

BOARD CHARTER

1. INTRODUCTION

The directors of PESTECH International Berhad (Company No. 201101019901/948035-U) (“PESTECH” or “Company”) regard corporate governance as vitally important to the success of PESTECH’s business and are committed to applying the principles necessary to ensure that good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- The Board shall apply the principles of good corporate governance in all its dealings to safeguard the Company’s assets and interests of all stakeholders.
- All Board members are expected to serve the Company in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for the Company towards achieving high level of business conduct and ethics.
- This Board Charter shall constitute, and form, an integral part of each director’s appointment letter.

2. PURPOSE

The purpose of this Board Charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected from them.

3. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles, duties and responsibilities as well as processes to enable all Board members to discharge their fiduciary duties as Directors of the Company.

The Board Charter also serves as a comprehensive guide for prospective or new Board members for them to understand their roles and responsibilities and the commitment of time and contribution expected of them.

4. ROLE OF THE BOARD

- 4.1 The Board’s primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction to PESTECH, identifying key risk areas and key performance indicators of PESTECH’s business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets and industry standards.
- 4.2 The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations, the Board assumes responsibility in the following areas:
 - (a) retain full and effective control over the Company, and monitor management in implementing Board plans and strategies;
 - (b) ensure that a comprehensive system of policies and procedures is operative;
 - (c) identify and monitor non-financial aspects relevant to the business;

- (d) ensure ethical behaviour and compliance with relevant laws and regulations audit and accounting principles, and the Company's own governing documents and codes of conduct;
- (e) strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only to comply in practice, but be seen to comply;
- (f) define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
- (g) act responsibly towards the Company's relevant stakeholders; and
- (h) be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principles is reviewed regularly.

4.3 Having regard to its role, the Board is concerned with key elements of the governance processes underpinning the operation of the Company with particular attention to the following:

- (a) review the strategic direction of the Company and adopt business plans proposed by management for the achievement thereof;
- (b) approve specific financial and non-financial objectives and policies proposed by management;
- (c) review processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas;
- (d) delegate authority for capital expenditure and review investment, capital and funding proposal reserved for Board approval;
- (e) review succession planning for the management team and endorse senior executive appointments, organizational changes and high-level remuneration issues;
- (f) provide oversight of performance against targets and objectives; and
- (g) provide oversight of reporting to shareholders on the direction, governance and performance of the company as well as other processes that need reporting and other disclosure requirements.

4.4 The day-to-day management will be in the hands of the Group Chief Executive Officer ("GCEO") and management.

5 BOARD LEADERSHIP

5.1 The Board should provide leadership, mission and vision to the Company that will enhance shareholder value and ensure long-term sustainable development and growth of the Company.

5.2 The Board should promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.

5.3 The two (2) key functions on top of PESTECH are leadership in maneuvering the Board in its collective oversight of management and the day-to-day operations of the Company's business. There should be a clear division of responsibilities in the Board to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

5.4 The roles of Chairman and GCEO are separate and distinct, to promote accountability and facilitate division of responsibilities between them.

5.5 The Chairman

- (a) The Board will appoint from among themselves, either executive or non-executive members, a Chairman who will preside at meetings.
- (b) The Chairman shall provide leadership to the Board so that the Board can perform its responsibilities effectively.
- (c) The Chairman shall represent the Board in any communications with the shareholders and other stakeholders of the Company, and their views are communicated to the Board.
- (d) The Chairman shall ensure the integrity and effectiveness of the governance process of the Board.
- (e) The Chairman shall ensure that the agenda of Board meetings are appropriate and in order addressing all key issues that require attention and approval from the Board. Proper notices of board or committees' meetings are duly issued and relevant papers are received within reasonable time before Board meetings. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings and that the required complete and accurate information are available to the Board.
- (f) The Chairman shall have regular dialogue with the GCEO over all operational matters and provide counsel and advice where appropriate. The Chairman shall consult with the remainder of the Board members promptly on any matters that of major concern.
- (g) The Chairman shall lead the Board meetings to facilitate constructive and effective discussions at Board meetings and ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place. The Chairman shall ensure that discussions result in logical and understandable outcomes.

