

BOILERMECH HOLDINGS BERHAD (COMPANY NO. 897694-T)

BOARD CHARTER

1. PREAMBLE

The enhancement of corporate governance standards is vital towards achieving the objectives of transparency, accountability and effective performance for Boilermech Holdings Berhad ("Boilermech" or "Company") and its subsidiaries ("Group"). It is with the aim of enshrining the concepts of good governance as promulgated by the Malaysian Code on Corporate Governance 2017 ("Code") that this Board Charter ("Charter") is established.

The Charter serves as a reference point for the activities of the Board of Directors ("Board") and should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of each Board are unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by the changes.

This Charter is designed to provide guidance and clarity for Directors and Management regarding the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices. This Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016, the Income Tax Act 1967 or other relevant statutes, including the conduct of the Board as stipulated in the Company's Constitution or Articles of Association.

2. INTERPRETATION

2.1 In this Charter:

"Board" means the Board of Directors of the Company;

"Bursa" means Bursa Malaysia Securities Berhad;

"Business" means the business of the Company and its subsidiaries;

"Chairman" means the Chairman of the Board and is used in a gender-neutral sense;

"Company Secretary" means the Secretary(ies) as defined in the Company's Constitution or Articles of Association or the person(s) normally exercising the functions of a Company Secretary;

"Group" means the Company and its subsidiaries;

"Independent Director" is defined in accordance with Paragraph 1.01 of the Listing Requirements of Bursa;

"Listing Requirements" means the Listing Requirements of Bursa;

"Management" means the management personnel of the Group;

"MD" means the Managing Director of the Company; and

"Shareholders" means shareholders of the Company.

3. ROLE OF THE BOARD

- 3.1 The Board is responsible for the stewardship of Boilermech's business and affairs on behalf of shareholders with a view to enhance long term shareholder value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.
- 3.2 The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. Details of these matters are set out in **Appendix VI**.
- 3.3 The Board shall establish an internal audit function, which is independent of the activities it audits, and identify a head of internal audit who reports directly to the Audit Committee.
- 3.4 The principal responsibilities of the Board are:
- to review and adopt the Company's strategic plans, addressing the sustainability of the Group's businesses;
 - to oversee the Company's strategic plans which include strategies on economic, environmental and social considerations underpinning sustainability and with the aim of supporting long term value creation;
 - to ensure that the Company has the necessary resources in place to meet its objectives;
 - to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
 - together with Senior Management, promote good corporate governance culture which reinforces ethical, prudent and professional behavior;
 - to review, challenge and decide on management's proposals for the Group and to monitor its implementation by management;
 - to understand the principal business risks faced by the Group and ensure there is an appropriate framework for internal controls and risk management to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks of the Group;
 - to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - to ensure Senior Management has the necessary skills and experience to perform their duties and to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
 - to develop and implement an investor relations programme or shareholder communications policy for the Company; and
 - to ensure the integrity of the Company's financial and non-financial reporting.

4. BOARD STRUCTURE

4.1 Board balance and mix

- 4.1.1 The Board of Directors is helmed by a Chairman who provides strong leadership quality to objectively steward the Board in meeting the Company's strategic objectives. At least half (50%) of the Board shall comprise of Independent Non-Executive Directors.
- 4.1.2 The Company's Constitution or Articles of Association allow a minimum of two (2) and a maximum of twenty (20) Directors. It is important for the Board to keep its size at a reasonable level. The Board shall, from time to time, examine its size with a view toward determining the impact of its number upon its effectiveness.
- 4.1.3 The Board recognizes the importance of having a clearly accepted division of power and responsibilities at the head of the Company to promote accountability and facilitate the division of responsibility. Accordingly, the position of Chairman shall be held by a Non-Executive Director while the Managing Director, an Executive Director, represents Management to the Board.
- 4.1.4 The Board recognizes the need for its composition to reflect a range of skills and expertise to meet the needs of the Company. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the Group's businesses; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of shareholders and achievement of the Group's goals. In addressing this, the Board shall consider the recommendations by the Nomination Committee pertaining to nominees for directorship in the Company.
- 4.1.5 For the assessment and selection of Directors, the Nomination Committee, in making their recommendations to the Board, shall consider the prospective Directors' character, integrity, experience, competence and time commitment. The Board and Nomination Committee shall also consider the promotion of diversity on the Board as well other factors, such as:-
- industry skills, knowledge and expertise;
 - professionalism;
 - contribution and performance; and
 - in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.
- 4.1.6 In terms of gender diversity, the Board shall maintain a policy that at least one member of the Board shall be of a female gender.

