



Metrod

**METROD HOLDINGS BERHAD
REGISTRATION NO. 201001032606 (916531-A)**

BOARD CHARTER

(approved and adopted on 27th June 2024)

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BOARD CHARTER

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SCHEDULE OF MATTERS REQUIRING BOARD'S APPROVAL

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

Conduct of Board

- Appointment and removal of Directors and Senior Management.
- Appointment and removal of Company Secretary.
- Appointment of Board Committees and members.
- Approval of Terms of Reference of Board Committees and amendments to such terms.
- Appointment of the President & Chief Executive Officer (“CEO”) and his duties and the continuation of his service.
- Annual Review of required mix of skills, gender, expertise and experience of the Board, process for annual assessment of the effectiveness of the Board and Board Committees as a whole.
- The notice of each meeting, detail agenda and the supporting meeting papers shall be circulated at least five (5) business days before each meeting to the Board Members and all those who are required to attend the meeting. Information requested by the Board from Management and/or external consultants shall be received together with the notice of each meeting. However, genuine urgent matters and exceptional circumstances, for example acquisitions, could fall outside these timing requirements and shorter notice would be allowed with the Chairman’s consent and approval. Directors are expected to review in advance meeting papers in order to facilitate meaningful deliberation during each meeting.

Remuneration

- Approval of the remuneration arrangements for Non-Executive Directors, upon recommendation by the Nominating and Remuneration Committee.
- Approval of the remuneration structure and policy for Executive Directors and Senior Management, upon recommendation by the Nominating and Remuneration Committee.
- Approval of the remuneration packages for Executive Directors and Senior Management, upon recommendation by the Nominating and Remuneration Committee.
- Approval for any proposed new Employee Share Scheme and/or amendments to the existing scheme, subject to other approvals that may be required by law or regulations.
- Approval of allocation and share grants in the Company’s Employee Share Scheme.

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Operational

- Approval of business strategies, group operational plan, budget and significant policies.
- Ongoing review performance against business strategy and group operational plans to ensure that the Company's strategies promote sustainability.
- Ensure there is internal control system and to review the adequacy and integrity of the system.
- Ensure the principal risks in the Group are identified, measured and with appropriate system of internal controls.
- Review the risk management guidelines, procedures and standards to ensure they provide effective governance of the Group's risk taking activities.
- Approval of major capital expenditure as may be determined from time to time.
- Approval of bad debts write-off as may be determined from time to time.
- Approval of investment or divestment in a Company/business/property/undertaking.
- Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
- Approval of changes in the major activities of the Company and/or Group.
- Approval of treasury policies.
- Setting or variation of the authority level of the President & CEO.
- Deliberate and approve major issues and decisions.
- Conduct and manage material sustainability risks and opportunities of the Company.

Financial

- Approval of interim and annual financial statements after taking into consideration the recommendations of the Audit Committee.
- Approval for the release of financial announcements.
- Approval of the annual Directors' Report and Statutory Accounts.
- Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.

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- Adoption of accounting policies after taking into consideration the recommendations of the Audit Committee.
- Approval of corporate policies and procedures, where appropriate.
- Review of Group's system of internal control after review of its effectiveness by the Audit Committee.

Other matters including

- The granting of powers of attorney by the Company.
- Approval and acceptance of bank facilities and authorities.
- The entering into any indemnities or guarantees.
- Recommendation of any alteration to the Constitution of the Company.
- Alteration of the accounting year end, registered office and name of the Company.
- Purchase of own shares by the Company (if any).
- Issue of any debt instruments.
- Substantial political or charitable contributions.
- Any scheme of reconstruction or restructuring.
- Any other significant business decision.
- Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
- Any other matter which the Board considers appropriate to ensure that the direction and control of the Company is firmly in its hands.
- Ensuring that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
- Taking appropriate action to ensure the Company stay abreast with and understand the sustainability issues relevant to itself and the business, including climate-related risks and opportunities.
- Must ensure questions posted by shareholders during virtual or hybrid general meeting be made visible to all meeting participants.
- Minutes of the general meeting should be circulated to shareholders not later than 30 business days after the general meeting.

