



Mestron Holdings Bhd

BOARD CHARTER

1. INTRODUCTION

- 1.1 The Board Charter sets out the principles governing the Board of Directors (“Board”) of Mestron Holdings Bhd (“Company”) and adopts the principles and practices of good corporate governance in the management of the Company.
- 1.2 The Board Charter is designed to achieve the following objectives: -
- (a) To enable the Board to provide strategic guidance and effective oversight of Management;
 - (b) To clarify the roles and responsibilities of members of the Board and Management to facilitate Board and Management’s accountability to the Company and its shareholders;
 - (c) To ensure a balance of authority so that no single individual or group of Directors has unfettered powers; and
 - (d) To assist the Board in the assessment of its own performance and of its individual Directors.

2. AUTHORITY, COMPLIANCE WITH LAWS AND INTERNAL CODE OF CONDUCT AND ETHICS

- 2.1 The Board: -
- (a) derives its authority to act from the Memorandum & Articles of Association of the Company and also the laws and regulations governing companies in Malaysia; and
 - (b) will comply with the Code of Conduct and Ethics developed and approved by the Board from time to time and the applicable laws, rules and regulations in Malaysia.

3. BOARD COMPOSITION

The Board should comprise of executive and independent non-executive directors with a broad range of skills and expertise in areas such as finance, corporate affairs, legal, marketing and operations, who are independent and committed to business integrity and professionalism in all its activities and have a proper understanding of and competence to deal with the current and emerging business issues. The Board composition should also be made up of individuals with the aim of achieving diversity including diversity in gender, ethnicity and age.

4. BOARD

- 4.1 The Board may delegate its power as it considers appropriate. However, ultimate responsibilities for strategy and control rests with the Board.
- 4.2 The Board recognises that the decision-making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and its subsidiaries (“Group”).
- 4.3 There is also a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, for Directors to obtain independent professional advice at the Company’s expense.

5. BOARD’S DUTIES AND RESPONSIBILITY

- 5.1 The Board plays a pivotal role in stewardship of the Group’s direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board will: -
 - (a) at all times act honestly, fairly, ethically and diligently in all aspects in accordance with the laws, rules and regulations applicable to the Company;
 - (b) ensure stakeholders are kept informed of the Company’s performance and major developments affecting its state of affairs;
 - (c) identify and manage principal risks affecting the Company;
 - (d) maintain a robust and sound framework for internal control and risk management to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
 - (e) be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group’s strategic direction, establishing goals for Management and monitoring the achievement of these goals;
 - (f) input into and approve Management development of corporate strategies, including setting performance objectives;
 - (g) monitor corporate performance and implementation of strategies and policies;
 - (h) monitor and review Management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee;
 - (i) ensure that succession planning of the Board and senior Management is in place;
 - (j) monitor the Board composition, processes and performance with the guidance of the Nomination Committee; and
 - (k) review and approve remuneration of Directors under the guidance of the Remuneration Committee.

5. BOARD'S DUTIES AND RESPONSIBILITY (CONT'D)

5.2 The Board has a formal schedule of matters reserved to itself for decision which includes, amongst others, the following: -

- (a) establishment of a vision and strategies for the Group in conjunction with Management;
- (b) approval of the terms of reference and memberships of Board committees;
- (c) approval of the Group's policies which may be developed from time to time;
- (d) the acquisition and divestment policy;
- (e) approval of major capital expenditure projects;
- (f) consideration of significant financial matters; and
- (g) the review of the financial and operating performance of the Group.

5.3 The schedule in paragraph 5.2 above ensures that the governance of the Group is in the Board's hands.

6. CHAIRMAN'S ROLES AND RESPONSIBILITIES

6.1 The Chairman of the Board plays a critical role on the Board, leading the Board in its responsibilities for the business and affairs of the Company and oversight of management.

6.2 The Chairman shall be responsible for, *inter alia*: -

- (a) providing leadership for the Board in its oversight of the management;
- (b) establishing the agenda for Board meetings in consultation with the Managing Director/ Executive Directors/Company Secretary(ies) and ensuring that complete, timely, relevant and accurate information is placed before the Board so that Directors have sufficient time to appreciate issues to be deliberated at the Board meeting and expedites the decision-making process;
- (c) presiding over Board meetings and ensuring that efficient organisation and conduct of the meetings;
- (d) ensuring that appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole; and
- (e) leading the Board in establishing and monitoring good corporate governance practices and procedures in the Company.