4.2 Role of Chairman

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:

- representing the Board to shareholders;
- ensuring the adequacy and integrity of the governance process;
- maintaining regular dialogue with the Managing Director over all operational matters and consulting with the other Board members promptly over any matters that give the Chairman cause for concern;
- setting the agenda for Board meetings and undertaking the primary responsibility for organizing the information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis;
- ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- functioning as a facilitator at Board meetings to ensure that no member, whether Executive or Non-executive, dominates discussion; that appropriate discussions take place; and that relevant opinions amongst members are forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes;
- ensuring that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
- guiding and mediating the Board's actions with respect to organizational priorities and governance concerns;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- leading the Board in establishing and monitoring good corporate governance practices; and
- performing other responsibilities as assigned by the Board, from time to time.

4.3 Role of the Executive and Non-Executive Directors

Executive Directors are employees and are involved in the day-to-day management of the Group. Non-Executive Directors are further classified as:

- those who have no direct or indirect pecuniary interest in the Group other than their Directors' fee, related emoluments and their "permitted" holdings of shares in the Company, i.e. Independent Non-Executive Directors; and
- those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect, i.e. Non-Executive Directors.

Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Letters of appointment for Non-Executive Directors do not set out a fixed time commitment for board duties as the Board of Boilermach believes that the time required of the Non-Executive Directors may fluctuate depending on demands of the business and other events. However, it is expected that Non-Executive Directors shall allocate sufficient time to the Company to perform their duties effectively.

4.4 Role of Independent Non-Executive Director

4.4.1 Independent Non-Executive Directors (also known as "Independent Directors") are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of objectivity and detached impartiality.

4.4.2 The Listing Requirements emphasize that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.

4.4.3 The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

4.5 Role of the Managing Director

4.5.1 The position of the Managing Director ("MD"), in essence, is to ensure the effective implementation of the Group's strategic plans and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operations.

4.5.2 The MD is accountable to the Board for the achievement of the Group's goals and objectives and he is accountable to the Board for the observance of Management's limits.

4.5.3 At each of its scheduled meetings, the Board should expect to receive from, or through, the MD:

- summary reports on the performance and activities of the Group and specific proposals for capital expenditure acquisitions and disposals; and
- such assurance as the Board considers necessary to confirm that the Management's limits are being observed.

4.5.4 The MD is expected to act within all specific authorities delegated to him by the Board.

4.5.5 Generally, the MD is responsible to the Chairman and/or the Board for the following:

- executive management of the Group's businesses, covering, inter-alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
- developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- directing and controlling all aspects of the business operations in a cost effective manner;
- effectively overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Senior Management personnel and issues pertaining to discipline of all employees;
- effectively representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
- providing assistance to members of the Audit, Nomination and Remuneration Committees or other relevant Board Committees, as required, in discharging their duties; and
- assisting the Chairman in organizing information necessary for the Board to deal with the meeting agenda and for providing such information to Directors on a timely basis.

In discharging the above responsibilities, the MD can delegate appropriate functions to any Executive Director.

4.6 Tenure of Directors

4.6.1 Pursuant to the Company's Constitution or Articles of Association, all Directors must retire at least once every three (3) years but shall be eligible for re-election.

4.6.2 The assessment criteria for the independence of directors should also include tenure. The tenure for an Independent Director to serve on the Board shall not exceed a cumulative term limit of nine (9) years.

4.6.3 Independent Directors, who have served the Company for nine (9) years, may continue to serve the Company in the capacity of a Non-Independent Non-Executive Director. If the Board should retain a director in the capacity of an Independent Director beyond nine (9) years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after twelve (12) years, the Board shall seek annual shareholders' approval through a two-tier voting process.

The justification may be sought in the form of greater rigor and transparency in the evaluation process to determine whether the 'independence' of the Director has been impaired, which shall accompany any recommendation for renewal of an Independent Director's appointment/retention at the Annual General Meeting/Extraordinary General Meeting.

4.7 Company Secretary

4.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post. The key role of the Company Secretary is to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.

4.7.2 The Company Secretary shall support the Company in its corporate governance practices by helping the Board and its Committees function effectively and in accordance with their terms of references and best practices.

