of an appropriate and effective internal control measures and risk management framework. Identifying, assessing key risks, managing and monitoring key risks;
5. Assisting the Board in the establishment of Company or Group's policies by developing such policies for the Board's review and approval for Company and Group's adoption and implementing the approved policies;
6. Developing effective management information and internal control systems of the Company to ensure that integrity and adequacy of the systems are intact;
7. Reporting to the Board periodically on the performance of the Group against the approved plan and budget as well as other matters that is under the Board's purview in order to enable the Board to discharge its responsibilities effectively; and
8. Reporting to the Board on matters that required their decision/approval or of significance to the Company and Group.

**Responsibilities of Board Committees**

The Board has set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decision on behalf of the Board and the Company. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision making.

**Audit Committee**

The functions of Audit Committee are:

- (i) to review the following and report the same to the Board of Directors:
  - a) with the external auditors:
    - i) the external audit plan,
    - ii) the evaluation of the system of internal controls; and

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- iii) the external audit report.
  - b) assistance given by the Company's officers to the external auditors;
  - c) adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;
  - d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - e) the quarterly financial reports and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
    - changes in or implementation of major accounting policy changes;
    - significant and unusual events;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements.
    - significant transactions not forming a normal part of the Company's operations;
    - significant adjustments proposed by the external auditors.
  - f) any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - g) letter of resignation from the external auditors, if any; and
  - h) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.
- (ii) to consider the nomination of external auditors.
- (iii) to review the scope of audit and general extent of the external auditor's examination, including their engagement letter.
- (iv) to review with the Company's management, external auditors and the internal auditor, the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.
- (v) to discuss with the external auditors any relevant recommendations, which the external auditors may have, especially those in their letter of comments and recommendations. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles, and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.

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- (vi) to evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the Company's financial statements.
- (vii) to review the scope and results of the internal audit procedures and discuss with the Company management the remedial actions taken on the areas that need improvement.
- (viii) to apprise the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.
- (ix) to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

**Nominating Committee**

The functions of Nominating Committee are:

- i) Recommend candidates for appointments to the Board, the formulation of a programme for the orientation of directors and the succession planning for the senior.
- ii) Ensuring an effective process for director selection and also an appropriate structure for management succession and development;.
- iii) Recommend to the Board the Directors to fill the seats on Committees of Directors.
- iv) Review mix of skills and experience, and other qualities annually including core competencies of the Directors.
- v) Establishing a nomination process of board members to facilitate and identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.
- vi) Review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.
- vii) Ensure the adequacy of trainings attended by the directors with at least 1 training annually.
- viii) Ensure there is proper succession planning for the Chief Executive and key Group Management.



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**Remuneration Committee**

The Remuneration Committee was set up with the following objectives:

- i) Reviewing and recommending to the Board a formal and transparent policy on the remuneration of the Executive Directors, fixing the remuneration packages of individual directors and approving employee compensation and benefits.
- ii) Setting up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

Hence, the Committee ensures that the Executive Directors are fairly rewarded for their contributions to the Group's overall performance, and that the levels of remuneration are sufficient to attract and retain the capable and best senior managers for the Group to direct the Group successfully.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.

**BOARD PROCESSES**

**Processes and procedures for convening Board meeting**

**Scheduling of Board meetings**

The Board meets at least 4 times every year based upon a schedule set on a yearly basis.

Apart from the pre-scheduled Board meetings, the Board may for the purpose of urgent matters, convenes ad-hoc Board meetings at any time during the year.

**Agenda item for Board meetings**

The agenda of the meeting is decided upon focusing on matters that requires Board's decisions, approvals, directions and on items that are truly the Board's responsibility.

The Secretary shall discuss with the Senior Management on the agenda item. The final agenda for the meeting would be given to the Chairman for his approval and clearance.

At each meeting, the Board considers pre-set agenda items covering the following:

- Approval of quarterly financial statements
- Review of the Group's financial and operating performance
- Review the progress of the Group's strategies
- Annual budget
- Capital expenditure exceeding approved limit
- Acquisitions and disposals of material assets above approved limit
- Consideration of significant financial matters.

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Any Director may request for inclusion of any matter in the agenda for a particular Board meeting. The request must be sent 10 days before the meeting for the Chairman's approval.

**Board meeting materials distributed in advance**

The Group Accountant will inform/remind the relevant head of departments to submit their report/materials on presentation to the Group Accountant/Secretary at least 8 days before the meeting.

All meeting materials/reports/papers as well as the notice and agenda will be compiled in a meeting file to be distributed to all the Directors within an appropriate timeline for perusal. In case where the subject matter/agenda item is price sensitive or otherwise confidential or in a state of flux, the presentation is directly made at the meeting.

**Convening a Board Meeting**

The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise two (2) Directors.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote except when only two Directors are present and form a quorum or only two are competent to vote on the question at issue, the Chairman shall not have a casting vote.

**Board and Directors Professional Development**

The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations.

The Board and its Director professional development are:

1. Newly appointed Board members are mandated to attend the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment;
2. Newly appointed Board members, when taking up office, are to attend the Company's induction program, where they are fully briefed on the terms of their appointment, duties and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates;
3. Formal training and continuous education programs and workshops for the directors encompassing topics on directorship, business, industry, regulatory and legislative; and
4. Informal sessions and discussion forums for the directors to share experiences and have constructive deliberations.

