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IFCA MSC BERHAD | BOARD CHARTER

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A. ROLE OF THE BOARD

The Board of Directors ("Board") in discharging its responsibilities is bound to ensure that the highest standard of corporate governance is practiced by the Company and its subsidiaries ("Group") which ultimately leads to improve corporate performance, accountability and the creation of long term shareholder value.

The Board continues to adopt the following principal responsibilities, which promote the discharge of the Board's functions in the best interest of the Group:

1. *Defining and determining the strategic plan;*
2. *Overseeing the proper conduct of business;*
3. *Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;*
4. *Succession Planning;*
5. *Overseeing the development and implementation of a shareholder communications policy for the Group; and*
6. *Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems.*

The matters listed in the **Appendix A** are reserved specifically for the Board's decision and approval.

The Board has delegated specific responsibilities to the following committees ("Committees"):

i. Audit and Risk Committee
ii. Remuneration Committee
iii. Nominating Committee

The authorities delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the **Appendices B, C and D.**

B. BOARD MEMBERSHIP GUIDELINES

1. Composition and Board Balance

1.1 The Board, through the Nominating Committee, determines the size and composition of the Board subject to the terms of the Company's Constitution.

1.2 As defined in Paragraph 15.02(1) of the Listing Requirements, the Company must ensure that at least:

1.2.1 two (2) directors or one third (1/3) of the Board, whichever is higher, shall be Independent Non-Executive Directors ("INEDs"); and

1.2.2 one (1) director is woman.

1.3 The presence of INEDs is to ensure that the business and investment proposals presented by management are fully deliberated and examined, and taking into consideration the long-term interests of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business.

1.4 The Board shall undertake an annual assessment of the independence of its INEDs.

1.5 The tenure of an INED, unless approved by the shareholders for such further period, shall not exceed a cumulative term of nine (9) years. Upon exceeding the tenure 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 or upon approval being obtained from the shareholders to retain him/her as an INED.

1.6 The Constitution of the Company also provide that at least one-third (1/3) of the number of Directors shall retire from office by rotation but shall be eligible for re-election at each Annual General Meeting ("AGM").

1.7 On boardroom diversity, the Board adopted Gender Diversity Policy which supports gender boardroom diversity recommended by the Malaysian Code on Corporate Governance 2021 ("Code 2021") to provide the necessary diversity in insight and perspectives in the Board's decision-making process.

1.8 The Company must ensure the positions of the Chairman and the Chief Executive Officer ("CEO") are held by different individual.

2. Appointment to the Board

2.1 The Nominating Committee, all of whom are Non-Executive Directors, is charged with the responsibility of, amongst others, interviewing and where appropriate, recommending candidates suitable for the appointment of new Directors to the Board.

2.2 On the appointment of a new director to the Board, the new director shall be required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

2.3 All new directors are subject to election at the next Annual General Meeting after their appointment in accordance with the Company's Constitution.

C. BOARD PROCEDURES

1. Board Meetings

1.1 Board meetings are scheduled in advance at the end of the previous calendar year to enable the Board members to plan their schedules accordingly.

1.2 The Board shall meet at least four (4) times a year, with additional meetings called, as and when required.

2. Access to Information & Independent Advice

2.1 All Directors shall have the same unrestricted right of access to the advice and services of the Company Secretary as well as to all information within the Group.

2.2 There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to seek external or independent professional advice and/or assistance from relevant experts, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

D. DIRECTORS REMUNERATION

The objective of the Group's remuneration policy is to attract and retain qualified, experienced and knowledgeable Directors required to lead and manage the Group effectively. In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration shall be reflective of their experience and level of responsibilities.

The Remuneration Committee recommends for the Board's approval, the remuneration framework of the Executive Directors' remuneration package. Non-Executive Directors' fees are to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.

E. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board recognises the importance of an effective communication channel between the Board, its shareholders and other stakeholders. The annual reports, press releases, quarterly results and any announcements on material corporate exercises or developments are the primary methods of circulating information to the various stakeholders on the Group's business activities and financial performance.