4.7.3 The primary responsibilities of the Company Secretary include:

- ensuring that Board procedures and applicable rules are observed;
- maintaining records of the Board and its meetings as well as ensuring effective management of the Company's records;
- managing all Board and Board Committee meetings logistics, attend and record minutes of all Board and Board Committee meetings and facilitate Board communications;
- preparing comprehensive minutes to document Board proceedings and ensuring the minutes accurately reflect the deliberations and decisions of the Board, including whether any director abstained from voting or deliberating on a particular matter;
- advising the Board on its roles and responsibilities;
- advising the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements;
- managing the processes relating to shareholders' meetings, including annual general meetings and extraordinary general meetings of the Company;
- monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- serving as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- carrying out other functions as deemed appropriate by the Board from time to time.

4.8 Board Committees

4.8.1 The Board has the power to establish Committees from time to time to assist in the discharge of the Board's duties and responsibilities. Where a Committee is formed, specific terms of reference of the Committee shall be established in writing to cover matters such as the purpose, composition and functions of the Committee.

4.8.2 A number of standing Committees, with written terms of reference have been established, namely the following:

- **Audit Committee**

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, risk management activities, related party transactions and independence of the Group's external and internal auditors. The terms of reference of the Audit Committee are attached under **Appendix I**;

- **Nomination Committee**

The Nomination Committee oversees matters relating to the nomination of new Directors and Senior Management, annually reviews the required mix of skills, experience, assessment of Independent Directors, reviews succession plans and Board diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director. The terms of reference of the Nomination Committee are attached under **Appendix II**;

- **Remuneration Committee**

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Executive Directors, Non-Executive Directors and Senior Management in all its forms, drawing from outside advice if necessary. The terms of reference of the Remuneration Committee are attached under **Appendix III**;

- **Executive Committee ("EXCO")**

The EXCO is entrusted with the duty of overseeing the effective implementation of the Board's strategies and directions and successful achievement of the Group's corporate objectives. The terms of reference of the EXCO are attached under **Appendix IV**; and

- **Risk Management Unit**

The Risk Management Unit is tasked with the responsibility of developing the risk management framework and managing the principal risks faced by the Group. The terms of reference of the Risk Management Unit are attached under **Appendix V**.

4.9 The Board's Relationship with Shareholders and Stakeholders

4.9.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.

4.9.2 It is the role of the Board to ensure that all general meetings of shareholders ("General Meetings"), i.e. Annual General Meetings ("AGM") and Extraordinary General Meetings ("EGM") are conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM and EGM. The Board shall focus its efforts on the following practices to enhance the effectiveness of General Meetings:

- ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
- for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for re-appointment or re-election, with a brief description given including their name, age, gender, nationality, qualification, working experience and occupation, date of appointment to the Board, details of participation in Board Committees, whether the Director is an Executive, Non-Executive or Independent Director, details of interest in the securities of the Company or its subsidiaries, list of directorships in public companies and listed corporations, family relationship with any other director and/or major shareholder of the Company, any conflict of interest that they have with the Company and other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review, if any;
- ensure that the Chairman provides reasonable time for discussion at General Meetings. Where appropriate, the Chairman will also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
- ensure that there is a channel of communication through the Company Secretary on feedback and queries from shareholders;
- ensure the Chairman of the Board is the Chairman for all General Meetings; and
- ensure that the Company publishes these measures listed above, on its corporate website on a dedicated Corporate Governance section.

5. BOARD PROCESSES

5.1 Board meetings

- 5.1.1 Board meetings will be conducted at least on a quarterly basis. The Company Secretary shall in advance prepare and distribute to all Directors a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman and Managing Director in developing the annual meeting timetable.
- 5.1.2 Additional meetings may be convened to table matters of urgency to the Board, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting of the Board.
- 5.1.3 The Chairman of the Board shall preside over all Board meetings. If the Chairman is unavailable or if he is not present within fifteen (15) minutes after the time set for the holding of the meeting, the Directors present shall elect one (1) of their number to be Chairman of the meeting.
- 5.1.4 Board members are required to attend Board meetings. However, other senior officers may be invited to attend Board meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 5.1.5 Resolutions of any meeting of the Directors shall be decided by a majority of votes. Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by all Directors present. In the event any issues requiring the Board's decision arise between Board meetings, such issues shall be resolved through the passing of circular resolutions in writing subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision. Such circular resolutions in writing shall be valid and effective if it is signed or approved by letter, telex, facsimile or telegram by all the Directors, and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate Board meeting for formal record keeping.
- 5.1.6 The Directors may participate in a Board meeting by means of telephone and video conference or by other means of communication. Directors need not be in the physical presence of another Director(s), and participation in the meeting in the aforementioned manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- 5.1.7 A Director shall abstain from deliberating and voting on any contracts or proposed contracts or arrangements in which he has direct or indirect interests. A Director shall also not vote on contracts or proposed contracts or arrangements with any other company in which he is interested either in his capacity as an officer of the company or as a shareholder of the company.