5.6 The GCEO

- (a) The GCEO shall be appointed by the Board and the terms of his employment shall be subject to the purview and approval of the Board.
- (b) The key responsibilities of the GCEO include, among others, day-to-day operation of the business, implementation of the policies and strategies adopted by the Board and ensure the Company has in place, proper corporate governance as envisaged by the Board.
- (c) The GCEO shall supervise and manage the general management and operation of PESTECH.
- (d) The Board may set Key Performance Indicators (“KPIs”) for the GCEO with specific results in thriving Company to a greater height. The GCEO is authorised to make decisions and take necessary actions within management limitations in directing towards achieving such goals. The KPI will be structured into quantified organizational achievement and personal achievement against defined targets agreed between the GCEO and Board.
- (e) Only decisions of the Board acting as a body are binding on the GCEO. Decisions or instructions of individual members of the Board, officers or committees are not binding except in those instances where specific authorization is given by the Board.
- (f) The GCEO, in association with the Chairman, is accountable to the Board for the achievement of the Company goals and the GCEO is accountable for the observance of the management limitations.

- (g) The GCEO is expected to act within all specific authorities delegated to him by the Board. The GCEO may delegate the authority conferred by the Board to the management, but he is ultimately responsible and accountable for the overall management, operation and performance of the Company.
- (h) The GCEO shall not cause or permit any practice, activities or decisions that is contrary to commonly accepted good business practice or professional ethics and not to cause or permit any action that does not take into account the health, safety, environmental, political consequences and effect on long-term shareholder value.
- (i) The GCEO, with the management team, is expected to ensure that the assets of the Company are adequately maintained and protected. The Company must be operated under a comprehensive system of internal control, and management of assets or funds shall be guided by a proper process and procedure under defined limit of authority, which are sufficient to meet standards required pursuant to the Company's risk management policies and processes and that are acceptable to the Company's external auditors. In managing the risks of the Company, the GCEO shall not cause or permit anyone to substitute their own risk preferences at the stake of the shareholders' interests.
- (j) The GCEO shall not cause or permit employees and other parties working for the Company to be subjected to undignified, inequitable, unfair or unsafe treatment or conditions.

6. COMPOSITION OF THE BOARD

- 6.1 In accordance with the Company's Constitution, the number of directors of the Company shall not be less than two (2) and more than 12. The Board comprises three (3) executive directors and three (3) non-executive directors. The three (3) non-executive are all independent directors and thus, the Board has the desired level of objectivity and independence in Board deliberations and decision-making.
- 6.2 An executive director is considered an individual who:
 - (a) is involved in the day-to-day management and operation of the company; and/or
 - (b) is a full-time salaried employee of the company and/or its subsidiaries.
- 6.3 A non-executive director is considered an individual who:
 - (a) is not involved in the day-to-day management and operation of the Company; and/or
 - (b) is not a full-time salaried employee of the Company or its subsidiaries; and/or
 - (c) is an individual in the full time employment of the holding company, or any of its subsidiaries or its associated companies, shall also be considered a non-executive director to the extent that they carry no executive authority over the day-to-day affairs of the Company and its subsidiaries and associated companies.
- 6.4 An independent non-executive director is considered an individual who:
 - (a) is not an executive director;
 - (b) has not been within the last two (2) years and is not an officer (except as a non-executive director) of the Company;
 - (c) is not a major shareholder of the Company;

- (d) is not a family member of any executive director, officer or major shareholder of the Company;
 - (e) is not acting as a nominee or representative of any executive director or major shareholder of the Company;
 - (f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Bursa Securities; or
 - (g) has not engaged in any transaction with the Company under such circumstances as prescribed by the Bursa Securities or is not presently a partner, director or 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 Company under such circumstances as prescribed by the Bursa Securities.
- 6.5 Procedures for appointments to the Board should be formal and transparent. The Nominating Committee is responsible for the assessment and nomination of potential new directors.
- 6.6 The Board shall define an appropriate division of duties and responsibilities on the Board, identifying key roles and performance standards for Board members and ensure that Board members clearly understand these functions.
- 6.7 The Board is willing to have members of management appointed to the Board in addition to the GCEO. However, the Board believes that management should encourage senior management to understand that Board membership is not necessary or a prerequisite to any higher management position in the Company.
- 6.8 Qualification for membership of the Board are:
- (a) an appropriate knowledge, understanding and experience of the conduct of the business, as well as the laws, customs and values that govern the activities of the organization;
 - (b) the ability to make sensible and informed business decisions and recommendations;
 - (c) an entrepreneurial talent for contributing to the creation of shareholder value;
 - (d) the ability to ask pertinent questions;
 - (e) high ethical standards and sound practical sense;
 - (f) the ability to see the wider picture and perspective, with some benefit of international experience;
 - (g) integrity in personal and business dealings; and
 - (h) total commitment in furtherance the interest of the shareholders and to achieve the Company's goals.
- 6.9 Key competencies required for non-executive directors include:
- (a) contribute an objective and independent view;
 - (b) contribute and add value to Board deliberations;
 - (c) add to the breadth and depth of experience of the Board;
 - (d) demonstrate a wide, and unfettered, perspective on issues and bring to the Board integrity and a strong sense of ethics;
 - (e) organizational and strategic awareness and an appropriate level of financial literacy;
 - (f) knowledge of duties and responsibilities of a director; and

