



**TERMS OF REFERENCE**

**ENRA GROUP BERHAD  
BOARD CHARTER**

**20.1201**

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## DEFINITION & ABBREVIATIONS

TERM	DEFINITION
Act	means Companies Act 2016
ARMSC	Means the Audit, Risk Management and Sustainability Committee of the Company
Board	means the Board of Directors of the Company
BNRC	means the Board Nomination and Remuneration Committee of the Company
ESSC	means the Employee Share Scheme Committee of the Company
Bursa Securities	means Bursa Malaysia Securities Berhad
CMSA	means Capital Markets and Services Act 2007
CEO	means Chief Executive Officer
Director(s)	means a member of the Board
Company	means ENRA Group Berhad
Group	means the Company and its subsidiaries
Executive Director(s)	means Director(s) with executive powers and who participate in the management of the Company
Listing Requirements	means Main Market Listing Requirements of Bursa Securities
Management	means the management personnel of the Company and its subsidiaries

## **1.0 Purpose of our Board**

- 1.1 By law, the business and affairs of our Company must be managed by, or under the direction of our Board. Our Board has the overall responsibility for the corporate governance, strategic direction, risk management and internal controls, investor relations, management succession plan and business operations of our Group.
- 1.2 Beyond the matters reserved for our Board's decision, our Board has delegated the authority to achieve the corporate objectives to the President & Group CEO and the Executive Directors. The President & Group CEO remains accountable to the Board for the authority that is delegated to him, for the performance of our Group.
- 1.3 Our Board oversees and monitors the decisions and actions of our President & Group CEO, Executive Directors and the performance of our Company and Group to gain assurance that progress being made towards the corporate objectives.
- 1.4 In carrying out its function, our Board has delegated specific responsibilities to our Board Committees, namely, the ARMSC and BNRC.
- 1.5 While our Board is responsible for creating framework and policies within which our Group should be operating, our Management is accountable for the execution of the expressed policies and attainment of our Group's corporate objectives. This demarcation complements and reinforces the supervisory role of our Board.

## **2.0 Purpose of this Charter**

This Charter is the primary source document to assist existing and future Board members in the performance of their fiduciary duties and in assessing such performance collectively and individually.

## **3.0 Composition**

- 3.1 Our Board shall comprise of not less than 2 persons and not more than 11 persons.
- 3.2 The board shall comprise at least one women director.
- 3.3 No less than 1/3rd of our members shall be independent. All members shall be appointed through our BNRC.
- 3.4 New Board members will be briefed on the terms of their appointment, duties, obligations and the operations of our Group and the following will be given to them:
  - i. this Charter;
  - ii. our Constitution;

- iii. Directors' Code of Ethics;
- iv. Board Committees' composition and terms of reference;
- v. latest business plans, if available;
- vi. latest annual reports and financial statements; and
- vii. latest organisational chart.

#### **4.0 Independence**

An Independent Director is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of our Company. Without limiting the generality of the foregoing, an Independent Director is one who:

- i. is not an Executive Director of our Company or any of our related corporation ("Company" and "corporation" is referred to as "said Corporation" for purposes of paragraph 4.0);
- ii. has not been within the last 3 years and is not an officer (except as an Independent Director) of the said Corporation. "Officer" is as defined in Section 2 of the Act;
- iii. is not a major shareholder of the said Corporation;
- iv. is not a family member of any Executive Director, officer or major shareholder of the said Corporation;
- v. is not acting as a nominee or representative of any Executive Director or major shareholder of the said Corporation;
- vi. has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an Independent Director) or major shareholder of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities; or
- vii. has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except an Independent Non-Executive Director) or major shareholder of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances prescribed by Bursa Securities.