- 5.1.8 The notice of a Directors' meeting shall be given in writing at least seven (7) days, or shorter notice where it is unavoidable, prior to the meeting. The Chairman, in conjunction with the Managing Director and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other things, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.
- 5.1.9 The agenda shall address high-priority strategic and operational issues, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Company's context, including its existing situation, aspiration and priorities.

5.2 Meeting papers

- 5.2.1 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least five (5) business days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 5.2.2 Minutes are prepared following a Board meeting and are circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

5.3 Access to information

- 5.3.1 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with minutes of meetings, and is accessible to the Directors.
- 5.3.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Board Chairman furnishing satisfactory and explicit justification for such a request.

5.4 Independent Professional advice

- 5.4.1 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director.
- 5.4.2 If a Director considers such advice necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- 5.4.3 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

5.5 Appointment, Vacation of Office and Removal of Directors

5.5.1 Upon the appointment of a Director, the said Director shall provide to Bursa an undertaking prescribed by Bursa immediately and in any event not later than fourteen (14) days.

5.5.2 Any Director of Boilermech shall not be considered fit for directorship if he or she:

- a) has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
- b) has been convicted by a court of law, whether in Malaysia or elsewhere, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
- c) has been convicted by a court of law of an offence under the securities laws or the corporations laws of Malaysia,

within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

5.5.3 The office of the said Director shall become vacant if the Director:

- a) ceases to be a Director by virtue of Section 208 of the Companies Act 2016 ("Act");
- b) resigns his office by notice in writing under his hand sent to or left at the registered office of the Company;
- c) is absent from more than 50% of the total Board of Directors' meetings held during a financial year unless approval is sought or obtained from Bursa;
- d) is removed from his office as Director by resolution of the Company in a general meeting of which special notice has been given;
- e) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- f) becomes bankrupt or makes any arrangement or composition with his creditors;
- g) becomes prohibited from being a Director by reason of any order made under the provisions of the Act;
- h) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the Act; or
- i) is convicted by a court of law, whether in Malaysia or elsewhere, in relation to the offences listed in 5.5.2 above.

5.5.4 Where a Director is removed from office, Boilermech must forward to Bursa a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/management of Boilermech under Section 207(3)(b) of the Act.

5.6 Induction process and training programs

- 5.6.1 The objective of the induction process and training programs is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 5.6.2 Induction of Directors may include the following:
- time with other Directors to enable further insights and knowledge of the Company, in particular the Chairman and the Company Secretary;
 - furnishing of a copy of the previous Board minutes for at least the past six (6) months;
 - visits to key sites;
 - additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the particulars of the Company's or Group's businesses is vital for each Director, Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including marked business activities in the Board meetings); and
 - a formal one (1) to two (2) day induction program, including the elements above, and also presentations by key management personnel.
- 5.6.3 Directors are required to undergo the mandatory accreditation program under the requirements of Bursa. In addition, Directors are required to attend relevant training, courses or seminars at periodic intervals to keep them abreast with developments pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc. The Nomination Committee in association with the Chairman shall decide on the continuous education training programs for Directors.
- 5.6.4 The Board shall on an annual basis collectively discuss and assess the training needs of the Directors and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.
- 5.6.5 The costs of the induction, mandatory accreditation program and/or continuing education and training programs shall be borne by the Company according to pre-approved training budget.

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5.7 Directors' external commitments and Conflict of Interest

- 5.7.1 In accordance with the Company's Constitution or Articles of Association, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company, shall declare his interest in accordance with the provisions of the Companies Act 2016. The Directors shall state the fact and the nature, the character and extent of any office or possession of any property that may duly, directly or indirectly be in conflict with his duties as a Director. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Constitution or Articles of Association of the Company.
- 5.7.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director, such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 5.7.3 All actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 5.7.4 Directors shall devote sufficient time to carry out their responsibilities. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment. A Director of the Company or Group shall not hold more than five (5) directorships in listed issuers or such lesser number as required under regulatory requirements.
- 5.7.5 The Company Secretary shall facilitate the Directors' annual independence and conflict of interests declarations, which will allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors).