- (g) constructively collaborate as part of a team contributing towards the success of the Company.

6.10 Size of the Board

- (a) The size of the Board is dictated by the Company's Constitution, which permits a maximum of twelve (12) directors to be appointed to the Board.
- (b) The Board composition must be sufficient to ensure a wide range of skills and knowledge, views and experience to achieve the balance of skills, experience, and professional and industry knowledge necessary to meet the Company's strategic objectives.

6.11 Retirement and Re-election of Director

- (a) New Board members will only hold office until the next annual general meeting at which they will retire and be eligible for re-election.
- (b) The term for independent non-executive directors shall be fixed for two (2) years and subject to renewal after two (2) years.
- (c) All Board members are subject to retirement by rotation and re-election by shareholders at least once every three (3) years in accordance with the Company's Constitution.
- (c) An independent director will hold office for a cumulative term limit of up to nine (9) years. Upon completion of 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 justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after year twelfth (12th), the Board should provide justification and seek shareholders' approval annually through a two-tier voting process.

6.12 Director's Commitment

Directors are expected to commit sufficient time to perform such duties and responsibilities as expected from them. No Directors shall sit on the boards of more than five (5) listed issuers and before accepting any new directorship (whether for listed issuers or otherwise), the Directors concerned shall notify the Chairman, the notification of which shall include an indication of time that will be spent on the new appointment. The Chairman of the Board shall also do likewise and notify the Board before taking up any additional appointment of directorships.

6.13 Director's Remuneration

- (a) The Board will propose and recommend the level of remuneration paid to directors and tabled for shareholders' approval.
- (b) The levels and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully.
- (c) Non-executive Directors receive no share options nor significant benefits from PESTECH, other than their directors' fees and meeting allowances.
- (d) Executive members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.
- (e) A formal and transparent procedure shall be established for developing policy on remuneration and fixing of remuneration packages for individual Board members.

- (f) The Director shall abstain from deliberations and voting in respect of his own remuneration packages during board or committee meetings.
- (g) The Board should report and disclose the total annual remuneration received by each director to the shareholders in the Company's annual report.

6.14 Directors' Induction and training

The Group acknowledges that the Directors' induction process and continuous education is vital for Board members to gain clear insight into the Group as well as keeping them abreast with development of state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities effectively.

Directors' induction may take various forms, including formal and informal sessions, such as the following:

- (a) time with other Directors to enable further insights and knowledge of the Company; in particular the Chairman and the Company Secretary;
- (b) furnishing of a copy of previous Board minutes, at least of the past six (6) months;
- (c) visits to key sites/ offices;
- (d) additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the Company's/ Group's business is vital for each Director, Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/ business activities at Board meetings); and
- (e) a formal one (1) to two (2) day induction programme, including the elements above, and also presentations by key management personnel.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme of Bursa Securities, shall continue to attend other relevant trainings and seminars to ensure that each Director receives regular briefings and updates on changes in risks, laws and regulations, economic scenario and the industry climate affecting the business, and to further enhance their business acumen and professionalism in discharging their duties to the Company.

The Board, via the Nominating Committee, shall identify the training needs of the Directors through the annual assessment on Board, Board Committees and individual Directors to determine the type of training that may be required by each Director. The cost of the induction, mandatory accreditation programme and/or continuing education programme shall be borne by the Company. The Board shall disclose in the Annual Report the trainings attended by the Directors for the financial year. Where a Director does not attend any training during the financial year, explanations thereof shall be provided by the Director concerned to the Board as well as furnished in the Annual Report of the Company.

