# KNM GROUP BERHAD
## Board Charter

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Chronology of Changes to the Board Charter
## KNM GROUP BERHAD

### Board Charter

This KNM Board Charter sets out the functions and responsibilities of the Board, along with procedures aimed at the effective operation of the Board and that support each member in fulfilling his or her duties as a director.

<table>
<thead>
<tr>
<th>1. Board Responsibilities</th>
<th>The Board is responsible for:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>providing oversight and leadership of the Company;</td>
</tr>
<tr>
<td></td>
<td>ensuring management continuity and;</td>
</tr>
<tr>
<td></td>
<td>setting the Company's values and standards of conduct;</td>
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<tr>
<td></td>
<td>setting the Company's direction, strategies and financial objectives;</td>
</tr>
<tr>
<td></td>
<td>ensuring that strategic resources are in place for the Company to meet its objectives;</td>
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<tr>
<td></td>
<td>reviewing the adequacy and integrity of the Group's risk management and internal control systems;</td>
</tr>
<tr>
<td></td>
<td>establishing such committees, policies and procedures to effectively discharge the Board's roles and responsibilities; and</td>
</tr>
<tr>
<td></td>
<td>reviewing and updating the Board Charter periodically.</td>
</tr>
</tbody>
</table>

Daily operational matters and matters not expressly reserved to the Board are delegated to management. However, matters specifically reserved for the decision of the Board include:

- the Company's strategic direction, goals and targets;
- the Company's capital structure and funding strategy;
- the annual budget;
- material accounting matters;
- employee equity plans; and
- appointment and succession of board and key senior management staff.

<table>
<thead>
<tr>
<th>2. Board Composition &amp; Independence</th>
<th></th>
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<tbody>
<tr>
<td>KNM's Board shall comprise of at least two (2) directors but not more than ten (10) directors (disregarding alternate Directors) as per Article 109 of the Company's Articles of Association.</td>
<td></td>
</tr>
<tr>
<td>At least two (2) directors or one third (1/3) of the board of directors, whichever is higher, are Independent Directors.</td>
<td></td>
</tr>
<tr>
<td>The Board shall comprise of directors with a wide and diverse range of skills, expertise and experience essential in the management and direction of the Company.</td>
<td></td>
</tr>
<tr>
<td>Overall purpose of independence is to ensure that no one director controls the board.</td>
<td></td>
</tr>
<tr>
<td>All conflicts or potential conflicts of interest shall be declared upfront and the respective director concerned shall refrain from participating in voting and deliberating in such matters and in matters that could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.</td>
<td></td>
</tr>
<tr>
<td>The independence of each director is reviewed at least annually and individual directors do not participate in assessing their own independence.</td>
<td></td>
</tr>
<tr>
<td>3. Board Roles &amp; Leadership</td>
<td>Chairman</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td></td>
<td>The Board shall appoint a Chairman from amongst the directors.</td>
</tr>
<tr>
<td></td>
<td>The Chairman leads the Board and is responsible for ensuring Board effectiveness, including ensuring all Directors receive timely and sufficient relevant information on financial, business, operational and corporate matters to enable each director to actively and effectively participate in Board’s decisions.</td>
</tr>
<tr>
<td></td>
<td>The Chairman encourages constructive and healthy debates and also ensures resolutions are circulated and deliberated so that all Board decisions reflect the collective view of the Board.</td>
</tr>
<tr>
<td></td>
<td>The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Chief Executive Officer and respective operational Heads/Chief Operating Officers over all operational matters and will consult with the Board promptly over any matter that gives cause for major concern.</td>
</tr>
<tr>
<td>Chief Executive Officer (“CEO”)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The CEO is responsible for the efficient and effective day-to-day management of the business, operations and strategic direction of the Group and together with other Executive Directors and operational Heads/Chief Operating Officers ensures that the policies and matters approved by the Board are effectively implemented.</td>
</tr>
<tr>
<td></td>
<td>Foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfill social responsibility.</td>
</tr>
<tr>
<td></td>
<td>Maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of employees at all levels.</td>
</tr>
<tr>
<td></td>
<td>Formulate and oversee the implementation of major corporate policies.</td>
</tr>
<tr>
<td></td>
<td>Responsible for the financial management of the Company and/or Group and oversees the handling of financial matters for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources as may be required.</td>
</tr>
<tr>
<td></td>
<td>Ensure compliance and give confirmations to the Board in accordance to the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.</td>
</tr>
</tbody>
</table>
| 4. | Access to Advice and Information | • The Board and every individual director have unrestricted access to the advice and services of the Company’s Auditors’, Advisers/Consultants, Company Secretary(s) and Senior Management staff in the Group.
• Independent professional advice may be obtained to assist in the performance and the discharge of their respective duties, with the costs to be borne by the Company.
• In the case of an individual director accessing advice, the director must obtain the prior approval of the Chairman or if the director is the Chairman, the prior approval of a majority of the board of the Company is to be obtained.
• All confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. Such information will not be disclosed unless either the Chairman of the Board had so authorised in writing or disclosure is required by law. |
| 5. | Standards of Conduct and Best Practices | All directors shall:-
• Uphold their fiduciary duties, comply and observe high standards of corporate governance at all times, adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
• Act in good faith and in the best interests of the Company and Group.
• Not to misuse information gained in the course of their duties for personal gain or political purposes.
• Safeguard the Company’s resources, assets, rights and interests.
• Not to accept positions on any other Boards or Board committees or working groups where a conflict of interest is likely to arise.
• Declare any personal, professional or business interests that may conflict with directors’ responsibilities.
• Apply the practices of good governance such as accountability, transparency and sustainability which are important to the governance of companies and stewardship of investors’ capital.
• Promote good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. |

**Membership of Committees**
• Board Members should not accept positions on any board, board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
### Register of Directors’ Interest
- A formal register of interests shall be established.
- The register should include details of all directorships and other relevant interests declared by Board Members.

### Conduct in Meetings
- Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register.
- The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

### Sustainability Statement
- The Board ensures that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability through the implementation of Sustainability Statement as per Appendix I attached.