5.8 Representation of the Company

- 5.8.1 The Board looks to Management to speak on behalf of Boilermech and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements. The Board authorises two (2) of its members to be determined by the Board from time to time to be the official spokespersons for Boilermech.
- 5.8.2 The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Bursa's Listing Requirements.
- 5.8.3 The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for investor relations on the Company's website. This section shall provide information such as, amongst others, the Board Charter, Terms of Reference of the Board Committees, Code of Ethics, Whistleblower Policy and the Annual Report.

5.9 The Company's Constitution and Management's Limits

- 5.9.1 The Board operates pursuant to the powers and is subject to rules in the Constitution or Memorandum and Articles of Association of the Company as adopted by shareholders in General Meeting.
- 5.9.2 Management is expected to act within all specific authorities delegated to it by the Board.
- 5.9.3 Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

5.10 Company's Code of Ethics

5.10.1 The Company shall maintain a Code of Ethics ("Code") which is formulated to enhance the standards of corporate governance and corporate behavior with the intention of achieving the following aims in the Group:-

- to establish a standard of ethical behavior for Directors, Senior Management and Employees of the Group based on trustworthiness and values that are acceptable;
- to uphold the spirit of responsibility and social responsibility in line with existing rules, regulations and guidelines for administering a company; and
- to formalise and inculcate ethical values through the Code and ensure their implementation and compliance.

5.10.2 The Code is based on the principle that all Directors, Officers, Senior Management and Employees of the Group owe a duty to the Group to conduct business in an ethical manner that promotes the accomplishment of the Group's objectives.

5.11 Directors' Code of Ethics

The Board of Directors of Boilermech shall ensure that the Group upholds high standards of ethics and corporate behaviour. A governing Board is in a position of trust. It holds in trust not only the Group's physical and intellectual assets but also the efforts of those who have gone before. It preserves and grows these things for the current and future generations. Its stewardship will protect the organisation from harm and steer it towards positive achievement.

In that light and in the performance of his duties, a Director of Boilermech is first and foremost held accountable in demonstrating the following:

Corporate Governance

- (1) a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- (2) 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;

- (3) ensure at all times that the Company is properly managed and effectively controlled;
- (4) stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- (5) insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- (6) limit his directorships in 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;
- (7) have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- (8) at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- (9) disclose immediately all contractual interests whether directly or indirectly with the Company;
- (10) not divert to his own advantage any business opportunity that the Company is pursuing, or misuses confidential information obtained by reason of his office for his own advantage or that of others;
- (11) prohibited from engaging in insider trading. Restrictions apply to trading in the securities of the Company while being aware of confidential information about the Company that could, if it became public, affect the share price and securities of other companies using confidential information that the Directors have access to because of employment or service with the Company. Insider trading is an illegal act and could expose Directors to civil and/or criminal action;
- (12) prohibited from engaging in money laundering offences covered by anti-money laundering legislation include prejudicing or obstructing an investigation and failing to report suspicious activity;
- (13) ensure there is control over the Company's resources and operational checks and balances are in place to prevent any misuse of resources for the Directors' personal benefits;
- (14) ensure that payments of bribe or kickback of any kind, whether in dealings with public officials or individuals in the private sector will not be permitted;
- (15) 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; and
- (16) be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.

Relationship with Shareholders, Employees, Creditors and Customers

- (17) be conscious of the interest of shareholders, employees, creditors and customers of the Company;
- (18) at all times promote professionalism and improve the competency of Management and employees; and
- (19) ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

Social Responsibilities and Environment

- (20) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- (21) ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- (22) be proactive to the needs of the community and assist in society-related programs; and
- (23) ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large.

This Board Charter has been approved by the Board of Directors of Boilermech Holdings Berhad on 4 July 2019 to provide guidance to Board members in the discharge of their fiduciary duties and stewardship roles in the Company.

**AUDIT COMMITTEE
TERMS OF REFERENCE****1. MEMBERSHIP**

- 1.1 The Audit Committee shall comprise at least three (3) Directors, the majority of whom are Independent. All members of the Audit Committee shall be Non-Executive Directors.
- 1.2 At least one (1) member of the Audit Committee:
- 1.2.1 must be a member of the Malaysian Institute of Accountants;
- 1.2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and;
- (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- 1.2.3 fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 1.3 No alternate Director shall be appointed as a member of the Audit Committee.
- 1.4 The Nomination Committee shall review the terms of office and performance of the Audit Committee and each of its members at least once a year to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- 1.5 In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 1.1 and 1.2 above, the Board of Directors ("Board") shall fill the vacancy within three (3) months from the date of the vacancy.
- 1.6 The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.
- 1.7 The Chairman of the Audit Committee shall not be the Chairman of the Board.
- 1.8 No former key audit partner can be appointed as a member of the Audit Committee provided the audit partner observed a cooling-off period of at least two (2) years or as agreed and decided by the Board.