OTHER BOARD'S MATTERS

Access to Information and Advice

- The Board is allowed to have access to all information pertaining to the Company. Upon receipt of the request from the Board, Management should supply accurate and complete information to the Board in a timely manner to enable the Board to discharge its duties effectively.
- The Board has identified the following persons to allow its members access to information and advice as and when required:
 - President & CEO
 - Company Secretaries
- Occasions may arise when the Board has to seek legal, financial, governance or expert advice in the course of their duties. The Board should be able to consult advisers and, when considered necessary, to seek independent professional advice. Nevertheless, the Board members are advised to inform the Board on his needs and present the necessary quotation to the Board for approval.
- The Board is supported by two suitably qualified and competent Company Secretaries to ensure the Board is adhered to Board policies and procedures from time to time.
- The Board is encouraged to consult the Company Secretaries on procedural, new statutory and regulatory requirements to enable the Board members to discharge its duties and responsibilities.
- The Directors acknowledge that confidential information received in the course of exercising of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

Directors' Training

- All the Board members must attend the training programmes for continuous education to update their knowledge and enhance their skills with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group.
- The Board, with the assistance of the NRC, shall assess the training needs of the Directors from time to time, to ensure that Directors have access to training courses or seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as continuing education programme in order to update their knowledge and skills to sustain their active participation in Board deliberations and effectively discharge their duties.

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- All newly appointed Directors are required to complete the Mandatory Accreditation Programme required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- The Directors are regularly updated by the Company Secretary on updates and amendments to the relevant guidelines on statutory and regulatory requirements relating to Directors' duties and responsibilities to the effective discharge of their duties as Directors of the Company.

Review of Board Charter

The Board shall review and update the Board Charter as and when required to ensure its relevance to the Company's situation, and to make necessary amendments, alteration or waiver the sections of this Board Charter provided that any such modification or waiver may not be a violation of any applicable law, rule or regulation and which will be in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the responsibilities of the Board and to ensure that the Board Charter remains consistent with the Board's objective and responsibilities.

This Board Charter was reviewed and approved by the Board on 27 June 2024 and is made available for reference on the Company's website at www.metrod.com

Time Commitment for Board Members

The Board is advised to devote sufficient time to carry out their duties and responsibilities. The existing Directors are also advised to notify the Chairman before accepting any new directorship of listed issuers and public interest organisations, and on the indication of time that the director will be spent on the new appointment.

In any event, the Director should not accept new directorship in another Corporation that may:

- a) potentially cause a conflict of interest for the Director;
- b) affect the Director's independence;
- c) have potential reputational consequence to the Company; and/or
- d) place demands on the Director's time that could hinder his/her ability to attend Board and/or Committees' meetings and discharge his/her duties and responsibilities.

Investor Relations and Shareholders Communication

The Board recognises and values the importance of an effective and clear communication with its shareholders as well as with its potential investors and the public. It is fully committed that the highest standard of transparency and accountability in the disclosure of pertinent information relating to the Group, are adopted. To achieve this, the Company has implemented amongst others, the following :-

- (a) timely release of announcements to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contracts awarded and any other material information that may affect investors' investment decision;

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- (b) encourage full participation of shareholders at the Annual General Meeting (“AGM”) to ensure a high level of accountability and discussion of the Company’s strategy and goals. The Company shall invite the external auditors to attend the AGM and be available to answer to shareholders’ questions about the conduct of the audit and the preparation of the auditor’s report; and
- (c) shareholders can gain access to information about the Company including the summary of the Group’s investor relation activities and media releases through the Company’s website at www.metrod.com

Whistleblowing Policy

The Board is committed to ensure that its business and operations are conducted in an ethical, honesty and integrity manner. To achieve this purpose, the Board has established a Whistleblowing Policy.

The objective of this policy is to provide an avenue for employees and other stakeholders to report genuine concerns in relation to breach of a legal obligation, miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these issues in the workplace, without the risk of reprisal, separation, demotion, suspension or loss of benefits because of the report.

The Whistleblowing Policy is made available for reference on the Company’s website at www.metrod.com

Anti-Bribery and Anti-Corruption Policy

The Group is committed to conduct its business in an ethical and honest manner, and to implement and enforce a system that ensure corrupt gratification is prevented. The Group has adopted a zero-tolerance approach against all forms of bribery and corrupt gratification and its associated activities.