### Code of Conduct and Ethics
- The Board is committed in conducting its businesses in an ethical and honest manner by implementing and enforcing systems that adhere to the fundamental ethical practices and principles of the Company.
- The Board establishes and reviews the Code of Conduct and Ethics for the Company as per Appendix II attached.

### Whistleblowing Policy
- The Board encourages its employees or external parties to report instances of unethical behaviour, actual or suspected fraud and/or abuse involving the resources of the Company.
- The Board establishes, reviews and implements policies and procedures on whistleblowing as per Appendix III attached.

<table>
<thead>
<tr>
<th>6.</th>
<th>Board Review &amp; Selection</th>
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<tr>
<td></td>
<td>The directors, the Board and Board Committees will be subject to an annual evaluation and assessment.</td>
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<td></td>
<td>The Board will be assisted by the Nomination Committee in the selection, evaluation and assessment of its members. Amongst the factors considered are:</td>
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<tr>
<td></td>
<td>a. the merits and mixture of skills, experience and diversity that each director possess and would be able to contribute to the Company;</td>
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<tr>
<td></td>
<td>b. contribution to the effectiveness of the Board and the relevant Board committees; and</td>
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<tr>
<td></td>
<td>c. the time commitment required to effectively discharge his/her duties.</td>
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<tr>
<td></td>
<td>On grounds of meritocracy, the Company fully supports equal opportunity and having a Board of diverse ethnic background, race, religion and gender.</td>
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</tbody>
</table>
7. **Remuneration**  
- The Board will determine the level of remuneration for each board member, taking into consideration the recommendations of the Remuneration Committee.
- Board Members will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the board and board committees and shall be entitled to meeting allowances. All fees paid shall be fixed in sum and not by commission on or percentage of profits or turnover.
- The Directors concerned shall abstain from voting or discussing their own remuneration.

8. **Retirement by Rotation**  
- Every year, one-third (1/3) of the directors or the number nearest to one-third (1/3) thereof, shall retire by rotation and shall be eligible for re-election at every Annual General Meeting of the Company. The retiring directors 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 (unless they otherwise agree among themselves) shall be determined by lot.

9. **Training**  
- Besides attending courses, the Company Secretaries will regularly update the Board on any new statutory, corporate and regulatory developments relating to Directors’ duties and responsibilities or the discharge of their duties as Directors of the Company.
- The Nomination Committee (as assisted by the Company Secretaries and the Company’s Human Resource Department) will assist in identifying the appropriate training needs and training courses for the Directors.

10. **Board Committees**  
- Currently, the Board has established the following Board Committees:
  a. Audit Committee;
  b. Nomination Committee;
  c. Remuneration Committee; and
  d. ESOS Committee.
- Each Board Committee has its own Terms of Reference which has been approved by the Board.
- Additional sub-committees may be established to assist the Board in carrying out its responsibilities.
- The respective Terms of Reference for the above Committees are as set out below:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Appendix</th>
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<tbody>
<tr>
<td>Audit Committee</td>
<td>IV</td>
</tr>
<tr>
<td>Nomination Committee</td>
<td>V</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>VI</td>
</tr>
<tr>
<td>ESOS Committee</td>
<td>VII</td>
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<tr>
<td></td>
<td>Complaints/Grievances</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
|   | • Any complaints/grievances may be directed to the Senior Independent Director or any other Board Member of the Company.  
|   | • All complaints/grievances shall be treated as confidential and no information or identities shall be divulged or revealed except as necessitated in the proper course of investigation or compelled by a court of law or competent authority. |

Adopted by the Board of KNM GROUP BERHAD on 24 August 2017

DATO' AB HALIM BIN MOHYIDDIN  
Independent Non-Executive Chairman
APPENDIX I

SUSTAINABILITY STATEMENT

At KNM Group Berhad ("KNM"), we believe in the importance of sustainability in our business operations while also safeguarding the interest of the relevant stakeholders, namely our employees, the community at large, the environment and the marketplace in which we operate.

As we set key financial targets and pursue new growth opportunities, we also recognise the importance of building sustainability and shared value creation into our corporate strategies. KNM is committed to ensuring high standards of governance across KNM’s entire operations, promoting responsible business practices within the organization and balancing out its economic ambitions with environmental and social considerations by focusing on three key areas i.e. environment, workplace and community. These values of sustainability and corporate responsibility would always be embedded in KNM’s business ethics, core values and work practices which reflect KNM’s continuous pursuit to enhance best corporate values.

KNM will continue to support sustainability efforts across the Group and ensure that initiatives are monitored for continuous improvement.

STAKEHOLDER ENGAGEMENT

We acknowledge the importance of our stakeholders to our continued success and business sustainability. Meaningful engagement with stakeholders is critical to understand their interest and needs. Stakeholders’ feedback enable us to obtain a fully-integrated perspective about the issues that are most important to our business.

The KNM Group (the "Group") will continuously aim to uphold its proven track record of delivering products of high quality and standard to existing and potential customers whilst ensuring that it will be responsive to the concerns of the customers in an efficient and timely manner.

The Group is committed to ensure that all material information released is accurate, concise, timely and in compliance with the various regulatory requirements that the Group is subjected to. Financiers, investors or shareholders is provided with timely updates of financial performance and corporate developments while ensuring our financial statements are duly reviewed and audited as an assurance that they are provided with reliable disclosures.

The Company maintains good visibility and constantly interacts with its stakeholders such as investors, portfolio analysts, fund managers, bankers, government bodies and its corporate clients through a variety of channels, whereby accurate and concise information on the Group is provided through briefings, meetings, teleconferences, dialogues and visits to the Group’s manufacturing facilities to enable its stakeholders to better understand its business operations.

Briefings to investors (if any) would be conducted and the presentation updates are posted and can be accessed from the Company’s website at www.knm-group.com. The Group is mindful of the expectations of the investment community and will always strategize to attain or even surpass their expectations.

REGULATORY COMPLIANCE

In support of a broader State and National objectives and in ensuring that the Group would continuously in compliance with the law and, the Group would maintain close consultation with, and provide regular updates to the regulatory authorities and local governments. It also engage closely with the contractors to facilitate compliance with the relevant regulatory requirements.
APPENDIX I

ENVIRONMENT

The Group would integrate and undertake responsible sustainability practices to mitigate the direct and indirect environmental impacts of the Group’s developments and operations, and be committed in using its resources wisely, thereby ensuring protection and conservation of the natural environment.