The AGM represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board shall set out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the question and answer sessions during the AGM wherein the Directors, the Chairman of the Committee, the Company Secretary, Heads of Department as well as the Group's External Auditors are present to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder concerned.

F. DUTIES AND REPONSIBILITIES

1. Role of the Chairman

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

- Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Ensuring that Executive Directors look beyond their executive function;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Accept their share of responsibilities in governance;
- Managing the interface between Board and management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board, and
- Performing other responsibilities assigned by the Board from time to time.

2. Role of the Independent Director

The principal roles of Independent Director include, amongst others:

- To make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings,
- to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in Board deliberations; and
- act as a channel of communication between management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

3. Role of the CEO

The CEO is responsible for day-to-day running and management of business development and operational matters of the Group, to ensure the effective implementation of the Group's Business Plan and policies established by the Board. The CEO is responsible to the Board for the following:

- 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;
- Executive management of the Group's Business covering, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- Ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- Assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- Ensures compliance with governmental procedures and regulations; and
- Assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis.

G. REVIEW OF THE BOARD CHARTER

The Board shall review and enhance the Board Charter from time to time as it deems appropriate.

The Board Charter has been adopted by the Board on 18 April 2017.

APPENDIX A

MATTERS RESERVED FOR THE BOARD

The authorities of the Board are specified below. The authorities may be varied from time to time as determined by the Board.

Conduct of the Board

1. Appointment and recommendation for removal of directors.

2. Appointment of Board committees and members.

3. Approval of terms of reference of Board committees and amendments to such terms.

4. Appointment of Senior Independent Director.

5. Succession planning for Executive and Non-Executive Directors.

6. Reports of all meetings of Board Committees.

7. Appointment and removal of Company Secretaries.

Financial & Business Matter

1. Approval of quarterly results and final financial statements.

2. Dividend policy, approval of interim and recommendation of final dividend payable in accordance with the provisions of the Companies Act 2016 relating to distribution from profits only and the Company remaining solvent 12 months after the payment of dividends.

3. Approval of any significant change in accounting policies or practices.

4. Remuneration of auditors and recommendations for appointment or removal of auditors.

5. Capital Expenditure, Investment/Disposal exceeding RM 2 million.

6. Charitable donations exceeding RM 250,000.

7. Acquisition of companies / Mergers and Acquisitions.

8. Disposal and write-off of material operating assets and accounts exceeding RM2 million.

9. Capital issues; material changes relating to the company's capital structure of its status as a listed company.

10. Any transactions provided for by Bursa Malaysia Securities Berhad.

Public Reporting

1. Approval of all circulars, general meetings Notice and resolutions to be proposed to the shareholders.

2. Approval of Annual Report and Accounts, including Directors' Report, Management Discussion and Analysis Statement, Sustainability Statement and Chairman's Statement.

Remuneration

1. Approval of remuneration packages for Executive Directors.

2. Approval of the remuneration structure and policy for Executive Directors.

3. Approval/recommendation of the Directors' fee/remuneration arrangements for Non-Executive Directors.

4. Approval of any proposed Employees' Share Option Scheme and/or amendments to the scheme, subject to other approvals that may be required by law or regulations.

Other Matters

1. The granting of powers of attorney by the Company.

2. The entering into of any indemnities or guarantees.

3. Alteration of the accounting reference date, registered office and name of the Company.

4. Seeking authority for purchase of own shares by the Company.

5. Issue of any debt instruments.

6. Scheme of reconstruction or restructuring.

7. Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.

8. Any other matters as may be required by the laws or the governing authorities.

10. Any other matters requiring the Board's approval under the Delegation of Authority Chart of the Company.

APPENDIX B

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. OBJECTIVE

The principal objective of the Committee (as a committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

2. REPORTING RESPONSIBILITY

The Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

3. COMPOSITION OF AUDIT COMMITTEE

The Audit and Risk Management Committee ("Committee") shall be appointed by the Board of Directors ("Board"), and shall fulfill the following requirements:

3.1 The Committee shall consist of no fewer than three (3) members;

3.2 All members of the Committee shall be Non-Executive Director, with a majority of them being Independent Directors;

3.3 All members of the Committee should be financially literate, with at least one (1) member of the Committee:-

(i) Must be a member of the Malaysian Institute of Accountants; or

(ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and –

(a) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(b) 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