## **5.0 Disqualification or Vacation**

- 5.1 The office of a Director shall become vacant if the Director:
- i. becomes bankrupt during his term of office or has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally;
  - ii. becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 198 or Section 199 of the Act;
  - iii. ceases to be a Director by virtue of the Act or the Malaysian securities laws or the Listing Requirements;
  - iv. becomes of unsound mind during his term of office or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
  - v. resigns his office by notice in writing to our Company and deposited at the registered address of our Company;
  - vi. is removed from his office as Director by resolution of our Company in general meeting of which special notice has been given; or
  - vii. is absent without the prior sanction of our Board for more than 6 successive Directors' meeting and his Alternate Director (if any) shall not during such period have attended in his stead from meetings of our Directors held during that period and the Directors resolve that his office be vacated.
- 5.2 A Director will also vacate office should he be absent from more than 50% of the total Board meetings held during a financial year.

## **6.0 Retirement, Re-election and Re-appointment**

- 6.1 An election of our Directors shall take place each year. At each general meeting, 1/3rd of our Directors for the time being or if their number is not 3 or a multiple of 3, the number nearest to 1/3rd shall retire from office and be eligible for re-election. PROVIDED ALWAYS that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he retires.
- 6.2 The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

- 6.3 No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless a member intending to propose him has, at least 11 clear days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election provided that in the case of a person recommended by the Directors for election, 9 clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least 7 days prior to the meeting at which the election is to take place.
- 6.4 Our Company at the meeting at which a Director so retires may fill the vacated office by electing a person thereto. Unless at that meeting it is expressly resolved not to fill the vacated office or a resolution for the re-election of the Director retiring at that meeting is put to the meeting and lost or some other person is elected a Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected.
- 6.5 The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it shall justify and seek annual shareholders' approval through two-tier voting process as stipulated in the Malaysian Code on Corporate Governance.

## **7.0 Roles and Responsibilities of our Board**

- 7.1 A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of our Company.
- 7.2 Our Board has, amongst others, the following responsibilities:
- i. review and approve the annual corporate plan for our Group which includes the overall corporate strategy, setting sustainability strategies, priorities & targets, business development and marketing plan, human resources plan, IT plan, financial plan, budget, regulatory plan and risk management plan;
  - ii. review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;
  - iii. oversee the conduct of our Group's businesses to evaluate whether the businesses are properly managed;
  - iv. Setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor

significant financial and non-financial risks including sustainability risks relating to environment, social and governance.;

- v. approve the nomination, selection, succession policies and remuneration packages for members of our Board and Board Committees, any Executive Director and the annual manpower budget for our Group, including managing succession planning, appointing, training, fixing the compensation of and where appropriate, replacing senior management or key management personnel;
- vi. approve the appointment, resignation or removal of our Company Secretary(ies);
- vii. develop and implement an investors relations programme or shareholder communications policy for our Group;
- viii. review the adequacy and integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including securities laws, the Act and the Listing Requirements);
- ix. review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- x. promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- xi. review and approve investment policies and guidelines for our Company's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions;
- xii. review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the approved Authority Limits; and
- xiii. approve the appointment of external auditors and their fees.

7.3 The matters reserved for the Board and those delegated to the Executive Committee and Management are outlined in the Limits of Authority of the Group.

## **8.0 Senior Independent Non-Executive Director**

8.1 The Senior Independent Non-Executive Director acts as an additional safeguard and a fall back contact point for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

8.2 The Senior Independent Non-Executive Director shall be appointed among our Independent Non-Executive Directors.

8.3 He shall be responsible to:

- i. serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with our Chairman or President & Group CEO;
- ii. serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- iii. receive reports made by employees or external parties for the purpose of whistleblowing in the form prescribed under the Whistleblowing Policies and Procedures of our Group and thereafter submit the same to our ARMSC with an opinion as to whether the report is frivolous or vexatious based on the alleged facts;
- iv. ensure all Independent Directors have the opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- v. consult with our Chairman regarding our Board meeting schedules to ensure Independent Directors can perform their duties responsibly and with sufficient time for discussion of the agenda; and
- vi. chair meetings, as required, of our Board or Non-Executive Directors in the absence of our Chairman or his abstention.