The Group manages its business operations in a manner which minimises adverse environmental impacts and devotes itself to all the applicable environmental regulations in its consumption of resources and generation of waste processes. The Group’s Health, Safety and Environment Division establishes, regulates and enforces, among others, the relevant environmental policies, rules and regulations for the Group.

The Group’s move and diversification into the renewable energy and green technology sectors are based mainly, if not primarily, on the Group’s dedication to support the reduction of waste and gas emissions into the environment from its business operations, as part of its corporate sustainability exercise.

WORKPLACE

Employees form an integral part of the Group. It will remain committed to human resource development and create a conducive and well-balanced workplace with emphasis on health, safety and well-being of its employees. The Group would continue to attract and retain talents by providing an environment where the employees have the opportunity to achieve their potential. In embracing diversity in the workplace, the Group strive to maintain an inclusive work culture that supports diverse talent to contribute positively to the growth and productivity of the Group.

As part of the human capital development and to improve the competencies of its employees, the Group would conduct various in-house training programmes focusing on quality leadership, building effective performance and job-related to equip the employees with improved skills and knowledge. Besides participating in seminars and trade fairs, the Group actively encourages and promotes the well-being, skills development and education enhancements of its staff as part of its corporate social responsibility initiatives.

The Group acknowledges and commits to create a safe and conducive working environment for all its employees. The Group’s Health, Safety and Environment Division establishes policies and procedures and reinforces the Group’s safety culture by inculcating good safety and fire prevention practices, heightening safety awareness and providing safety gear, conducting safety talks, as well as implementing such other safety courses and training activities so as to attain zero loss time injury hours at its manufacturing facilities.

COMMUNITY

To improve the quality of life and enrich the communities that KNM is doing business in, the Group is committed to observe and assist in elevating the social well-being of the community in any manner possible including but not limited to promoting humanitarian works or projects to the underprivileged and deserving ones as well as to ensure the sustainability of our business operations, both locally and on the international front.

The Group’s main sponsorship, outreach and community investment activities include contributions, donations and philanthropic support towards various deserving and worthy causes. The Group provides internship training programmes to local diploma and vocational students for knowledge enrichment as well as complementing and nurturing talents among these students for their personal growth and future employment needs.
APPENDIX II

CODE OF CONDUCT AND ETHICS

Attachment: HR Policy No. HR/P/054
1.0 Policy Statement

1.1 This policy have been prepared to assist all employees in developing a clearer understanding regarding bribery, corruption and ethical supply chain process within KNM Group of Companies (KNM). It helps us recognize and deal with bribery, corruption and ethical supply chain issues, as well as understand our responsibilities.

This Policy is applicable to all operations of KNM GROUP OF COMPANIES with associated facilities in Malaysia and worldwide.

1.2 KNM Group of Companies is committed to conducting business in an ethical and honest manner, and is committed to implementing and enforcing systems that ensure bribery and corruption is prevented. KNM Group of Companies has zero-tolerance for bribery and corrupt activities.

1.3 For purpose of this policy, the term “employee” means any person who is in the employment of (temporary, contract or permanent) including but not limited to Manager & above, executives, non-executives, secretaries, consultants, contractors, suppliers, interns, agents, sponsors, or any other person or persons associated with us (including third parties), or any of our subsidiaries or their employees, no matter where they are located (within or outside of the Malaysia).
2.0 Definition of Bribery and Corruption

2.1 Bribery refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision.

2.2 A bribe refers to any inducement, reward, or objects / item of value offered to another individual in order to gain commercial, contractual, regulatory, or personal advantage. Bribes may include money, gifts, travel expenses, below market loans or products, excessive hospitality etc.

2.3 Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also breaking the rules.

2.4 Corruption is form of dishonest or unethical conduct by person entrusted with a position or authority, often to acquire personal benefit.

3.0 Scope

This section of the policy refers to 4 areas:

a) No Gifts
b) Receiving and Providing Gifts
c) Ethical Supply Chain

4.0 Bribery and Corruption

All acts of corruption (bribes, kickbacks etc. are strictly prohibited within KNM. All employees shall not accept corruption in any form and will not make or accept improper payments to obtain or retain business or as a reward for awarding subcontractor or supplier contracts.

4.1 No Gifts

4.1.1 KNM has adopted a “No Gift” Policy whereby, subject only to certain narrow exceptions, employees and directors (executive and non-executive), or agents acting for or on behalf of KNM employees are prohibited from, directly or indirectly, receiving or providing gifts.

4.1.2 It is the responsibility of all employees and directors to inform external parties involved in any business dealings with, that the Company
practices a “No Gift Policy” and to request the external party’s understanding for and adherence with this policy.

4.2 Receiving Gifts

4.2.1 The Company is very much aware that the exchange of gifts can be a very delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette. Despite acknowledging “No Gift Policy”, some external parties may still insist in providing gifts to employees and / or directors in certain situations which do not fall within the general exceptions.

4.2.2 Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of KNM is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever KNM business relationship with the Third Party or Client or other external party. However, in no circumstances may an employee and / or director accept gifts in the form of cash or cash equivalent.

4.2.3 In these limited circumstances, employees are required to immediately record the gift in the Gift Register and Gift Activity Reporting Form or any other form as provided by Human Resource Department and submit to HR Manager for submission to KNM Group CEO who will then decide whether to approve the acceptance of the gift or require it to be returned.

4.2.4 Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders), then the Group CEO shall not approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same). In this situation, the gift must be politely returned with a note of explanation about the Company’s “No Gift” policy. In the event of the Group CEO approving the acceptance of the gift, he shall also determine the treatment of the gift whether to:

a) Donate the gift to charity; or
b) Hold it for departmental display; or
c) Share with other employees in the department; or
d) Permit it to be retained by the employee.
4.2.5 Providing Gifts

Generally employees are not allowed to provide gifts to third parties with the exception of the Group CEO and any other officers identified in the gift and entertainment policy of the respective jurisdictions.