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**ACCESS TO INFORMATION AND ADVICE**

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

All Directors are provided with reports and other relevant information pertaining to the Group's operations and performance on a timely basis. Board papers providing current reviews and updates on the operations, financial and corporate developments, quarterly financial reports, corporate developments, corporate announcements released to Bursa Securities, acquisition or disposal proposal, minutes of the previous meetings and any other important matters are circulated prior to the Board Meetings to give the Directors time to peruse the issues to be discussed at the Board Meetings.

**Code of Business Conduct and Ethics**

The Board commits itself and its Directors to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly,

1. Directors must represent unconflicted loyalty to the interests of the Company and Group. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staff. It also supersedes the personal interest of any Board member acting as a consumer of the Group's services;
2. Directors may not attempt to exercise individual authority over the Company and Group except as explicitly set forth in the Articles of Association and any group policy and procedure manual in existence. This curtails interaction with the management, public, press and other entities;
3. Directors will respect the confidentiality appropriate to issues of a sensitive nature;
4. Directors must avoid conflict of interest with respect to their fiduciary responsibilities;
5. Directors should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
6. Directors should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
7. Directors should ensure at all times that the Company is properly managed and effectively controlled;
8. Directors should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
9. Directors should insist on being informed on all matters of importance to the Company in order to be effective in corporate management;

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10. Directors should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship. Directors shall notify the Board Chairman before accepting new directorship and such notification shall include indication of time to be spent on the new appointment;
11. Directors should have access to the advice and services of the Secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
12. Directors should have access to consultancy of independent adviser and to seek independent professional advice at the expense of the Company. The director who intends to seek such consultation or advice shall notify the Secretary of such request. The Secretary shall forward the request to the Board Chairman for approval. Upon obtaining the Board Chairman's approval, the director shall engage the services of the adviser. All advices and opinions from the advisers shall be reported to the Board of Directors;
13. Directors should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
14. Directors should disclose immediately all contractual interests whether directly or indirectly with the Company;
15. Directors should neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
16. Directors should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
17. Directors should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake;
18. On relationship with Shareholders, Employees, Creditors and Customers,
  - a. Directors should be conscious of the interest of the shareholders, employees, creditors and customers of the company;
  - b. Directors should at all times promote professionalism and improve the competency of management and employees; and
  - c. Directors should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
19. On Social Responsibilities and the Environment,
  - a. Directors should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
  - b. Directors should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
  - c. Directors should be more proactive to the needs of the community and to assist in society-related programmes in line with the aspirations of the concept of 'Caring Society' in Vision 2020;

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- d. Directors should ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large and assist in the fight against inflation; and
- e. Directors should ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the Company has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business, as the case may be.

**Qualified and Competent Company Secretary**

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policy and procedures, and compliance with the relevant regulatory requirements, codes or guidelines and legislations. They are responsible for developing and maintaining the processes that enable the Board to fulfil its role. They are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory

requirements and regulatory obligations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at Board and Board Committee meetings are well captured and minuted.

**Corporate Disclosure**

To ensure timely and high quality disclosure, the Company has implemented a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing, and taken reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

**Sustainability of Business**

The Group recognizes the importance and benefits of integrating Economic, Environmental and Social (EES) sustainability into its business. These include working within the law in order to be innovative and demonstrating initiative to meet the requirements of various stakeholders.

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**Investor Relations and Communication**

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the Group's performance and operations.

The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all its shareholders. Shareholders are encouraged to attend and participate in the AGM. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance, as the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

The Board has identified Chan Kam Leong, the Independent Non-Executive Director, as the Liaison Director to whom the shareholders, management and others may convey their concerns.

Shareholders may also contact the Company Secretary at any time for information.

The Company's website at [www.mhc.com.my](http://www.mhc.com.my) contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

**Poll Voting**

As stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting of all resolutions at general meetings shall be carried by way of poll.

**Financial Reporting**

In presenting the annual financial statements and quarterly financial statements to the shareholders, the Board recognises the importance of providing shareholder with balanced and clear assessment of the Group's financial performance, and has taken reasonable steps to ensure a clear, balanced and understandable assessment of the Group's financial position and prospects.

The Board is assisted by the Audit Committee who reviewed the Company's financial statements in the presence of external auditors, prior to recommending them for approval by the Board and issuance to shareholders. The Audit Committee met on a quarterly basis and carried out their duties in accordance with the Terms of Reference. The Group Accountant formally presented to the Audit Committee and the Board details of the revenue and expenditures for review of quarter-to-quarter and year-to-date financial performance against the budget. As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Managing Director provided assurance to the Audit Committee on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Consolidated Financial

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Statements and Annual Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards and other regulatory/statutory requirements; and that the Annual Financial Statements did not contain material misstatement and gave a true and fair view of the financial position of the Group. The Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link.

**Disclosure and Conflict of Interest**

The Articles of Association of the Company stipulates that every Director shall comply with the provisions of Sections 219 and 221 of the Companies Act, 2016 in connection with the disclosure of the following:

1. interest in shares, debentures, participatory interests, rights, options; and
2. interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on conflict of interest are, among others, the following:

1. Directors must act in good faith at all times, where believing to be in the best interest of the Company. The definition of "interest" shall bear the meaning provided in Section 8 of the Companies Act, 2016;
2. Directors have a general duty to make disclosure by giving written notice within a stipulated period of the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements; and
3. No director may vote in respect of any other contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.

**REVIEW OF BOARD CHARTER**

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at [www.mhc.com.my](http://www.mhc.com.my)