## **9.0 Chairman of our Board**

9.1 The Chairman shall be appointed among our Independent Directors.

9.2 Chairman of the Board should not be a member of the Board Committee.

9.3 His responsibilities include:

- i. to provide leadership to our Board;
- ii. to oversee our Board in the effective discharge of its fiduciary duties;
- iii. to lead and ensure efficient and effective conduct of our Board's meetings;
- iv. to ensure our Board proceedings are in compliance with good conduct and best practices;



- v. to promote constructive and professional relations between our Board members and between our Board and Management; and
- vi. to commit the time necessary to discharge his role effectively.

#### **10.0 The separate functions of our Chairman and our President & Group CEO**

- 10.1 The roles of our Chairman and President & Group CEO are distinct to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.
- 10.2 Our President & Group CEO's duties include:
  - i. strategy development, monitoring and tracking;
  - ii. business development;
  - iii. devising regulations;
  - iv. performance management;
  - v. human resources management;
  - vi. risk management; and
  - vii. stakeholder management.

#### **11.0 Remuneration**

- 11.1 Fees and benefits payable to our Non-Executive Directors shall be determined by an ordinary resolution of our Company in general meeting.
- 11.2 Our Directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of our Company including their travelling and other expenses incurred in attending Board meetings.
- 11.3 The BNRC shall review the remuneration policies and recommend the same annually to our Board for approval prior to recommending the same to our shareholders for approval at our annual general meeting.

#### **12.0 Meetings**

- 12.1 Our Board's annual meeting calendar is prepared and circulated to our Directors before the beginning of each financial year providing for dates of Board and Board Committees meetings, annual general meeting and closed period for dealings in securities by our Directors based on the targeted date of announcement of quarterly results of our Group.
- 12.2 Our Chairman shall finalise each Board meeting agenda. Meeting papers are prepared by Management providing the relevant and pertinent facts,

analyses and recommendations for supporting the proposals to enable informed decision making by our Board.

- 12.3 The agenda and papers for meetings are furnished to our Directors in advance to enable them sufficient time to prepare for these meetings. At such meetings, our Management presents the papers and consultants may be invited to provide advice.
- 12.4 Our Board members are invited to provide their feedback on the adequacy of content and quality of information presented by our Management in these Board papers as well as their presentation skills.
- 12.5 Our Directors will be given the opportunity to freely express their views or share information with their peers in the course of deliberation as a participative Board.
- 12.6 Any Director who has a direct or deemed interest in the subject matter to be deliberated is required to abstain from deliberation and voting on the same during the meeting.
- 12.7 The minutes prepared by our Company Secretary(ies) memorialise the proceedings of all meetings, including the tabling of pertinent issues, the substance of inquiry and response, members' suggestions and the decisions made, as well as the rationale behind those decisions.

### **13.0 Relationship of our Board with Management**

Our Board shall be given unrestricted access to our Management and to the information pertaining to our Group including information from our Group's external advisers. Our Board shall use proper judgement to ensure that such access shall not disrupt the normal and usual operations of our Group. Such access shall be made through our President & Group CEO.

### **14.0 Board Effectiveness Evaluation**

- 14.1 Our Board has entrusted our BNRC with the responsibility of carrying out the annual Board Effectiveness Evaluation ("BEE").
- 14.2 Our Board's effectiveness is assessed in areas of composition, administration, accountability and responsibility, conduct and the performance of our Board as a whole, Board Committees and individual Directors.
- 14.3 The BEE is also intended to evaluate the mix of skills, experience and other relevant qualities our Directors bring to our Board and takes into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of our Board.
- 14.4 Our BNRC will use the assessments results from the BEE as the basis to recommend to our Board the re-election and/or re-appointment of our

Directors and Board Committee members and for further development and improvement of our Board and our Board Committees.