6.15 Succession planning

- (a) The Board as a whole shall be responsible, in fact as well as procedures, for selecting its own members and in recommending them for election or re-election by the shareholders and to select, monitor, evaluate and replace the GCEO and other senior executives when necessary.

- (b) The Board has delegated the screening process involved to the Remuneration and Nominating Committees with the direct input from the Chairman of the Board and the GCEO (as appropriate).
- (c) There shall be reports annually by the GCEO to the Board on senior management succession planning, also providing details of the Company's program for management development. There shall also be available, on a continuing basis, the GCEO's recommendations as a successor should be or she be unexpectedly disabled.
- (c) Board continuity, subject to performance and eligibility for reelection, is imperative. A program ensuring a staggered rotation of Board members is in place to obtain infusion of fresh thinking and relevant mix of skills and experience.

7. BOARD GOVERNANCE

7.1. Board procedures

- (a) The conduct of Board members shall be consistent with their duties and responsibilities to the Company and thus to the shareholders.
- (b) The directors shall always act within limitations imposed by the Board of its activities.
- (c) Directors' responsibilities and limitations are primarily set out in the Company's Constitution, the Companies Act 2016 ("the Act"), the Listings Requirements of the Bursa Securities and Board and/or shareholders' resolutions.
- (d) The Board shall be disciplined in carrying out its role, with emphasis on strategic issues and policy.
- (e) The Board's discussions shall be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote. Discussions and records will remain confidential unless a specific direction from the Board to the contrary.
- (f) The Board has sole authority over its agenda, however, any Board member may request an addition of an item on the agenda.
- (g) The Board members are entitled to have access, at reasonable times, to all relevant company information and to senior management to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions.
- (h) At each Board meeting, the Board shall, *inter alia*, consider:-
 - an operational report from the GCEO;
 - a report from the Chief Financial Officer;
 - reports on the activities from the Company's individual business units;
 - specific proposals for capital expenditure and acquisitions; and
 - major issues and strategic opportunities for the Company.
- (i) There shall be a procedure agreed by the Board in furtherance of their duties to take independent professional advice, if necessary, at the Company's expense.
- (j) At intervals of not more than one (1) year, the Board will:
 - review and evaluate the present and future strengths, weaknesses and opportunities in respect of the Company. Comparisons with competitors, locally and internationally, and best practice are important elements of this process;
 - review and approve the Company's financial objectives, plans and actions and significant allocation and expenditure while considering how a proper "balanced scorecard" and "triple bottom line" approach may be applied;

- review the Company's goals and the strategies for achieving the Company's goals;
- approve the annual budget;
- approve the preliminary and half-yearly financial statements, annual report, other reports to shareholders and public announcements;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board's composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of the Board's committees;
- review the Chairman's remuneration;
- review the GCEO's remuneration;
- review the directors' remuneration;
- review remuneration policies and practices in general, including retirement funding and incentive schemes for management (if any);
- review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- review the Company's codes of conduct and ethical standards;
- review shareholder, client and other relevant stakeholder relations;
- review donations and sponsorships; and
- settle the following year's work plan for the Board.

8. BOARD COMMITTEES

- 8.1. The Board is authorized to form committees and Board committees shall be formed in compliance with Main Market Listing Requirements of Bursa Securities. The Board Committees facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. Delegating authority to Board committees or management does not in any way mitigate or dissipate the discharge by the Board of their duties and responsibilities.
- 8.2. There shall be transparency and full disclosure from the Board committees to the Board on the proceedings of committee meetings.
- 8.3. Board committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise.
- 8.4. Board committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the GCEO by the Board.
- 8.5. The Board shall have three (3) Board committees as prescribed under the Main Market Listing Requirements of Bursa Securities, namely the Audit Committee, the Remuneration Committee and the Nominating Committee.
- 8.6. The membership and function of the Board committees are as follows:
- 8.6.1. Audit Committee
- (a) The Audit Committee shall consist three (3) non-executive directors, all of whom must be independent directors. It shall be chaired by an independent non-executive director.
- (b) The Audit Committee's primary function is to:
- (i) review the appropriateness and adequacy of the systems of internal financial and operational controls;

- (ii) review the accounting policies and financial information issued to the public; and
- (iii) identify and evaluate exposure to significant risks;
- (iv) provide effective communication between the Board, management, and internal and external auditors.