(c) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

3.4 Any former key audit partner must have observed a cooling-off period at least three (3) years before one is eligible for appointment as a member of the Committee;

3.5 No alternate director shall be appointed as a member of the Committee;

3.6 The appointment of a Committee member terminates when the member ceases to be a Director;

3.7 A former key audit partner shall not be appointed a member of the Audit Committee unless a cooling period of three years is observed;

3.8 In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members;

3.9 The Chairman of the Committee shall be elected by the members of the Committee and shall report on each meeting of the Committee to the Board;

3.10 The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every year to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

4. AUTHORITY OF THE COMMITTEE

The Committee in the course of discharging its duties, is authorised to:

4.1 Investigate any matter within its terms of reference;

4.2 Have the Internal Audit Function report directly to the Committee;

4.3 Have the resources which are required, at the Company's expense to perform its duties including appointing an internal audit outsourcing party;

4.4 Have full and unrestricted access to any information pertaining to the Company and its subsidiary companies for the purpose of discharging its functions and responsibilities;

4.5 Have direct communication channels with the external auditors, person(s) carrying out the Internal Audit Function of activity and any employee(s) of the Group;

4.6 Obtain outside legal or other independent professional advice if considers necessary and reasonable for the performance of its duties;

4.7 Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;

4.8 Have the right to pass resolutions by a simple majority of vote from the Committee and that the Chairman shall have the casting vote should a tie arise;

4.9 The Chairman of the Committee shall have access on a continuous basis to senior management, such as the Chairman, the Chief Executive Officer, the Head of Finance, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

5.1 To consider the nomination or appointment of the external auditors, the terms of engagement, the audit fee and any questions of resignation or dismissal;

5.2 To review the external auditors' audit plan and scope of the annual audit or other examinations for the Company and the Group;

5.3 To review the external auditors and/or internal auditors' audit report, management letter and management's response and follow up report;

5.4 To review with the external auditors with regard to problems and reservations arising from interim and final audits and any matter the external auditors may wish to discuss (in the absence of management where necessary);

5.5 To determine the extent of cooperation and assistance given by the employees to the external auditors;

5.6 To review any financial information for publication, including the quarterly and annual financial statements before submission to the Board, focusing on:

a. Any changes in or implementation of major accounting policies changes and practices.

b. Significant and unusual events.

c. Significant adjustments and issues arising from the audit.

d. The going concern assumption.

e. Compliance with approved accounting standards and other legal requirements.

5.7 To review the adequacy of independence, competency, scope, functions and resources of the Internal Audit Function and that it has the necessary authority to carry out its work;

5.8 To review the internal audit program, processes, scope, and results of the audit program, processes or investigation undertaken and ensure that appropriate action is taken on the recommendations of the Internal Audit Function;

5.9 To review the assessment of the performance of members of the Internal Audit Function, approve the appointment or termination of Head of the Internal Audit Function and provide resigning member an opportunity to submit his/her reasons for doing so and /or the performance of the outsource internal audit service provider;

5.10 To review any related party transaction entered by the Group to ensure it is within normal commercial terms and any potential conflict of interest situations that may arise within the Company or Group including any transactions, procedure or course of conduct that raises questions of management integrity;

5.11 To consider the major findings of internal investigations authorised by the Board and management's response;

5.12 To report to the Bursa Malaysia Securities Berhad where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;

5.13 To review the adequacy of the Risk Management policies and procedures;

5.14 To undertake any other activities as may be agreed to by the Committee and the Board.

6. MEETINGS AND QUORUM

6.1 The Committee shall meet at least four (4) times a year or more frequently as circumstances dictate.

6.2 The Committee shall convene a meeting if requested to do so by any member, the Board or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

6.3 The members of the Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

6.4 All decisions shall be decided on a show of hands or by a majority of votes.

6.5 A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be valid and effective as if it had been passed at a meeting of the Committee duly called and constituted.

6.6 The Chief Financial Officer/Head of Finance and Head of Internal Audit Function and representatives of the external auditors shall normally be invited to attend the meetings. The Committee may also invite non-member directors and employees to attend any of its' meeting to assist in resolving and clarifying matters, where necessary.