The Board and top-level management are committed to acting professionally, fairly and with integrity in all Group’s business, in whichever country we operate.

This Anti-Bribery and Anti-Corruption Policy sets out the responsibilities of the Group and those who work for the Group on the requirements to observe and uphold the Group’s zero-tolerance position on “Bribery and Corruption”.

The Anti-Bribery and Anti-Corruption Policy is made available for reference in the Company’s website at www.metrod.com

Directors’ Fit and Proper Policy

The objective of this policy is to enhance the governance of the Company in relation to the Board’s quality and integrity, as well as ensure that each of its Director has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.

The Directors’ Fit and Proper Policy is made available for reference on the Company’s website at www.metrod.com

POSITION DESCRIPTION OF THE CHAIRMAN

The responsibilities of the Chairman include:

- 1) Providing leadership at Board level and represents the Board to the shareholders and other stakeholders and act independently in the best interest of the Group.
- 2) Chairing meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Board Members.
- 3) Chairing meetings of shareholders and to ensure that general meetings support meaningful engagement between the board, senior management and shareholders including discussion on the company's financial and non-financial performance as well as the company's long-term strategies.
- 4) Ensuring shareholders be provided with opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.
- 5) Establishing procedures to govern the Board and ensure the Board members discharge of its duties.
- 6) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner.
- 7) Organising and presenting the agenda for regular or special Board meetings based on input from other Directors and the Company Secretary.
- 8) Ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group.
- 9) Ensuring adequate lead time for effective study and discussion of business under consideration.
- 10) Identifying guidelines for the conduct of Directors, and ensuring that each Director is making a significant contribution. The Chairman will keep under review, informally, the contributions made by Board Members.
- 11) Acting as liaison between the Board and Management. The Chairman should act as the main informal link between the Board and Management and particularly between the Board and the President & CEO.
- 12) Ensuring that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities and the business of the Group.

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- 13) Together with the President & CEO, represent the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
- 14) In conjunction with the President & CEO, playing a leading role in:
 - Formulating the Board's strategic direction and planning process;
 - Encouraging high standards of propriety and promoting efficient and effective use of staff and other resources throughout the organisation;
 - Fostering high corporate ethical standards and positive relationships with the Company's shareholders; and
 - Acting as the Chief Spokesperson of the Group.
- 15) Active participation in the selection of Board Members and ensuring the membership is properly balanced.
- 16) Ensuring proper committee structure, including assignments of members and committee chairman.
- 17) Carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances.
- 18) Ensuring that Board Committee Meetings are not combined with the main Board Meeting.
- 19) The positions of Chairman and CEO are held by different individuals.

POSITION DESCRIPTION OF THE PRESIDENT & CEO

The President & CEO is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline. This includes promoting by leadership. The President & CEO's authority is explicitly provided in the Limits of Authority. Board Members should support the President & CEO in undertaking this responsibility.

The roles of the President & CEO can be summarised as follows:

1. Fosters a corporate culture that promotes ethical practices, encourages individual integrity and social responsibility.
2. Maintains a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels.
3. Develops and recommends to the Board a long-term strategy and vision for the Company and/or Group that leads to the creation of shareholder value.
4. Develops and recommends to the Board the operational plan and budget that support the Company's and/or the Group's long-term strategy.
5. Manages the overall business and oversees the day-to-day operations of the Company.
6. Ensures continuous improvement in the quality and value of the products and services provided by the Group.
7. Ensures that the Company achieves and maintains a satisfactory competitive position within its industry.
8. Recommends a management structure and operating authority levels which include delegation of responsibilities to management.
9. Ensures that the Company has an effective management team below the level of the President & CEO and has an active plan for its development and succession.
10. Ensures, in co-operation with the Board, that there is an effective succession plan in place for the President & CEO position.
11. Formulates and oversees the implementation of major corporate policies.
12. Accountable to the Board for the propriety and regularity of the finances.