## **15.0 Dealings in Securities**

- 15.1 The Company Secretary keeps the Board and Principal Officers of the Company informed on quarterly basis in respect of the procedures for dealing in securities of the Company during and outside the Closed Period so as to ensure compliance with the Listing Requirements.
- 15.2 Directors wishing to deal in securities of our Company must first have regard to the provisions in the CMSA with respect to insider trading and ensure such dealings comply with the process and requirements under the Listing Requirements.
- 15.3 “Dealings” includes any one or more of the following actions, whether undertaken as principal or agent:
- i. acquiring or disposing of securities or any interest in securities;
  - ii. subscribing for or underwriting securities;
  - iii. making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into:
    - a. any agreement for or with a view to acquiring or disposing of securities or any interest in securities;
    - b. any agreement for or with a view to subscribing for or underwriting securities; or
    - c. any agreement the purpose or avowed purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the values of securities; and
  - iv. granting, accepting, acquiring, disposing of, exercising or discharging an option (whether for the call or put or both) or any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities of any interest in securities.
- 15.4 A Director must not deal in the securities of our Company as long as he is in possession of price-sensitive information relating to such securities. Per Section 185 of the CMSA, “price-sensitive information” is information that “on becoming generally available would or would tend to have a material effect on the price or value of securities”.

## **16.0 Conflict of interest and transaction involving our Directors**

- 16.1 Conflict may arise from the interest (direct or indirect) of our Director, member or major shareholder or person connected with such person in a transaction proposed to be entered into or action/decision to be taken by our Company or its subsidiaries.

- 16.2 Where a Director has an interest (direct or indirect) in a transaction proposed to be entered into or action/decision to be taken by our Company or its subsidiaries, he or she may be biased in making the commercial or regulatory decision which could be to the detriment of our Company or its subsidiaries.
- 16.3 Directors can be regarded as having a conflict of interest where the company he or she is associated with derives an advantage from him being a Director. A director is therefore required at all times to declare such conflict and if so required by our Board or by law, abstain from any voting or deliberation of a matter in which the Director may have an interest.
- 16.4 The Act and the Listing Requirements both provide that a Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company shall not participate in any discussion while the contract or proposed contract is being considered and shall not vote on the contract or proposed contract.

## **17.0 Code of Ethics**

- 17.1 Our Directors are to maintain the highest degree of integrity and professionalism and are expected to be transparent and fully accountable in and for their actions.
- 17.2 Our Company has devised the “Directors’ Code of Ethics” to enhance the standard of corporate governance through:
- i. establishing standards of ethical conduct for Directors based on acceptable beliefs and values;
  - ii. inculcating the culture social responsibility and accountability in conformity with the relevant applicable laws; and
  - iii. documenting and emphasising the integral obligation in performing his or her duty, to act in a manner that is lawful, honest, ethical and free from any conflict of interest, perceived or actual.

## **18.0 Whistleblowing Policy and Procedures**

- 18.1 “Whistleblowing” is the deliberate, voluntary disclosure or reporting of individual or organisational malpractice by a person who has or had privileged access to data, events or information about an actual, suspected or anticipated improper conduct within the organisation or by an organisation that is within its ability to control.
- 18.2 Our Company has devised the “Whistleblowing Policy and Procedures” to address improper conduct on the part of our Directors. This policy covers lodging of reports to investigation and corrective actions required to be taken.

- 18.3 Improper conduct by a Director is one which if proved constitutes a criminal offence or any conduct that constitutes a wrongdoing or malpractice and may include any of the following:
- i. the breach of any law, regulation or rule that is applicable to our Group;
  - ii. any criminal act;
  - iii. any act that is likely to cause significant financial loss or costs to our Group;
  - iv. any other action that would cause significant harm to our Group or any person; and
  - v. the deliberate concealment of information concerning any of the matters listed above.
- 18.4 Our Board has the overall responsibility for this policy and shall oversee its implementation.

## **19.0 Board Committees**

- 19.1 Our Board has established the various Board Committees to assist the Board in carrying out some of its duties and responsibilities.
- 19.2 We have the following Board Committees:
- i. ARMSC;
  - ii. BNRC; and
  - iii. ESSC.
- 19.3 Each of these Board Committees has its own Terms of Reference outlining its purpose, responsibilities, authorities, etc.

## **20.0 Review of the Board Charter**

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

[End]