4.2.6 Exceptions to the “No Gift” Policy

Although generally KNM practices a “No Gift” Policy, there are certain exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:-

a) Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call and thereafter said gift is treated as company property);

b) Gifts from KNM to external institutions or individuals in relation to KNM’s official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);

c) Gifts from KNM to employees and directors and/or their family members in relation to an internal or externally recognized Company function, event and celebration (e.g. in recognition of an employee’s/director’s service to the Company);

d) Token gifts of nominal value normally bearing the KNM or company’s logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the company’s brand building or promotional activities.

e) Gifts to external parties who have no business dealings with KNMG (e.g. monetary gifts or gifts in-kind to charitable organizations).
4.2.7 **Do's and Don't's**

<table>
<thead>
<tr>
<th><strong>DO's</strong></th>
<th><strong>DON'T's</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>KNM employees and directors must inform third parties involved in business dealings with KNMG that the Company practices a &quot;No Gift Policy&quot; and to request the aforementioned parties to respect and adhere with the Company Policy.</td>
<td>There are certain types of gifts which are never permissible. KNM employees and directors should immediately refuse if it involves the following:-</td>
</tr>
<tr>
<td>KNM employees and directors are prohibited from accepting or providing gifts to third parties unless it falls under the general exceptions provided in this policy as stated in clause 4.2.6.</td>
<td>a) Any gift of cash or cash equivalent. (Cash equivalent could be in the form of vouchers, discounts, coupons, shares and commission etc.)</td>
</tr>
<tr>
<td>Employees are required to submit the Gift Activity Reporting Form to HR Manager for further action.</td>
<td>b) Any gifts involving parties engaged in a tender or competitive bidding exercise.</td>
</tr>
<tr>
<td></td>
<td>c) Any gift that would be illegal or in breach of KNM or local bribery and corruption laws.</td>
</tr>
</tbody>
</table>
5.0 ETHICAL SUPPLY CHAIN

5.1 Dealing With Sub Contractors And Suppliers

5.1.1 In line with the general principles, KNM is committed to uphold the highest standard of ethics and integrity in all aspects of its procurement activities.

5.1.2 Sub-Contracting and Procurement, Logistics, Admin, IT, Finance, Projects Department should avoid dealing with any contractors or suppliers known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes. The relevant employees shall ensure that all procurement activities are in line with KNM policies and procedures that are applicable in their jurisdiction, which include:

a) Due diligence of sub contractors and suppliers are undertaken before they are registered with KNM.

b) All commercial contracts with major sub contractors and suppliers to incorporate a provision where KNM retains the right to audit third party compliance with KNM procedures / Supplier’s procedures.

5.2 Ethics

5.2.1 KNM is committed in ensuring that all dealings with suppliers and sub-contractors, from the point of search and selection, through to supply and payment, are conducted in accordance with the guiding principles of responsible and ethical trading. As a minimum, the suppliers and subcontractors are expected to follow the below practices:

i. The eradication of child labour, forced or compulsory labour.
ii. Safe and hygienic working conditions
iii. Appropriate pay and working hours
iv. Humane and non-discriminatory treatment
v. Anti-bribery and corruption
vi. Harassment free work environment
vii. Environmental awareness
6.0 **Management Right**

The management hereby reserves the right to review, revise or amend this policy as at when deemed necessary on-case-to-case basis.

7.0 **Conclusion**

This Policy serves to remind all employees of their loyalty, commitment and involvement in the continued growth and success of the KNM Group of Companies.

Notes: if any provision of this policy conflicts with any written law or newly implemented law, the provisions of the law shall prevail over this policy.

8.0 **Revision History:**

<table>
<thead>
<tr>
<th>Date</th>
<th>Document</th>
<th>Revision</th>
<th>Reason of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>15/6/2017</td>
<td>Bribery, Corruption &amp; Ethical Supply Chain Policy</td>
<td>0</td>
<td>New Released</td>
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</tbody>
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<table>
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<tr>
<th>Prepared by</th>
<th>Authorized by</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR MANAGER</td>
<td>DIRECTOR, HRA</td>
<td>Group Chief Executive Officer</td>
</tr>
</tbody>
</table>
APPENDIX III

WHISTLEBLOWING POLICY

1. INTRODUCTION

In line with good corporate governance practices and all applicable laws and regulations in Malaysia, the KNMG Group of Companies ("KNMG") encourage its employees or external parties (the "Whistle Blower") to report instances of unethical behaviour, actual or suspected fraud and/or abuse involving the resources of the Company.

2. OBJECTIVES

The objective of this policy is to encourage and facilitate the Whistle Blower to report instances of unethical behaviour, actual or suspected fraud and/or abuse and to ensure that all allegations are thoroughly investigated and suitable actions are taken where necessary.

3. POLICY & PROTECTION

This policy applies to all employees or external parties of KNMG Group Berhad and its subsidiaries. This policy will not apply to personal grievances concerning an individual's term and conditions of employment, or other aspects of working relationship, complaints of bullying or harassment or disciplinary matters. Such complaints should be dealt under the existing Human Resource procedures in the Code of Conduct and Ethics adopted by the Company.

The Whistle Blower's role is of a reporting party with reliable information and to raise genuine concerns of any unethical behaviour, actual or suspected fraud and/or abuse. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action. Whistle Blowes should not conduct any investigative activities, nor do they have a right to participate in any investigative activities.

It is the policy of the Company to allow the Whistle Blower to either identify themselves or if they prefer, to remain anonymous when reporting suspected and/or known instances of unethical behaviour, fraud and/or abuse.

The identity and particulars of the Whistle Blower shall also be kept private and confidential and the Company shall treat all reports or disclosures as sensitive and will only reveal the information if required by law, court or authority.

KNMG is committed to this policy and assures that the Whistle Blower would be protected against reprisals and/or retaliation, or will not suffer any form of retribution, victimization or detriment for raising allegations of suspected and/or known instances of unethical behaviour, fraud and/or abuse.

All costs in relation to any legal liabilities or proceedings (whether criminal or civil) that may be brought against the Whistle Blower shall be borne by the Company and the selection of the lawyer defending the legal action shall be made by the Company.