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13. Responsible for the financial management of the Company and/or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
14. Reports to the Board periodically on the financial positions of the Group which include forecast results as required from time to time.
15. Reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
16. Recommends annual key management salary increment and employees share option entitlement.
17. Reports on the results of employee union negotiation.
18. Reports on significant business decisions.
19. Represents the Group as the key spokesperson with all stakeholders including investors, regulators and business partners.
20. Ensuring that the Company and/or Group maintains high social responsibility wherever it does business.
21. Creating and implementing the Company's vision and mission.
22. Refers to the Chairman or other Board Committees on matters requested from time to time.

POSITION DESCRIPTION OF THE NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Non-Independent Non-Executive Directors do not participate in the day-to-day management of the Company. Non-Independent Non-Executive Directors will contribute their knowledge, expertise and experience in assisting the development of business strategy of the Group and to make insightful contribution to the Board's deliberations. Non-Independent Non-Executive Directors also assist and ensure the Board adopts a good corporate governance practice within the Group. Non-Independent Non-Executive Directors are further classified as:

- Those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their "permitted" shareholdings in the Company; or
- Those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect.

The roles of the Non-Independent Non-Executive Directors can be summarised as follows:

1. Act as a bridge between management and stakeholders, particularly shareholders. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
2. For the Board to create an environment that allows the expression of disagreement when discussing strategic issues.
3. Bring dispassionate objectivity that a Director with a relationship with the Company cannot provide.

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**POSITION DESCRIPTION OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS**

Independent Directors are essential for protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval that is being sought at board level for a transaction or any matter with a watchful eye and with an inquiring mind.

Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad provides that an Independent Director is a director 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 a listed company.

Without limiting the generality of the foregoing, an Independent Director is one who:

- is not, and has not been within the last three (3) years, an officer of the Company or any related corporation of the Company ("each corporation is referred to as "said Corporation"). For this purpose, "officer" has the meaning given in Section 2 of the Companies Act 2016, but excludes a director who has served as an independent director in any one or more of the said Corporation for a cumulative period of less than 12 years;

[Note: Corporation has the meaning given in Section 2(1) of Capital Market and Services Act 2007]

- is not a major shareholder of the said Corporation;
- is not a family member of any Executive Director, officer or major shareholder of the said Corporation;
- is not acting as a nominee or representative of any Executive Director or major shareholder of the said Corporation;
- has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"), or is not presently a partner, director (except as an independent director) or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Bursa Securities;
- has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Bursa Securities, or is not presently a partner, director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Bursa Securities; or

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- has not served as an independent director in any one or more of the said Corporation for a cumulative period of more than 12 years from the date of his first appointment as an independent director.

Practice 5.3 of the Malaysian Code on Corporate Governance 2021 states that the tenure of an Independent Director does 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 should provide justification and seek annual shareholders' approval through a two-tier voting process. An independent director must not serve on the Board beyond 12 years.

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TERMS OF REFERENCE OF AUDIT COMMITTEE

MEMBERSHIP

1. The members of the Audit Committee (“AC”) shall be appointed by the Board of Directors amongst its Directors, based on the recommendation of the Nominating and Remuneration Committee, which fulfils the following requirements:
 - (a) the AC must be composed of not fewer than three (3) members;
 - (b) all AC members must be Non-Executive Directors, with a majority of them being Independent Directors; and
 - (c) at least one (1) member of the AC:
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:
 - (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 requirements as prescribed or approved the Bursa Malaysia Securities Berhad.
2. The members of the AC shall elect a Chairman (must not be the Chairman of the Board) from among themselves who shall be an Independent Director (“AC Chairman”) ensuring the overall effectiveness and independence of the AC.
3. No Alternate Director should be appointed as a member of the AC.
4. A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.) of the Company or any entity within the Group is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.
5. In the event of any vacancy in the AC (including AC Chairman) resulting in the non-compliance of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“MMLR”) pertaining to the composition of AC, the Board of Directors shall fill the vacancy within three (3) months of the occurrence of that event.
6. The terms of office, the effectiveness and performance of the AC and each of its members must be reviewed by the Nominating and Remuneration Committee annually to determine whether the AC and its members have carried out their duties in accordance with this Terms of Reference.

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CHAIRMAN

1. The AC Chairman shall report to the Board of Directors on all matters within its duties and responsibilities.
2. Encouraging open discussion during meetings and take reasonable steps in ensuring substantive flow of relevant information to the AC.
3. Creating and maintaining an active on-going communication with Senior Management and both the Internal Auditors and External Auditors.

