



HANDAL RESOURCES BERHAD
Company No. 816839-X

Abridged Version of Board Charter

The Company's goal is to excel as an efficient and profitable investment holding company which major investments are in overhaul and maintenance, manufacturing or fabrication of new offshore pedestal cranes, crane rental business and other services such as supply of manpower and parts, operator and supply of rigs, equipment associated with production/drilling/workover services and selling and servicing of industrial plant and equipment including consultancy services in engineering project support services in the oil and gas industries as well as project management through the following core values:-

- To commit to excel in every aspect of our operation in pursuit of total customer satisfaction in our products and services;
- To endeavor to create a challenging and rewarding career environment encouraging our employees to realize their optimum potential;
- To develop and establish a reliable and mutually beneficial relationship with our business partners and associates; and
- To strive to be a caring and responsible corporate citizen and assure equitable return to our Shareholders.

Board Composition and Balance

The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of Shareholders and stakeholders, and setting the Company's strategy and seeing that it is implemented with due regards to good corporate governance practices.

- (a) Independent Non-executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- (b) To enhance objectivity during Board decisions making process, taking into account diverse perspectives and insights, independent non-executive Directors should make up at least 1/3 of the Board membership in accordance with the Listing Requirements. The definition of independent director follows that of Paragraph 1.01 of the Listing Requirements.
- (c) The Independent Directors help to ensure that the interests of all shareholders, stakeholders and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

Board Committees

The Board has established the following Board Committees with specific terms of reference.

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

In addition to their respective terms of reference, the Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

Chairman and GMD & CEO

The Board recognizes the importance of ensuring a balance of power and authority between the Chairman and the GMD & CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. Therefore, the positions of Chairman and GMD & CEO are separately held as provided under Practice 1.3, MCCG 2017.

The Secretary

All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

Nomination and Appointments

The Nomination Committee is responsible for reviewing the Board composition and balance. The appointment of a new Director is a matter for consideration and decision by the full Board based on objective criteria, merit and with due regard to diversity includes differences that relate to skills, experience, age, cultural background, ethnicity and gender upon appropriate recommendation from the Nomination Committee. The Board may also utilise independent sources to identify suitably qualified candidates. As part of the Board's routine considerations regarding Board's renewal, it will continue its focus on diversity as it has in recent years, to ensure that there is an appropriate mix of diversity, skills, experience and expertise represented on the Board.

Board Responsibilities

- (a) Ensuring that Company's Goals are clearly established, and that strategies which includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability are in place for achieving its strategic aims and promoting long term sustainability. This also includes ensuring the necessary resources are in place for the Company to meet its objectives and review management performance from time to time.
- (b) Setting up the Company's values and standards to ensure its obligations to its shareholders and other stakeholders are understood and met. The Board is guided by ethical standards formalized in the Company's Code of Conduct in discharging its oversight role effectively, which requires the Board to observe and display high ethical business standards and corporate behavior and to apply these values to all aspects of HRB Group's business and professional practice.
- (c) Fostering healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity, together with the Management.
- (d) Understanding the principal risks of HRB Group's business and ensuring that the Company has sound framework or policies for risk management, internal controls and regulatory compliances.

- (e) Ensuring that the Company has in place procedures to enable effective communication with shareholders and stakeholders such as an appropriate corporate disclosure policy and procedure, which leverage on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures.
- (f) Ensuring that the Company has in place policies and procedures on whistleblowing to encourage employee reporting on genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.
- (g) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management.

Responsibilities of Individual Director

Directors are accountable to their shareholders and should use their best efforts to ensure that HRB Group are properly managed and constantly improved so as to protect and enhance shareholder value, and meet the Company's obligations to all parties with which the Company interacts, including its stakeholders.

Role of Chairman

The Chairman should be appointed by the Board and is primarily responsible for the working of the Board to ensure smooth functioning of the Board which includes:-

- (a) Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions by ensuring the Board plays a full and constructive part in the determination of the Group's strategies and policies, while taking the Group's best interests in consideration.
- (b) Acting as facilitator at meetings of the Board to encourage active participation.
- (c) Ensuring effective communication with shareholders and stakeholders through representing the Board in shareholders' meetings.

Role of GMD & CEO and Accountability to the Board

- (a) The Board will link the Company's governance and management functions through the GMD & CEO.
- (b) All Board authority conferred on Management is delegated through the GMD & CEO so that the authority and accountability of Management is considered to be the authority and accountability of the GMD & CEO so far as the Board is concerned.
- (c) The GMD & CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company's Goals and the GMD & CEO is accountable for the observance of the Management Authorities.

Management Authorities

In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the GMD & CEO.

Board Procedures, Meetings, Policies and Strategies

- (a) Directors are expected to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.

- (b) Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions.
- (c) The Board will normally hold meetings at least four times in each financial year to facilitate the discharge of their responsibilities and will hold additional meetings as the situation requires. Issues discussed in arriving at each Board's decision shall be recorded.

Access to Management, Information and Independent Professional Advice

Board Members, in exercising their duties as directors shall have full and unrestricted access to:-

- (a) Management;
- (b) information pertaining to HRB Group;
- (c) advice and services of the Company Secretary; and
- (d) independent professional or other advice.

The Board's Relationship with Shareholders and Stakeholders

In upholding its commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of timely and continuing disclosure of material information and financial reporting to its shareholders and stakeholders as well as the general investing public as guided by the Company's Shareholder Communication Policy and Corporate Disclosure Policy. The Company believes that such practice is vital in allowing the shareholders and investors in making informed investment decisions.

Board and Member Evaluations

- (a) The Board should undertake a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each individual director.

Additionally, the Nomination Committee carries out annual assessments and performance evaluations on the following areas:-

- (i) The performance of the Board and Board Committees;
 - (ii) The performance assessment of each Key Officer.
- (b) The Board will undertake an assessment of its independent directors on an annual basis upon readmission or when any new interest or relationship develops as guided by the Company's Policy on Independence of Directors. The Board shall disclose that it has conducted such assessment in the annual report.

Safety, Health & Environment

The Board will ensure that HRB Group conduct its business activities and operations in a safe and regulated manner and in an environment that prevents, to the best extent possible, injury to its affected personnel, customers, suppliers and contractors.