8.6.2. Remuneration Committee.

- (a) The Remuneration Committee shall consist non-executive directors and a majority of them must be independent directors.
- (b) The purpose of this Committee is to approve a broad remuneration strategy and to ensure that executive directors and senior management reporting to the GCEO are adequately remunerated for their contribution to PESTECH's operating and financial performance in terms of base pay and short and long terms incentives. It also makes recommendations to the Board on non-executive director fees.

8.6.3. Nominating Committee

- (a) The Nominating Committee shall consist of three (3) non-executive directors. It shall be chaired by an Independent director or the Senior Independent Non-Executive director.
- (b) The Nominating Committee assesses the effectiveness of the Board composition and evaluates the performance of all Board members and senior management on an annual basis.
- (c) The Committee assesses the term of office and performance of the Audit Committee and each of its members, on an annual basis.

9. MATTERS RESERVED FOR THE BOARD

The following matters shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the committees of the Board (as appropriate):

9.1 Business operations

- (a) the Company's strategic plans, budgets and financial results;
- (b) the capital expenditure above prescribed thresholds based on formalised limits of authority;
- (c) any major corporate proposals, new business ventures or joint ventures of the Company;
- (d) any material acquisitions and disposals of undertakings and assets by the Company;
- (e) investment of capital projects, which represents significant diversification from the Company's existing business activities;
- (f) major changes in the activities of the Company;

9.2 Financial

- (a) The adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;
- (b) the raising of incremental borrowing facilities by the Company and its subsidiaries involving any amount must be approved by the Board of Directors of the Company;
- (c) the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- (d) the approval of annual financial statements, the approval of interim reports, the valuation of unlisted investments, the declaration of dividends and the forfeiture of unclaimed dividends; and

- (e) the recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any share grant scheme).

9.2. Statutory and Administrative

- (a) recommending amendments to the Constitution of the Company;
- (b) the appointment, removal or replacement of the external auditors of the Company upon the recommendation of the Audit Committee;
- (c) the frequency of meetings of the Board;
- (d) the convening of general meetings of shareholders of the Company;
- (e) the approval of proxy forms for annual and general meetings of shareholders of the Company;
- (f) the formulation of recommended policies in relation to industrial relations;
- (g) the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- (h) the appointment of responsible persons as may be required in terms of any Act in Malaysia or elsewhere in respect of the Company;
- (i) the approval of the rules and amendments to the Company's pension and provident funds (if any) having a material effect on the actuarial liabilities of those funds;
- (j) the granting of general signing authorities pursuant to the Constitution of the Company;
- (k) the appointment, removal or replacement of the company secretary;
- (l) establishing any overseas branch or duplicate register of shareholders of the Company;
- (m) the variation of the rights attaching to shares where such powers are vested in the Board; and
- (n) the formulation and amendment of the Company's Code of Conduct.

9.3. Regulatory

- (a) the approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- (b) the approval and authority to issue circulars to shareholders of the Company;
- (c) the approval of and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
- (d) recommending to shareholders that they approve any ordinary or special resolutions in respect of the Company;
- (e) recommending that the shareholders take a particular course of action proposed by the Board; and
- (f) any decision to list the Company's or any of its subsidiaries' shares on any stock exchange or to terminate any such listing.

9.4. Manpower

- (a) Appointments to and removals from the Board including the appointment of the Chairman, GCEO, executive directors and non-executive directors, and the approval of nominations of alternate directors (if any) as recommended by Nominating Committees;
- (b) the appointment of, terms of reference and changes in the composition of the committees of the Board as are established from time to time;
- (c) any increase of Board members' fees as recommended by Remuneration Committee, which shall finally be approved by shareholders in a general meeting;
- (d) the approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended by the Remuneration Committee, for submission to shareholders, if applicable; and

- (e) the formulation of recommended policies in relation to equal opportunity employment, human capital development, environment, health and safety.

9.5. Constituting part of this Board Charter is a “general enabling resolution” which deals with the authority of certain directors and officials to settle terms of contracts and to bind and entitle the Company.