4. REVOCATION OF POLICY AND PROTECTION

The protection stated in section (3) above shall be revoked by the Company if:

i. the Whistle Blower has participated in the unethical behaviour, fraud and/or abuse;

ii. the Whistle Blower wilfully or maliciously made his disclosure, knowing or believing the information is false or untrue; and

iii. the disclosure is made with the intention or motive to avoid dismissal or other disciplinary action.
APPENDIX III

While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection can warrant disciplinary action.

5. PROCEDURE

The Whistle Blower who reasonably believes that any suspected and/or known instances of unethical behaviour, fraud and/or abuse are occurring should raise the issue or contact the Human Resource Department.

This can be done in writing, by telephone, fax or e-mail. The disclosure should be addressed to any one of the Directors or any one of the Directors designated below:

- **Dato' Ab Halim bin Mohyiddin**
  Independent Non-Executive Chairman

  or

- **Dato' Dr Khalid bin Ngah**
  Senior Independent Non-Executive Director

15 Jalan Dagang SB 4/1
Taman Sungai Besi
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia

Phone: +603-8946 3000
Fax: +603-8943 4781
E-mail: cosec@knm-group.com

The disclosure may be made orally provided that the authorised officer in Human Resource Department, upon receiving the disclosure made orally shall as soon as it is practicable, reduce it into writing.

6. INVESTIGATION

Once any suspected and/or known instances of unethical behaviour, fraud and/or abuse claim is made, the Human Resource Department will begin preliminary investigations to establish whether the disclosure has merit and can be substantiated. It will review the disclosure and determine if there is enough evidence to confirm that disclosure.

Once the investigation is complete, the appropriate representative from the Human Resource Department will inform the Whistle Blower of the results of the investigation.

If the claim of unethical behaviour, fraud and/or abuse is substantiated, appropriate disciplinary action will be taken against the responsible individual(s) in accordance with the Company’s existing disciplinary procedures.
APPENDIX IV

AUDIT COMMITTEE – TERMS OF REFERENCE

(i) COMPOSITION

(1) The Board of Directors ("Board") of KNM Group Berhad (Company No: 521348-H) ("Company") must appoint an Audit Committee ("Committee") from amongst its directors which fulfills the following Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"): -

(a) the Committee must comprise of at least 3 members;

(b) all the Committee members must be non-executive directors, with a majority of them being independent directors, of whom shall not be: -

* executive directors of the Company or any related corporations;

* a spouse, parent, brother, sister, child (including adopted or step child and the spouse of such brother, sister or child) of an executive director of the Company, or any of the Company’s related corporation; or

* any person having a relationship which, in the opinion of the Board, would interfere with the exercise of the independent judgment in carrying out the functions of the Committee.

(c) at least one 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 3 years’ working experience and: -

(aa) he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or

(bb) 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

(iii) fulfills such other Listing Requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

(2) The Company must ensure that no alternate director is appointed as a member of the Committee.

(3) The members shall elect a Chairman from amongst their number who shall be an Independent director.

(4) If a member ceases to be a member which result in the non-compliance of the composition, the Board shall, within 3 months of that event appoint such number of new member or members as may be required to make up the minimum number of 3 members.

(5) The Nominating Committee of the Company must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of references.
APPENDIX IV

(II) OBJECTIVES

The objectives of the Committee are to: -

(1) provide assistance to the Board in fulfilling the Board's fiduciary responsibilities on financial, accounting, management controls, financial reporting and business ethics practices of the Company, and to ensure that such practices conform to the highest possible standards of corporate governance; and

(2) provide greater emphasis on the audit functions by serving as the focal point for communication between other Directors, the external auditors, internal auditors and the management in all matters relating to financial accounting, reporting and controls and providing a forum for discussion that is independent of the management. It is the Board's principal agent in ensuring the independence of the Company's external auditors, the objectivity of the Company's internal auditors, the integrity of management and management policies and the adequacy of disclosures to shareholders.

(III) FUNCTIONS

Without limiting the generally of this written terms of reference, the Company must ensure the Committee shall, amongst others, discharge the following functions: -

(1) review the following and report the same to the Board of the Company: -

(a) with the external auditor, the audit plan;

(b) with the external auditor, his evaluation of the system of internal controls;

(c) with the external auditor, his audit report;

(d) the assistance given by employees of the Company to the external auditor;

(e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out his work;

(f) the internal audit program, processes, the results of the internal audit program, processes of investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on: -

(i) changes in or implementation of major accounting policy changes;

(ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and

(iii) compliance with accounting standards and other legal requirements;

(h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) any letter of resignation from the external auditors of the Company;
APPENDIX IV

(j) whether there is reason (supported by grounds) to believe that the Company’s external auditor is not suitable for re-appointment; and

(k) any allocation of options during the year under the Company’s Employee Share Option Scheme (“ESOS”) to ensure compliance in accordance with Company’s ESOS By-Laws.

(2) evaluate, assess and recommend the nomination and appointment or re-appointment of person(s) or firm(s) as external auditors.

(3) carry out such other responsibilities, functions or assignments as may be assigned by the Board.

(4) Where the Committee is of the view that a matter reported by it to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Bursa Securities.

(IV) AUDIT COMMITTEE REPORT

(1) The Company must ensure that its Board prepare an Audit Committee Report at the end of each financial year that compiles with (2) and (3) below:

(2) The Audit Committee Report must be clearly set out in the annual report of the company.

(3) The Audit Committee Report shall include the following:

(a) the composition of the Committee, including the name, designation (indicating the chairman) and the directorship of members, (indicating whether the directors are independent or otherwise);

(b) the number of Committee meetings held during the financial year and details of attendance of each Committee member;

(c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and

(d) a summary of the work of the internal audit function.

(V) RIGHTS

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the internal auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and management or employees of the Company, whenever deemed necessary.
APPENDIX IV

(VI) APPOINTMENT OF EXTERNAL AUDITORS

(a) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.

(b) To consider the nomination of a person or persons as external auditors and the audit fees; and

(c) To consider any questions of redesignation or dismissal of external auditors.

(VII) INTERNAL AUDIT

(1) The Company must establish an internal audit function which is independent of the activities it audits.

(2) The Company must ensure its internal audit function reports directly to the Committee.