2. SECRETARY

- 2.1 The Company Secretary shall be the Secretary of the Audit Committee. The Secretary shall record, prepare and circulate the minutes of the meetings of the Audit Committee to the Board and ensure that the minutes are properly kept and produced for inspection if required.

3. MEETINGS, ATTENDANCE AND QUORUM

- 3.1 The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.
- 3.2 Non-member Directors and employees of the Company shall not attend any Audit Committee meetings unless specifically invited by the Audit Committee.
- 3.3 The Audit Committee shall meet the External Auditors at least twice a year without the presence of the Management or Executive Directors.
- 3.4 The Audit Committee shall report to the Board.

4. AUTHORITY

- 4.1 The Audit Committee has the authority to investigate any matter within its terms of reference, at the cost of the Company and with the following:
 - (a) the resources which are required to perform its duties;
 - (b) full and unrestricted access to any information pertaining to the Company;
 - (c) direct communication channels with the External Auditors and the Internal Auditors;
 - (d) ability to obtain independent professional or other advice; and
 - (e) ability to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company or Group, whenever deemed necessary.
- 4.2 The Internal Auditors shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditors of the Company shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

5. FUNCTIONS

- 5.1 To review the quarterly and annual financial statements of the Company, before the approval of the Board of Directors, focusing particularly on:
 - (a) changes in or implementation of major accounting policies and practices;
 - (b) significant adjustments arising from the audits;
 - (c) compliance with accounting standards and other legal requirements;
 - (d) the going concern assumption; and
 - (e) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions and how these matters are addressed.

- 5.2 To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 5.3 To review the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- 5.4 To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
- 5.5 To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures.
- 5.6 To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
- 5.7 To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.

Specifically:

- (a) to review the internal audit plans and to be satisfied with their consistency with the results of the risk assessment made, the adequacy of coverage and the audit methodologies employed;
 - (b) to be satisfied that the internal audit function within the Company has the proper resources and authority to enable them to complete their mandates and approved audit plans;
 - (c) to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
 - (d) to review the effectiveness of the Internal Auditors and to recommend to the Board, the reappointment, termination or replacement of the incumbent and the appointment of any other Internal Auditor;
 - (e) to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
 - (f) to request and review any special audit which it deems necessary.
- 5.8 To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.
 - 5.9 To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors.
 - 5.10 To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.

- 5.11 To be advised of significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their independence and objectivity as External Auditors are not deemed to be compromised.
- 5.12 To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- 5.13 To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations of the Audit Committee itself.
- 5.14 To prepare the annual Audit Committee Report to the Board which includes information such as the composition of the Audit Committee, the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member, a summary of works of the Audit Committee in the discharge of its functions and duties during the financial year and how it has met its responsibilities, the existence of an internal audit function, a summary of the works of the internal audit function for inclusion in the annual report and the evaluation of the External Auditors and Internal Auditors.
- 5.15 To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.
- 5.16 To review ordinary and extraordinary dividend payments.
- 5.17 To review the assistance given by the employees of the Company to the External Auditors.
- 5.18 To recommend the nomination of a person or persons as External Auditors.

**NOMINATION COMMITTEE
TERMS OF REFERENCE**

1. OVERALL OBJECTIVE

- 1.1 The Nomination Committee is delegated by the Board of Directors (“Board”) to identify and recommend to the latter, the nomination of new Directors to the Board, oversee the orientation of new Directors and the appointment of Senior Management. The Nomination Committee is also charged to assess the effectiveness of the Board as a whole and the Board Committees and the incumbent Directors, including the Independent Directors and to review the performance of Senior Management.