6.7 The Committee shall meet with the external auditors at least twice a year, without the management and the executive Board members present.

6.8 The majority of members present must be Independent Non-Executive Directors to form a quorum and the number of Independent Non-Executive Directors shall not be less than two (2).

7. REPORTING PROCEDURES

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

APPENDIX C

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. TERMS OF MEMBERSHIP

1.1 The Remuneration Committee shall be appointed by the Board of Directors and shall consist of no fewer than three (3) members, the majority of whom shall be Independent and Non-Executive Directors.

1.2 In the event that a member of the Remuneration Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

1.3 The Board must review the term of office and performance of the Remuneration Committee and each of its members at least once every three (3) years to determine whether such Remuneration Committee and members have carried out their duties in accordance with their terms of reference.

2. CHAIRMAN

The Chairman shall be elected by the Remuneration Committee from among their members and the position must be held by Independent and Non-Executive Director.

3. FUNCTIONS

3.1 The Remuneration Committee shall recommend to the Board, the remuneration package of the Executive Directors in all its forms, drawing from outside advice as necessary and the Executive Directors concerned should not involve in discussing and determining their own remuneration.

3.2 Determination of remuneration packages of Non-Executive Directors should be determined by the Board as a whole and the directors concerned should not involve in discussing and determining their own remuneration.

4. STRUCTURES AND PROCEDURES

The Remuneration Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Remuneration Committee should disclose the number of Remuneration Committee meetings held in a year and the details of attendance of each individual member in respect of meetings held. The quorum shall be two (2).

APPENDIX D

TERMS OF REFERENCE OF NOMINATING COMMITTEE

1. TERMS OF MEMBERSHIP

1.1 The Nomination Committee shall be appointed by the Board of Directors and shall consist of no fewer than two (2) members comprising exclusively Non-Executive Directors, all of whom shall be Independent Directors.

1.2 In the event that a member of the Nomination Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below two (2), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of two (2) members.

1.3 The Board must review the term of office and performance of the Nomination Committee and each of its members at least once every three (3) years to determine whether such Nomination Committee and members have carried out their duties in accordance with their terms of reference.

2. CHAIRMAN

The Chairman shall be elected by the Nomination Committee from among their members.

3. FUNCTIONS

The functions of the Nominating Committee shall be:-

3.1 To recommend to the Board, the candidates for all directorships. In making its recommendations, the Nomination Committee should consider the candidates' skills, knowledge, expertise, experience, professionalism, and integrity. In the case of candidates for the position of Independent Directors, the Nomination Committee should also assess the candidate's ability to discharge such responsibilities/functions with no conflict of interest.

3.2 To recommend to the Board, to fill the seats on Board committees.

3.3 To consider, in making its recommendations, suitably qualified candidates for directorships proposed by the directors and, within the bounds of practicability, by any other senior executive or any director or shareholder or from independent sources.

3.4 To ensure that all directors undergo appropriate induction programs and receive continuous training.

3.5 To review annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual director and thereafter, recommend its findings to the Board.

3.6 To review annually the required mix of skills, experience and other qualities, including core competencies which all Directors should bring to the Board and thereafter, recommend its findings to the Board.

3.7 To apply the process as determined by the Board, for assessing the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, where all the assessments and evaluations should be properly documented.

4. STRUCTURES AND PROCEDURES

4.1 The Nomination Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities.

4.2 The Nomination Committee should disclose the number of Nomination Committee meetings held in a year and the details of attendance of each individual member in respect of meetings held.

4.3 The quorum shall be two (2) members with a majority of Independent Directors.

4.4 The Nomination Committee should be entitled to the services of a secretary who must ensure that all appointments are properly made, that all necessary information is obtained from the directors, for the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the Bursa Listing Requirements and/or other regulatory authorities.

5. ACCESS TO ADVICE

In furtherance to their duties as the Nomination Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Nomination Committee or in their individual capacity, to seek external or independent professional advice and/or assistance from relevant experts, where necessary and in appropriate circumstances, at the Group's expense.