(VIII) PROCEDURE AND MEETINGS

1. The Committee may regulate its own procedure, in particular:

   (a) the calling of meetings;
   (b) the notice to be given of such meetings;
   (c) the voting and proceedings of such meetings;
   (d) the keeping of minutes; and
   (e) the custody, production and inspection of such minutes.

2. The Committee must have not less than 4 meetings in a financial year, and such additional meetings as the Chairman may decide in order to fulfill its duties;

3. The Chairman shall also convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope of responsibilities of the Committee.

4. A quorum must comprise a majority of independent directors and must not have less than 2 members.

5. The Group Chief Executive Officer, Group Finance Director, Head of Internal Audit, and if required, the external auditors, shall normally attend meetings but may be excused at the discretion of the Committee. However, the Audit Committee should meet with the external auditors without any executive director or executives present at least twice a year.

6. The Company must ensure that other directors and employees attend any particular Committee meeting only at the Committee’s invitation, specific to the relevant meeting.

7. Pursuant to Article 148 of the Company’s Articles of Association, members of the Audit Committee may participate in a meeting of the Audit Committee 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.
APPENDIX IV

8. The Audit Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Article 149 of the Company’s Articles of Association; which shall be valid and effectual as if it is passed at a meeting of the Nomination Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.

9. The Company Secretary or, if more than 1 of them, shall be the Secretary of the Committee. In the event any of the Company Secretaries is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.

10. The Secretary [which expression includes the assistant or deputy secretary appointed under Item VII(9)] must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman’s confirmation of the Minutes shall be taken as a correct proceeding thereat.

(IX) VARIATION

1. The above Terms of Reference may be determined and/or varied by the Company’s Board of Directors at any time and from time to time.
APPENDIX V

NOMINATION COMMITTEE – TERMS OF REFERENCE

1.0 DEFINITIONS

1.1 In this Nomination Committee’s Terms of Reference: -

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>Means the Board of Directors of the Company</td>
</tr>
<tr>
<td>Chairman</td>
<td>Means the Chairman of the Committee</td>
</tr>
<tr>
<td>Committee</td>
<td>Means the Nomination Committee of the Company</td>
</tr>
<tr>
<td>Company</td>
<td>Means KNM Group Berhad (Company No: 521348-H)</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Means the executive directors of the Company</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Means the managing director of the Company</td>
</tr>
<tr>
<td>Members</td>
<td>Means the members of the Committee</td>
</tr>
</tbody>
</table>

2.0 MEMBERSHIP AND COMPOSITION

2.1 The Nomination Committee shall comprise of at least 3 members, which comprises exclusively of non-executive directors, a majority of whom must be independent.

2.2 All members of the Committee must be members of the Board.

2.3 Membership of the Committee should appear in the Annual Report.

3.0 CHAIRMAN

3.1 Members of the Committee shall elect a non-executive Chairman from amongst themselves to carry out the required functions and it is recommended that the chair of the Nominating Committee should be the senior independent director identified by the Board.

4.0 MEETINGS

4.1 The Committee shall meet at least once every financial year or whenever required to fulfill its role and functions set out in Item 5 herein.

4.2 The quorum for any meeting shall not be less than 2 members.

4.3 Pursuant to Article 148 of the Company’s Articles of Association, members of the Nomination Committee may participate in a meeting of the Nomination Committee 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.

4.4 The Nomination Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Article 149 of the Company’s Articles of Association; which shall be valid and effectual as if it is passed at a meeting of the Nomination Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.
APPENDIX V

4.5 The Company Secretary of the Company or, if more than one, any one of them, shall be the Secretary of the Committee. In the event any of the Company Secretaries is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.

4.6 The Secretary (which expression includes the assistant or deputy secretary appointed under Item 4.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman’s confirmation of the Minutes shall be taken as a correct proceeding thereat.

5.0 ROLE & FUNCTIONS

5.1 The primary role and functions of the Committee are: -

5.1.1 Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the candidates’:-

• skills, knowledge, expertise and experience;
• professionalism;
• integrity; and
• in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates’ ability to discharge such responsibilities/functions as expected from independent non-executive directors.

5.1.2 Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicality, by any other senior executive or any director or shareholder;

5.1.3 Recommend to the Board:-

a. for succession planning and for continuation or discontinuation in service of directors as an Executive Director or Non-Executive Director.

b. the re-appointment of directors of the Company who are due for retirement by rotation.

c. the directors to fill the seats of the Board Committees.

5.1.6 Assist the Board to implement a process to be carried out by the Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

5.1.7 Introduce any regulation which would enable the smooth administration and effective discharge of the Committee’s duties and responsibilities.

5.1.8 To furnish a report to the Board of any findings of the Committee, wherever applicable.

5.1.9 Generally, to decide and implement such other matters as may be delegated by the Company’s Board of Directors from time to time.

6.0 SELECTION/APPOINTMENT PROCEDURE & FACTORS CONSIDERED

6.1 Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment.
APPENDIX V

6.2 The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of board’s succession plans and training programmes for the board.

6.3 In assessing suitability of candidates,
   a. consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of:
      - the Business, the Markets and the Industry in which KNM Group operates; and
      - the accounting, finance and legal matters;
   b. where a need has been identified, the Committee shall entask the Company’s Chairman or CEO:-
      - to search/recommend for potential candidates from within the Company; or
      - engage its HR Department to advertise (whether locally or internationally); or
      - appoint recruitment advisers; or
      - draw references and recommendations from the fellow directors of the Company.
   c. The Company’s Chairman or CEO:-
      i. shall develop short list of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to diversity of each individual candidate and their fit with the existing Board; whereby women candidates would be encouraged to join.
      ii. recommend to the Nomination Committee the candidate from the short list who best matches the needs of the Board.

6.4 The Nomination Committee will assess, review and deliberate and thereafter, present their recommendations to the Board.

6.5 Once appointed, the Company’s CEO and team of Senior Management will assist the Nomination Committee to induct the appointed candidate.

6.6. The Company’s Executive Directors, CEO, HR and the Company Secretaries will also assist the Nomination Committee to identify and inform the Board of such available training courses to attend.