SECRETARY

1. The Company Secretary shall be the Secretary of the AC or in his absence, the Chairman shall choose another person as the Secretary of the meeting.
2. The agenda together with the meeting papers should be provided to all members of AC at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Company Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the members of AC in making well-informed decisions.
3. The Secretary shall cause minutes of all proceedings of the AC meeting to be entered in books for that purpose. The minutes of the AC meeting should be circulated to all the AC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any AC member.

MEETING PROCEDURES

1. Meetings shall be held not less than four (4) times a year, or more frequently, as and when required.
2. Upon the request of the Internal Auditors and/or External Auditors, the AC Chairman shall convene a meeting to consider any matter the Internal Auditors and/or External Auditors believe should be brought to the attention of the Board of Directors or shareholders of the Company.
3. The quorum for the meeting shall be two (2) members with a majority of whom present must be Independent Non-Executive Directors.
4. The Finance Director, the Head of Internal Audit and a representative of the External Auditor shall normally attend AC meetings. Any other Directors and employees may attend any particular meeting only at the AC's invitation, specific to the relevant meeting.

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5. The AC shall regulate the proceedings of its meetings, 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.

6. The AC may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of tele-conference, video-conference 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. Minutes of such a meeting signed by the Chairman of the AC shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

7. A resolution shall be decided by majority vote. The entry in the minutes of the meeting of that declaration shall be conclusive evidence of the result of the resolution. In the event of an equality of votes, the Chairman has the casting vote. A member of the AC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

8. A resolution in writing signed by simple majority of the AC members shall be valid and effective for all purposes as a resolution passed at a meeting of the AC duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members. Any such document may be accepted as sufficiently signed by AC members if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the AC members.

RIGHTS OF THE AUDIT COMMITTEE

In carrying out its duties and responsibilities, the AC will:

- (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 External Auditors and person(s) carrying out the Internal Audit Function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.
- (g) evaluate the performance of External Auditors and Internal Auditors.

FUNCTIONS OF THE AUDIT COMMITTEE

1. The AC shall, amongst others, discharge the following functions to review:
 - (a) the Quarterly Results and year-end Financial Statements, prior to the approval by the Board of Directors, focusing particularly on:
 - i) the going concern assumption;
 - ii) the changes in or implementation of major accounting policy changes;
 - iii) the significant judgement made by Management;
 - iv) the significant and unusual events; and
 - v) the compliance with accounting standards and other legal requirements.
 - (b) Related Party Transactions (“RPTs”) and Recurrent Related Party Transaction (RRPT”) to be entered into are:
 - (i) at arms’s length;
 - (ii) on normal commercial terms;
 - (iii) on terms not more favourable to the related party than those generally available to the public;
 - (iv) not detrimental to the minority shareholders; and
 - (v) in the best interest of the Group.
 - (c) To ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes periodically.
 - (d) To review and report to the Board of Directors, any COI or potential COI situations that arose, persist or may arise within the Company and/or Group (applies to all Directors and Employees of the Group) including any transaction, procedure or course of conduct that raises questions or management integrity, together with the measures taken to resolve, eliminate, or mitigate such conflicts.

In reviewing the COI, the AC should consider the following factors:

 - The nature and potential duration of COI situations, and the impact on the Group; and
 - Controls in place/corrective actions to be taken – to ensure that the Conflicted Director or Conflicted Employee does not abuse his or her power to gain an unfair advantage.
 - (e) with the External Auditors the Audit Plan, Audit Report, their evaluation of the system of Internal Controls, their letter to management and management’s response and a clear and direct line of communication between the Board and the External Auditors through meetings and discussions.
 - (f) the adequacy and effectiveness of the internal control system.
 - (g) the Group risk management report and the risk management policies and practices of the Group to ensure their effectiveness.