2. SCOPE

- 2.1 Identify and recommend candidates to the Board and Senior Management based on their skills, knowledge and experience, professionalism and integrity. In the case of Independent Directors, the Nomination Committee shall also evaluate the candidate's ability to discharge such responsibilities as expected from an Independent Director.
- 2.2 In identifying candidates for appointment of director, the Nomination Committee will consider utilising independent sources to identify suitably qualified candidates.
- 2.3 Assess on an annual basis, the effectiveness of the Board, as a whole and Board Committees in light of the needs of the Company and the operating environment.
- 2.4 Assess on an annual basis, the contribution of each Director.
- 2.5 Review performance of the Senior Management including recommendation for renewal of their service contract.
- 2.6 Review the term of office and performance of the Audit Committee and each of the Audit Committee Members annually to determine whether the Audit Committee and its Members have carried out their duties in accordance with their terms of reference.
- 2.7 Recommend a continuous education program for Board members to enhance their effectiveness.
- 2.8 Work together with the Remuneration Committee and the Board of Directors to develop an effective development and succession plan for Executive Directors and Senior Management of the Group.
- 2.9 Provide its assessment of the Executive Directors and Senior Management to the Remuneration Committee in its deliberation of the incumbents' remuneration packages.

3. MEMBERSHIP

- 3.1 The Nomination Committee shall comprise exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Nomination Committee shall be chaired by an Independent Director. Appointment of a member of the Nomination Committee is the prerogative of the Board, after having considered his integrity and objectivity.

3.2 Removal of a member of the Nomination Committee is also the prerogative of the Board.

4. FREQUENCY OF MEETINGS

4.1 The Nomination Committee shall meet at least once a year and as and when necessary.

**REMUNERATION COMMITTEE
TERMS OF REFERENCE**

1. OBJECTIVES

- 1.1 The Remuneration Committee's primary responsibility is to recommend a remuneration framework and terms of employment for the Directors and Senior Management personnel of Boilermech Group, for the Board of Directors ("Board")'s approval.
- 1.2 The framework shall:
 - (1) Support the Group's strategies and long term vision; and
 - (2) Provide the motivational incentives to Executive Directors and Senior Management, taking into consideration factors such as best practices, stakeholders' view and the market at large and the performance of the individual

2. SCOPE

- 2.1 Formulate or review the remuneration policies, basis and remuneration for the Directors and Senior Management of the Group.
- 2.2 Evaluate each individual Director and Senior Management's remuneration payable taking into consideration factors such as his individual performance and his contribution to the success of the Group/Company.
- 2.3 Consider remuneration in all forms.
- 2.4 Work together with the Nomination Committee and the Board of Directors to develop an effective development and succession plan for Executive Directors and Senior Management of the Group.
- 2.5 Recommend, where necessary, the engagement of external professional advisors to advice on remuneration matters.

3. MEMBERSHIP

- 3.1 The Remuneration Committee shall comprise exclusively of Non-Executive Directors, the majority of whom are Independent Directors. Appointment of a member of the Remuneration Committee is the prerogative of the Board, after having considered his integrity and objectivity.
- 3.2 Removal of a member of the Remuneration Committee is also the prerogative of the Board.

4. FREQUENCY OF MEETINGS

- 4.1 The Remuneration Committee shall meet at least once a year and as and when necessary.

**EXECUTIVE COMMITTEE (“EXCO”)
TERMS OF REFERENCE**

1. OBJECTIVES

- 1.1 The EXCO's primary duty is to ensure that the Board of Directors (“Board”)’s strategies and directions are executed effectively and efficiently. While the Board retains full and effective control over the affairs of Boilermech Group, which includes setting the framework and policies within which the Group should be operated, the EXCO shall be responsible for compliance with laws and regulations and directives, including achievement of the Group's corporate objectives.

2. DUTIES

- 2.1 The EXCO shall assist the Board in the following:
- (1) Deliberation of the Group's strategic and tactical plans (including capital investments, business ventures and partnerships) and to recommend such plans to the Board for approval;
 - (2) Ensuring that the performance and conduct of the Group's businesses are properly managed and are consistent with the framework and policies set by the Board, within which the Group should be reporting;
 - (3) Developing and ensuring an effective risk management function to manage the Group's principal risks;
 - (4) Ensuring the adequacy and soundness of the Group's financial system, internal control system and management information system;
 - (5) Ensure effective succession planning;
 - (6) Development of an investor relations and shareholder communication program; and
 - (7) The discharge of any directive made by the Board.

3. SCOPE

- 3.1 The EXCO shall:
- (1) Report directly to the Board;
 - (2) Have power to direct and execute policies in accordance with the Board's direction;
 - (3) Oversee the operations of the Group but shall generally not be involved in the day to day running of the business; and
 - (4) Have powers to set operational controls in the furtherance of its objectives.