7.0 POLICY FOR APPOINTMENT OF DIRECTORS

7.1 Factors considered by the Nomination Committee when recommending a person for appointment as a director include:
   • the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
   • the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
   • the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

7.2 Subject to the Company’s Articles of Association, at every Annual General Meeting, one-third (or number nearest to one-third) of the directors shall retire and all directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

8.0 POLICY FOR GENDER DIVERSITY

8.1 The Company is generally supportive of the need to diversify its board and recognizes the value of having gender equality and contributions based on merits rather than on gender diversity alone.
8.2 The Nomination Committee will assist the Board to review, assess and recommend such suitable women candidates to make up its Board in line with the announcement made by our Prime Minister, Datuk Seri Najib Tun Razak on 27 June 2011 on the Government's policy approved by the Cabinet that women must comprise at least 30% of those in decision-making positions in the corporate sector within 5 years (i.e. by 2016).

8.3 The Company currently fulfills and have two (2) women board members appointed (representing 33.3% of the Board) and will seek to increase at such appropriate time, if need be.

9.0 EVALUATION & ASSESSMENT

9.1 The directors, the Board and Board Committees will be subject to an annual evaluation and assessment and the Board will be assisted by the Nomination Committee in the evaluation and assesment of its members.

10.0 NOMINATION COMMITTEE REPORT

10.1 The Company must ensure that its Board prepares a Nomination Committee Report at the end of each financial year that compiles with 10.2 and 10.3 bellow: -

10.2 The Nomination Committee Report must be clearly set out in the annual report of the Company.

10.3 The Nomination Committee Report shall inter alia include the following: -

(a) a statement about the activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and

(b) Such statement must include:-
   i. how the requirements set out in paragraph 2.20A of the Listing Requirements are met whereby :

2.20A Qualification of directors and other key officers
Every listed corporation must ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role as a director, chief executive or chief financial officer, as the case may be, of the listed corporation.

ii. contain the following information:-
   • the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
   • the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
   • the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.

11.0 VARIATION

11.1 The above Terms of Reference and Policies may be determined and/or varied by the Company's Board of Directors at any time and from time to time.
APPENDIX VI

REMUNERATION COMMITTEE – TERMS OF REFERENCE

1.0 DEFINITIONS

1.1 In this Remuneration Committee’s terms of reference:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>Means the Board of Directors of the Company</td>
</tr>
<tr>
<td>Chairman</td>
<td>Means the Chairman of the Committee</td>
</tr>
<tr>
<td>Committee</td>
<td>Means the Remuneration Committee of the Company</td>
</tr>
<tr>
<td>Company</td>
<td>Means KNM Group Berhad (Company No: 521348-H)</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Means the executive directors of the Company</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Means the managing director of the Company</td>
</tr>
<tr>
<td>Members</td>
<td>Means the members of the Committee</td>
</tr>
</tbody>
</table>

2.0 MEMBERSHIP AND COMPOSITION

2.1 The Remuneration Committee shall comprise of at least 3 members, the majority of whom shall be non-executive directors.

2.2 All members of the Committee must be members of the Board.

2.3 Membership of the Committee should appear in the Annual Report.

3.0 CHAIRMAN

3.1 Members of the Committee shall elect a non-executive Chairman from amongst themselves to carry out the required functions.

4.0 MEETINGS

4.1 The Committee may meet at least once every financial year or whenever required to fulfill its functions set out in item 5 herein.

4.2 The quorum for any meeting shall not be less than 2 members.

4.3 Pursuant to Article 148 of the Company’s Articles of Association, members of the Remuneration Committee may participate in a meeting of the Remuneration Committee 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.

4.4 The Remuneration Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Article 149 of the Company’s Articles of Association; which shall be valid and effectual as if it is passed at a meeting of the Remuneration Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.
APPENDIX VI

4.5 The Company Secretary of the Company or, if more than one, any one of them, shall be the Secretary of the Committee. In the event any of the Company Secretaries is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.

4.6 The Secretary (which expression includes the assistant or deputy secretary appointed under item 4.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

5.0 ROLE & FUNCTIONS

5.1 The primary role and functions of the Committee are:

5.1.1 Recommend to the Board the remuneration structure for executive directors in all its forms, taking into consideration their individual performance against their targets and responsibilities, and drawing from outside advice as necessary.

5.1.2 Recommend any benefits, emoluments pension or incentive scheme entitlement, other bonuses, fees and expenses of executive directors and any compensation payable on the termination of such employment or service by the Company and to review changes in policy, where necessary; and

5.1.3 Where required, review with the Managing Director and the Executive Directors, their goals and objectives in assessing performance.

5.1.4 To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

5.1.5 Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time. In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries.

5.1.6 Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;

5.1.7 To furnish a report to the Board of any findings of the Committee, wherever applicable.

5.1.8 Engage or appoint such other competent and professional advisers/consultants as may be deemed fit to assist the Remuneration Committee in the smooth discharge of its duties herein; and

5.1.9 Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

5.2 The determination of remuneration packages for non-executive directors, including the non-executive chairman, shall be a matter for the Board as a whole. The individuals concerned shall abstain from discussing their own remuneration.