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2. Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the AC. The policies and procedures must include among others consideration on:-
 - (a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the AC may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
 - (b) the appropriateness of audit fees to support a quality audit;
 - (c) to establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
 - (d) requirement where non-audit service fees constitute 50% or more of the total amount of audit fees paid to their external auditors, to be approved by the AC before they rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees;
 - (e) requirement to obtain written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
 - (f) the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

3. In respect of the Internal Audit Function:
 - (a) to review the adequacy of the scope, functions, competency and resources of the Internal Audit Function and that it has the necessary authority to carry out its work;
 - (b) to review the Internal Audit Plan and the results of the Internal Audit processes where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Function;
 - (c) review the appraisal or assessment of the performance of the internal audit function on an annual basis;
 - (d) review the re-appointment of the Internal Auditors;
 - (e) review any special audit which the AC deems necessary;

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- (f) to ensure that the Internal Audit Function is independent of the activities it audits and free from interference in determining the scope of internal audit, performing work and communicating results;
 - (g) to ensure the internal audit function reports directly to the AC;
 - (h) to review the adequacy and appropriateness of Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy, including the process and procedures, when necessary; and
 - (i) if the Internal Audit Function is performed in-house:
 - (i) to approve any appointment or termination of senior staff members of the Internal Audit Function; and
 - (ii) to be informed of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.
4. To promptly report such matter to the Bursa Malaysia Securities Berhad if the AC is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
5. In the event that non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (i.e. constitute 50% of the total amount of audit fees paid to the Company's External Auditors) the Company is required to seek for AC's approval and state the details on the nature of non-audit services rendered in the AC Report.
6. To carry out such other functions as may be agreed to by the AC and the Board of Directors.
7. To assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements according to policies and procedures.

REVIEW OF THE WRITTEN TERMS OF REFERENCE

This Terms of Reference will be reviewed periodically or as and when required by the AC and recommendation be made to the Board for approval on any revision.

The written Terms of Reference will be made to public on the Company's website at www.metrod.com

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TERMS OF REFERENCE OF NOMINATING AND REMUNERATION COMMITTEE

MEMBERSHIP

1. The members of the Nominating and Remuneration Committee (“NRC”) shall be appointed by the Board of Directors of the Company amongst its directors, and shall comprise exclusively of Non-Executive Directors, a majority of whom must be Independent Non-Executive Directors.
2. The Chairman of the Board must not be a member of the NRC.
3. The size of NRC shall consist of not less than three (3) members. In the event of any vacancy resulting in the non-compliance of the requirements, the Board shall fill the vacancy within three (3) months.
4. No Alternate Director should be appointed as a member of the NRC.

CHAIRMAN

1. The Board of Directors must elect a Chairman among NRC members who is an Independent Non-Executive Director.
2. In the absence of the NRC Chairman, the remaining NRC members present shall elect one of their members amongst the Independent Non-Executive Directors to be Chairman of the meeting.

SECRETARY

The Company Secretary shall be the Secretary of the NRC or in his absence, the NRC Chairman or Chairman of the meeting shall choose another person as the secretary of the meeting.

QUORUM

The quorum for meeting shall be two (2) members with a majority of whom present must be Independent Non-Executive Directors.

MEETING PROCEDURES

- (a) The NRC should meet at least once a year or hold additional meetings as and when necessary to discharge its responsibilities as spelt out in this Terms of Reference.
- (b) The agenda together with the meeting papers shall be circulated to all NRC members at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Company Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the NRC members in making well-informed decisions.

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- (c) The NRC may call for a meeting as and when required with reasonable notice as the NRC members deem fit. The NRC members may participate in a meeting by means of video or teleconferencing 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. Minutes of such a meeting signed by the NRC Chairman shall be conclusive evidence of any resolution passed at the meeting conducted in the manner as aforesaid.
- (d) Any Board members or any member of Management, who the NRC thinks fit, may attend the meeting at the NRC's invitation only, as and when appropriate.
- (e) The Secretary shall cause minutes of all proceedings of the NRC meeting to be entered in books for that purpose. The minutes of the NRC meeting should be circulated to all the NRC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any NRC member.
- (f) The Board of Directors should be kept aware of the NRC's activities by way of the NRC Minutes being circulated together with the Board meeting papers.
- (g) A resolution in writing signed or approved via letter, telex or facsimile by simple majority of the NRC members shall be valid and effectual as if it had been passed at a meeting of the NRC duly convened, held and constituted. Any such resolution to be passed may be in a single document or may consist of several documents in the like form signed by one or more members of the NRC.
- (h) A matter put to vote at the NRC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote. A member of the NRC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

DUTIES AND RESPONSIBILITIES OF THE NRC

The duties and responsibilities of the NRC are as follows:

Nominating Function

- (a) To review and assess the independence of the Independent Directors annually, and determine whether the Board members can remain as Independent Director after serving a cumulative term of nine (9) years.
- (b) To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors and Senior Management.
- (c) To ensure that the Board level recruitment matters are discussed in depth, allowing the Board to spend time on strategic and operational matters.