4. MEMBERS

4.1 Appointment to the Executive Committee is the prerogative of the current Executive Committee members.

4.2 The Members of the EXCO are:

- (1) Leong Yew Cheong;
- (2) Chia Lik Khai;
- (3) Tee Seng Chun;
- (4) Gan Chih Soon; and
- (5) Chan Van Chee.

5. DECISIONS

5.1 All decisions shall be subject to the majority rule. All EXCO members shall abstain from any deliberation or voting if he is directly or indirectly involved in a particular matter under deliberation.

6. FREQUENCY OF MEETINGS

6.1 The EXCO shall meet at least once a month.

**RISK MANAGEMENT UNIT (“RMU”)
TERMS OF REFERENCE**

1. OBJECTIVES

- 1.1 The RMU is tasked to manage the significant risks that the Group faces on a continual basis, so that the Group is able to achieve its goals. It is entrusted to ensure the implementation of all effective risk management system and reviewing the adequacy and integrity of the Group's internal control and management information system.
- 1.2 The RMU is responsible for executing the Group's risk management policy and parameters. The approach aligns strategy, processes, people with the purpose of evaluating and managing potential losses.
- 1.3 The Board shall however be ultimately responsible for the identification and the implementation of the appropriate systems to manage the Group's principal risks. The Board has empowered the Audit Committee, via its terms of reference, to review the principal risks identified by Management and the methodology employed in the identification, analysis, monitoring and communication of risks in a regular and timely manner.

2. SCOPE

- 2.1 To ensure the effective implementation of the risk management policy and parameters set.
- 2.2 To develop and implement an effective risk management system and review the integrity of the Group's internal control and management information system.
- 2.3 To report to the Board through the Executive Committee (“EXCO”), any material changes to the risk profile of the Group.
- 2.4 To recommend, if necessary, the engagement of external professional advisors/experts to advice on risk management matters.

3. MEMBERSHIP

- 3.1 All EXCO members shall be members of the RMU.
- 3.2 The EXCO may appoint any additional member to the RMU based on the person's experience, objectivity, knowledge and expertise.
- 3.3 Removal of a member of the RMU is also the prerogative of the EXCO.

4. FREQUENCY OF MEETINGS

- 4.1 The RMU shall meet at least quarterly and as and when necessary.

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The following summarises the list of matters reserved for the Board of Directors (“Board”)'s deliberation and decision:

1. BOARD STRUCTURE

- 1.1 Appointment and recommendation for removal of Directors.
- 1.2 Appointment and removal of Company Secretary.
- 1.3 Establishment of Board Committees, their members and the specific terms of reference.

2. BOARD REMUNERATION

- 2.1 Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders.
- 2.2 Approval of remuneration packages, including service contracts, for Executive Directors.

3. COMPANY'S OPERATIONS

- 3.1 Review and approval of the Company's strategic plans and annual budget (including capital expenditure budget).
- 3.2 Approval of capital expenditure exceeding prescribed thresholds based on the Group's formalised limits of authority.
- 3.3 Approval of investment or divestment in a company, business, property or undertaking.
- 3.4 Approval of major changes in the activities of the Company.
- 3.5 Approval of treasury policies and bank mandates of the Company.
- 3.6 Approval of limits of authority for the Group.

4. FINANCIAL

- 4.1 Approval of financial statements (including financial reports) and their release for announcement to Bursa Malaysia Securities Berhad and/or the Securities Commission.
- 4.2 Approval of Directors' Report, Sustainability Statement/Report, Corporate Governance Statement/Report and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report.
- 4.3 Approval of interim dividends for payment and the recommendation of final dividends or other distribution for shareholders' approval.

- 4.4 Adoption of accounting policies in line with applicable approved accounting standards such as the Malaysian Financial Reporting Standards.
- 4.5 Review the effectiveness of the Group's system of risk management and internal controls via the Audit Committee.

5. OTHERS

- 5.1 Granting of power of attorney by the Company.
- 5.2 Entering into any corporate guarantee and indemnity issued by the Company.
- 5.3 Recommendation for the changes in the Company's Constitution or Memorandum and Articles of Association.
- 5.4 Change in financial year end.
- 5.5 Recommendation for purchase of own shares by the Company.
- 5.6 Recommendation for issue of debt instruments.
- 5.7 Any other matters requiring the Board's approval under the limits of authority adopted by the Company and Group.