5.3 The Executive Directors shall play no part in decisions on their own remuneration.

6.0 VARIATION

6.1 The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.
# APPENDIX VII

## ESOS COMMITTEE – TERMS OF REFERENCE

### 1.0 DEFINITIONS

1.1 In this ESOS Committee’s terms of reference:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>Means the Board of Directors of the Company.</td>
</tr>
<tr>
<td>Bursa Securities</td>
<td>Means Bursa Malaysia Securities Berhad.</td>
</tr>
<tr>
<td>By Laws</td>
<td>Means the by laws of the ESOS.</td>
</tr>
<tr>
<td>Company</td>
<td>Means KNM Group Berhad (Company No: 521348-H)</td>
</tr>
<tr>
<td>Chairman</td>
<td>Means the Chairman of the Committee.</td>
</tr>
<tr>
<td>Committee</td>
<td>Means the ESOS Committee of the Company.</td>
</tr>
<tr>
<td>Company</td>
<td>Means KNM Group Berhad (Company No: 521348-H)</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>Means the Company Secretary appointed per item 5.5 hereof, or if more than one, any one of them.</td>
</tr>
<tr>
<td>Director</td>
<td>Means a director of the Company.</td>
</tr>
<tr>
<td>Eligible Person</td>
<td>Means a director or employee of KNM or an Eligible Subsidiary who is eligible to participate in the ESOS in accordance with the provisions of the By Laws.</td>
</tr>
<tr>
<td>Eligible Subsidiary</td>
<td>Means a Subsidiary which is not dormant and that is at any time and from time to time nominated by the Committee to be corporations participating in the ESOS in accordance with the provisions of By Laws.</td>
</tr>
<tr>
<td>Grantees</td>
<td>Means a Selected Employee who has accepted the Offer made by the Committee in accordance with the provisions of the By Laws [which may include his or her legal or personal representative(s) and heir(s), if the By Laws so permits].</td>
</tr>
<tr>
<td>Offer</td>
<td>Means an offer made in writing by the Committee to a Selected Employee in the manner set out in By Laws.</td>
</tr>
<tr>
<td>Option</td>
<td>Means the right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance in the manner indicated in By Laws of any Offer made in accordance with the terms of the ESOS and where the context so requires, means any part(s) of the Option(s) as shall remain unexercised.</td>
</tr>
<tr>
<td>Members</td>
<td>Means the members of the Committee.</td>
</tr>
<tr>
<td>Selected Employee</td>
<td>Means an Eligible Person who has been selected by the Committee to participate in the ESOS and to whom an Offer has been made in writing by the ESOS Committee in accordance with By Laws.</td>
</tr>
<tr>
<td>Shares</td>
<td>Means the ordinary shares of the Company.</td>
</tr>
</tbody>
</table>
APPENDIX VII

2.0 MEMBERSHIP AND COMPOSITION

2.1 The ESOS Committee shall comprise of at least 3 members, the majority of whom shall be independent or non-executive directors.

2.2 Membership of the Committee should appear in the Annual Report.

3.0 VACANCIES

3.1 In the event of a vacancy in the Committee, the Board must appoint new Member or Members to make up the minimum number, within 3 months of such vacancy or vacancies.

4.0 CHAIRMAN

4.1 The Members must elect the Chairman from amongst themselves who must be an Independent Director to carry out the required functions.

5.0 MEETINGS

5.1 The Committee may meet whenever required to fulfill its functions set out in item 6 herein.

5.2 The quorum for any meeting shall not be less than 2 members.

5.3 Pursuant to Article 148 of the Company’s Articles of Association, members of the ESOS Committee may participate in a meeting of the ESOS Committee 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.

5.4 The ESOS Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Article 149 of the Company’s Articles of Association; which shall be valid and effectual as if it is passed at a meeting of the Remuneration Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.

5.5 The Company Secretary(s) of the Company shall be the Secretary of the Committee or any other designated person(s) as approved by the ESOS Committee may be appointed as Secretary for that specific meeting.

5.6 The Secretary (as appointed under item 5.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman’s confirmation of the Minutes shall be taken as a correct proceeding thereat.
APPENDIX VII

6.0 ROLE & FUNCTIONS

6.1 The primary role and functions of the Committee are as follows:

6.1.1 Recommend to the Board, the criteria and allocation of any ESOS Options to be granted to Eligible Employees and Directors of the Company and its subsidiaries and ensuring that all exercises of ESOS Options are in compliance with the Bursa Securities’ Listing Requirements and in accordance with the ESOS By-Laws and Company’s Articles of Association for the time being in force (collectively “the Rules”). However, the determination and granting of options to the Directors shall be a matter of the Board as a whole. The Directors concerned shall abstain from determining and discussing their own options.

6.1.2 Consider and set internal policies, procedures, guidelines and framework to administer the ESOS justly and orderly and implement the ESOS in accordance with the Rules.

6.1.3 Administer the ESOS in accordance with the Rules and in such manner as the Committee shall in its discretion deem fit in the best interest of the Grantees and the Company and within such powers and duties as are conferred upon it by the Board, including but not limited to the powers to:

(a) subject to the provisions of the ESOS, construe and interpret the ESOS and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration. The Committee, in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective; and

(b) determine all questions of policy and expediency that may arise in the administration of the ESOS and generally exercise such powers and perform such acts and things and enter into any transactions, agreements, deeds, documents or arrangements as are deemed necessary or expedient to promote the best interest of the Grantees and the Company for giving full effect to the ESOS.

6.1.4 At any time and from time to time recommend to the Board any addition or amendment to or deletion of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation provided that no additions or amendments to or deletions of these By-Laws shall be made which will—

(a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or

(b) prejudice any rights of the shareholders of the Company without the prior written approval of the Company’s shareholders in general meeting; or

(c) alter to the benefit of the Eligible Persons with respect to By-Laws without the prior approval of the Company’s shareholders in a general meeting; or

(d) increase the number of Shares available under the ESOS as provided under By-Laws.
APPENDIX VII

6.1.5 To furnish a report to the Board of any findings of the Committee, wherever applicable; and

6.1.6 Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

7.0 VARIATION

7.1 The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.
### CHRONOLOGY OF CHANGES TO THE BOARD ChARTER

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>29.04.2013</td>
<td>The First Board Charter was adopted by the Board at its Board Meeting (&quot;BODM&quot;) or via a board circular resolution in writing on 29 April 2013.</td>
</tr>
<tr>
<td>2.</td>
<td>26.02.2014</td>
<td>The Second Board Charter was adopted by the Board at its Board Meeting (&quot;BODM&quot;) or via a board circular resolution in writing on 26 February 2014.</td>
</tr>
<tr>
<td>3.</td>
<td>23.04.2015</td>
<td>The Third Board Charter was adopted by the Board at its Board Meeting (&quot;BODM&quot;) and/or via a board circular resolution in writing on 23 April 2015.</td>
</tr>
<tr>
<td>4.</td>
<td>30.03.2017</td>
<td>The Fourth Board Charter was adopted by the Board at its Board Meeting (&quot;BODM&quot;) and/or via a board circular resolution in writing on 30 March 2017.</td>
</tr>
<tr>
<td>5.</td>
<td>24.08.2017</td>
<td>The Fifth Board Charter was adopted by the Board at its Board Meeting (&quot;BODM&quot;) and/or via a board circular resolution in writing on 24 August 2017.</td>
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</tbody>
</table>