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- (d) To recommend to the Board of Directors a framework for the evaluation of the Board's and individual's performance for approval of the Board of Directors.
- (e) To review and recommend appointment of Directors and Senior Management to Board Committees.
- (f) To consider and recommend to the Board, candidates for directorships, proposed by the Director or to be filled by the shareholders, taking into consideration of the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism, integrity and in the case of the candidates for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors.
- (g) Considering, in making recommendations, candidates for directorships proposed by the CEO, and within the bounds of practicability, by any Senior Management or any Director or Shareholder.
- (h) Ensuring, in making recommendations, the Board does not solely rely on recommendations from existing board members, management or major shareholders and independent sources are being used to identify any suitably candidates for directorships. If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the NRC should explain why other sources were not used.
- (i) To recommend to the Board of Directors the appointment of members of each Board Committee.
- (j) To review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, including core competencies which Non-Executive Directors should bring to the Board at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary.
- (k) To assist the Board to assess annually the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director, including Independent Non-Executive Directors and CEO, including his/her character, competence, experience and time commitment to effectively discharge his/her role as a Director. Thereafter, recommend its findings to the Board of Directors.
- (l) To assist the Board to assess the performance of CEO and Chief Financial Officer annually, and recommend its findings to the Board of Directors. With regard to the annual assessment of CEO and Chief Financial Officer, the NRC shall be guided by the Human Resource Procedures on the assessment of CEO and Chief Financial Officer.
- (m) Review the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

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- (n) To review and approving any new employment of related persons and the proposed terms of their employment.
- (o) To assess the retirement of Directors by rotation and eligibility for re-election or re-appointment. Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge and experience was demonstrated with those of other Board members.
- (p) Review Board and Senior Management succession plans and overseeing the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and CEO, and periodically reporting to the Board of Directors.
- (q) To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their Terms of Reference.
- (r) Review the tenure of each director and ensure that the annual re-election of a director is based on satisfactory evaluation of the director's performance and contribution to the Board.
- (s) Conduct the fit and proper assessment prior to the appointment of any candidate as a Director, or making recommendation for the re-election of an existing Director.
- (t) To ensure that new Directors undergo a comprehensive induction program and to identify suitable training needs for the continuous development of Board members. This will enable them to stay informed about industry developments, regulatory changes, and business trends, equipping them with the knowledge and skills necessary to effectively fulfill their duties as Directors.
- (u) In exercising objectivity in the assessment process, the NRC members should not be influenced by major controlling shareholders or the CEO or Executive Directors.
- (v) The Board remains responsible for considering and approving recommendations from the NRC.
- (w) The Board should work together with the NRC to evaluate potential successors of Board Chairman and CEO.
- (x) Each NRC member should abstain from deliberation and decision of any resolutions which involving his own interest.
- (y) Ensure the Board comprises at least 30% women directors and to review the participation of women in senior management to ensure there is healthy talent pipeline.

Remuneration Function

- (a) Review Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of directors and senior management, and recommend to the Board for approval.
- (b) To review and recommend to the Board, the remuneration packages of CEO, Executive Directors, Non-Executive Directors and Senior Management of the Company, having regard to the Group's operating results, individual performance and other factors.
- (c) To ensure fees and benefits payable to directors, and any compensation for loss of employment of Executive Director are approved by shareholders at General Meetings.

ACCESS TO ADVICE

The NRC members of the Company have access to any form of independent professional advice and services of the Company Secretary at the Company's expense, if and when required, in carrying out its functions.

REVIEW OF THE WRITTEN TERMS OF REFERENCE

Any amendments to this Terms of Reference to be approved by the Board. These Terms of Reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities. The written Terms of Reference will be made to public on the Company's website at www.metrod.com.