7. INDIVIDUAL DIRECTOR'S ROLES AND RESPONSIBILITIES

- 7.1 In the performance of his/her fiduciary duties, each Director is required to act in good faith and for a proper purpose, exercise reasonable care, skill and diligence in the best interests of the Group and to ensure compliance with the relevant laws and regulations.
- 7.2 The responsibilities of a Director are *inter alia* as follows: -
- (a) act in good faith in line with the Group's interest;
 - (b) act with care and diligence, demonstrate commercial reasonableness in decision making and with the level of skill and care expected of a Director of a listed company;
 - (c) take reasonable steps to avoid actual, potential or perceived conflicts of interest and self-dealing through improper use of the Company and Group's property, position, corporate opportunity or competing with any of the company within the Group except in those circumstances permitted by the Company; and
 - (d) make reasonable enquiries to ensure the Group is operating efficiently, effectively and legally towards achieving its goals.

8. MANAGING DIRECTOR'S ROLES AND RESPONSIBILITIES

- 8.1 The Managing Director is responsible to the Board for the overall management and profit performance of the Group, including all day-to-day operations and administration within the framework of Company policies, reserved powers and routine reporting requirements. The Managing Director may delegate aspects of his authority and power but remains accountable to the Board for the Company and the Group's performance.
- 8.2 The responsibilities of the Managing Director include *inter alia*: -
- (a) developing and implementing the corporate and financial strategies, annual budget and corporate performance targets of the Company;
 - (b) providing directions in the implementation of short and long-term business plans;
 - (c) serving as the chief link between management and the Board by leading the implementation and execution of approved strategies, policies and operational planning;
 - (d) reporting/presenting to the Board on the current and future initiatives of the Company and the Group and bringing material and other relevant matters to the attention of the Board in an accurate, timely and regular manner;
 - (e) being accountable to the Board for all aspects of the Company and the Group's operations and performance;
 - (f) providing strong leadership that is effectively communicating vision, management philosophy and business strategies to the employees;
 - (g) recommending or appointing the executive team and ensuring proper succession planning and performance appraisals; and
 - (h) establishing an organizational structure for the Group which is necessary to enable execution of its strategic planning.

9. MANAGEMENT'S ROLES AND RESPONSIBILITIES

- 9.1 Management, through the Board's delegation of authority to the Managing Director, is responsible for the: -
- (a) day to day management of the business and operations of the Group;
 - (b) implementation and execution of approved strategies, policies and operational plans mandated to management; and
 - (c) implementation and execution of the Code of Conduct and Ethics and policies.
- 9.2 Management should supply the Board with such information as is reasonably necessary to assist the Board in discharging its duties.

10. DELEGATION OF POWERS

- 10.1 The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.
- 10.2 The Board has established the following committees:
- (a) Audit and Risk Management Committee

Assists the Board in fulfilling its oversight responsibilities of the Group's financial reporting process and internal control system.
 - (b) Nomination Committee

Provides recommendations to the Board on the candidates for all directorships of the Company and responsible in ensuring the appropriate Board balance and size.
 - (c) Remuneration Committee

Provides recommendations to the Board on the remuneration of the Executive Directors in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.
- 10.3 These committees shall undertake in-depth deliberation of the issue at hand before tabling its recommendations thereon to the Board.
- 10.4 The Board may also delegate specific functions to ad hoc committees as and when required.

11. BOARD PROCESS

11.1 Meetings

- (a) the Board shall meet at least 4 times a year with additional meetings convened when necessary;
- (b) notices and agenda of meetings together with the relevant Board papers shall be distributed at least 5 working days prior to the Board meetings, except in the case of an emergency, where reasonable days shall be sufficient; and
- (c) if a Director is unable to be physical present, he/she may choose to participate via tele-presence or tele-conferencing.

11.2 The Company Secretary

- (a) the Board will appoint at least 1 Company Secretary. The Company Secretary is accountable to the Board;
- (b) all Directors shall have direct access to the Company Secretary. The Company Secretary is expected to provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance; and
- (c) the responsibilities of the Company Secretary include: -
 - (i) coordinating all Board business, including agendas, board papers and minutes;
 - (ii) advising the Board on procedural and regulatory requirements and ensuring compliance therewith; and
 - (iii) communicating with regulatory bodies and attending to the necessary filings.

12. FINANCIAL AUTHORITY LIMIT

12.1 Board approval shall be required for: -

- (a) All capital and/or operating expenditures in excess of RM 500,000;
- (b) Disposal of assets in excess of RM 500,000;
- (c) Staff hires or contracts outside of the approved budget; and
- (d) Opening of new bank accounts.

12.2 The Executive Directors shall approve for: -

- (a) All budgeted capital and/or operating expenditures up to RM 500,000;
- (b) Disposal of assets up to RM 500,000;
- (c) Staff hires or contracts within the approved budget; and

- (d) All operating expenditures incurred in the ordinary course of business and within the approved operating budget.

12.3 With the relevant approval obtained as stated in 12.1 and 12.2 above, the relevant authorised cheque signatories shall then execute necessary actions accordingly.

13. REVIEW AND PUBLISH OF CHARTER

The Board will periodically review the Board Charter and make any changes it determines necessary or desirable.

The Board Charter is to be published on the Company's website on <http://www.mestron.com.my/>