10. MANAGEMENT OF RISKS

10.1. The Board is responsible for the total process of risk management and uses the risk assessment monitor as its main source of information to determine the effectiveness of PESTECH’s risk management process.

10.2. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed to, internally and externally.

10.3. The Board shall understand the business risk issues and key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives.

10.4. The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company’s assets and reputation are duly protected.

10.5. The most significant risks, include among others, the following:

- (a) operational and financial;
- (b) skills shortage;
- (c) risks associated with buying raw materials;
- (d) credit granting;
- (e) defaulting debtors;
- (f) information technology services;
- (g) crime;
- (h) currency; and
- (i) interest rate

11. BOARD MEETINGS

11.1. Board members will use their best endeavors to attend Board meetings and to be well-prepared thoroughly. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Board members who are unable to attend shall notify the Chairman and Company Secretary in advance.

11.2. Frequency and Quorum

- (a) Meetings of the Board will be held at such time and at such venue as the Board deems appropriate, but the Board shall meet at least quarterly or where circumstances necessitate.
- (b) The quorum necessary for the transaction of business in accordance with the Company’s Constitution is two (2).
- (c) In addition to the matters set out in this Board Charter, meetings and proceedings of the Board shall be governed by the Company’s Constitution.
- (d) Except under exceptional circumstances, at least seven (7) days’ notice will be given of a meeting of the Board.

- (e) The Chairman must establish standards for preparation of board papers and reports.

11.3 Agenda and meeting papers

- (a) The Chairman must ensure that an agenda is prepared prior to the meeting, raising issues that require attention, ensuring that proceedings are conducted efficiently and all appropriate matters addressed. The Company Secretary must also work with the Chairman on preparing the agenda.
- (b) The Company secretary must circulate the agenda and other meeting papers to the Board members at least seven (7) days before the date set down for the meeting.

11.4 Minutes

Proceedings of the relevant meetings and the resolutions reached shall be properly recorded by way of minutes of meeting. Minutes are prepared following a Board meeting and are circulated in draft form. The draft minutes shall be re-circulated with the Board papers in readiness for signing at the following meeting. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

12. SHARE DEALINGS BY BOARD MEMBERS

When dealing in the Company's shares, Board members must strictly observe the provisions of the Listing Requirements of Bursa Securities, the Capital Markets & Services Act 2007 and all other relevant legislative or regulatory requirements / procedures as may be prescribed from time to time.

13. BOARD EVALUATION AND PERFORMANCE

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board, with the assistance of the Nominating Committee, shall review and evaluate the performance of the Board, Board Committees and individual Directors, including independence assessment of the Independent Non-Executive Directors, on an annual basis.

14. BOARD'S RELATIONSHIP WITH SHAREHOLDERS

The Board is committed to making disclosures and announcements, including annual reports, circular to shareholders, press releases and quarterly financial announcements, on a timely basis to provide shareholders and investors with an overview of the Group's performance and operation in order for them to make informed decisions.

The Board authorises the GCEO to be the official spokesperson for the Company. The Company has established a dedicated section for Investor Relations on the Company's website, providing information such as, amongst others, the Board Charter, announcements to Bursa Securities and the Annual Report.

15. COMPANY SECRETARY

- 15.1 The Company Secretary has a key role to play in ensuring that board procedures are both followed and reviewed regularly, and has the responsibility in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers.
- 15.2 It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretary remains capable to fulfill the function or which they have been appointed, and the appointment and removal of the Company Secretary is a matter for the Board as a whole.

- 15.3 The Company Secretary is responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with its efficient operation are maintained.
- 15.4 The Company Secretary must maintain statutory books in accordance with legal requirements.
- 15.5 In addition to the statutory duties of the Company Secretary, he must provide the Board as a whole and the Board members individually with guidance as to how their responsibilities should be properly discharged in the best interests of the Company.
- 15.6 The Company Secretary should provide a central source of guidance and advice to the Board and its committees on issues including compliance with rules and procedures, statutory regulations and listing requirements.
- 15.7 The Company Secretary must keep abreast of, and inform, the Board of current governance thinking and practice.
- 15.8 The Board members shall have unlimited access to the advice of the Company Secretary.

16. Adoption and Review of Board Charter

The Board shall review the Charter from time to time and make any necessary amendments to ensure that it remains consistent with the Board's objectives and responsibilities.

*****End of Document*****