

SMTRACK BERHAD (“SMTRACK” OR THE “COMPANY”)

BOARD CHARTER

1. OBJECTIVE

The primary objective of the Board Charter of SMTrack Berhad (“Company” or “SMTrack”) is to:-

- a) set out the roles, composition and responsibilities of the Board of Directors (“the Board”) and the key elements of governance principles guiding the business culture and strategic initiatives of the Company;
- b) provide procedures for convening board meetings;
- c) act as a source of reference and primary induction materials, providing insights to prospective board members; and
- d) assist the Board in the assessment of its own performance and that of individual directors.

2. COMPOSITION

The number of Directors shall not be less than two (2) and not more than twelve (12) as stipulated in the Company’s Articles of Association, and at any time, at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors, in compliance with Rule 15.02 (Independent Directors) of the ACE Market Listing Requirements (“AMLR”).

The Board shall appoint the Senior Independent Director as the chairman of the Nomination Committee, unless a better candidate is available.

The positions of the Chairman and the Chief Executive Officer (“CEO”) shall be held by different individuals, and the Chairman must be a Non-Executive member of the Board.

2.1 Chairman of the Board

The Chairman of the Board is responsible for:

- (a) Leads the Board by setting the tone at the top and managing the Board’s effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure effectiveness.
- (b) Sets the Board agenda for each meeting with the assistance of the Company Secretary and the same is circulated to the Board Members accordingly.
- (c) Leads the meeting pace and discussions in an effective manner.
- (d) Provides his objective views and decisions during deliberations at Board meetings to resolve situations when there are differing views amongst the Board Members and/or the Senior Management.

- (e) Representing the Group in discussion on high level matters with external parties such as key customers and government agencies.
- (f) Leads the Board by ensuring that the Group adheres to all the relevant laws and regulations as well as monitors its good corporate and best practices.

Where the Chairman is executive, then the executive directors should not hold majority vote on the Board.

2.2 Chief Executive Officer

The CEO has overall executive responsibility for day-to-day business operations and the implementation of the Board's policies, corporate objectives, performance targets and long-term goals and making operational decisions.

The CEO is responsible for ensuring the provision of accurate, timely and clear information relating to business and financials to the Board of Directors. All Board authorities conferred on the Management is delegated through the CEO and this will be considered the CEO's authority and accountability as far as the Board is concerned.

2.3 Independent Non-Executive Directors

The Independent Non-Executive Directors shall provide independent judgment and objectivity and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Group. The Independent Non-Executive Directors help to ensure that the interests of all shareholders and not only the interests of a particular group and that all relevant matters and issues are objectively and impartially considered by the Board.

A Director is an independent director if he fulfills the independence criteria as prescribed by Rule 1.01 of Bursa Malaysia Securities Berhad's AMLR and the Board is satisfied that such Director is independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgment or the ability to act in the best interest of SMtrack Group.

The roles and responsibilities of the Independent Non-Executive Director include the following :

- (a) Provide independent judgment and participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making; and
- (b) Provide a check and balance to the Board.

2.4 Tenure of Directors

All Directors are subject to retirement by rotation in accordance with the Articles of Association of the Company and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In line with the MCCG 2017, the tenure of an independent Director should not exceed a cumulative term of nine (9) years unless it is recommended by the Nomination Committee and the Board is satisfied that he or she is able to continue bring independent judgement to the Board deliberations. This will be subject to the approval of shareholders at the annual general meeting of the Company. If the Board continue to retain the independent Director after the twelfth (12) year, upon passing the assessment from Nomination Committee, the Board should provide justification and seek shareholders' approval through a "two-tier" voting process as stipulated in the MCCG 2017.

3. COMPANY SECRETARY

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified, competent and capable of carrying out the duties required of the post.

The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance. Other primary responsibilities of the Company Secretary shall include:

- preparing agendas of Board and Board committee meetings in consultation with the respective Chairmen;
- ensuring that Board procedures and applicable rules are observed;
- preparing comprehensive minutes to document meeting proceedings and ensuring conclusions are accurately recorded;
- assisting the communications between the Board and Management; advise the board on its roles and responsibilities;
- facilitate the orientation of new directors and assist in director training and development;
- advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- manage processes pertaining to the annual shareholder meeting;
- monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations;
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

4. BOARD COMMITTEES

To assist the Board in the discharge of its duties effectively, the Board has delegated certain functions to the following Committees, each operating within clearly defined terms of reference:

- (a) Audit and Risk Management Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

4.1 Audit and Risk Management Committee

The Audit and Risk Management Committee shall be appointed by the Board from amongst their members. The membership of Audit Committee shall consist of not less than 3 members, of which all the audit committee members must be Independent Non-Executive Directors. The Chairman of the Audit Committee shall be an Independent Non-Executive Director, and shall not be the Chairman of the Board.

The Audit and Risk Management Committee took the task of reviewing the process of preparing and implementation of internal procedures, finding solutions and providing avenues for mitigating the elements of risk and maintaining control. In every financial quarter, the Audit and Risk Management Committee assumes the task of reviewing the draft announcements for the Group's financial results.

The functions of the Audit and Risk Management Committee are to review the following and report the same to the Board:-

- (a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit and ensure co-ordination where more than one audit firm is involved in the audit;
- (b) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- (c) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (d) To review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employee involved in the risk management process;
- (e) To assess the actual and potential impact of any failure or weakness, particularly those related to financial performance or conditions affecting the Group.

The Audit and Risk Management Committee's functions and duties as well as its composition are set out in its terms of reference.

4.2 Nomination Committee

The Nomination Committee should comprise exclusively of non-executive directors, a majority of whom must be independent. The Chairman of the Nomination Committee should be the senior independent director identified by the Board. The Nomination Committee's responsibilities include:

- (a) Identifying candidates as well as to review and recommend all nominations, whether by any board of directors of the Group, any director of the Group, any head of the company of the Group and, within the bounds of practicability, by any other senior executive or any shareholders of the Group, for the approval of the respective board of directors of the Group;

- (b) Undertaking an annual review of the required size, structure and composition of the boards of directors of the Group, mix of skills, experience, diversity (including gender diversity) and other qualities and core competencies which executive/ non- executive directors should bring to the respective boards of directors of the Group and shall assess the effectiveness of the boards of directors and any board committees of the Group;
- (c) Assess the effectiveness of the Board as a whole, the committees of the Board, the contributions of each director to the respective boards of directors and the performance of the Managing Director and Executive Directors of the Group. The Committee shall also recommend to the respective boards of directors the removal of a director or Managing Director or Executive Director if he is ineffective, errant or negligent in discharging his responsibilities; and
- (d) Oversee the appointment, management succession planning and performance evaluation of key senior management staff of the Group, and to recommend to the respective boards of directors the removal of key senior management staff if they are ineffective, errant and negligent in discharging their responsibilities.

The Nomination Committee's functions and duties as well as its composition are set out in its terms of reference.

4.3 Remuneration Committee

The Remuneration Committee should comprise majority of non-executive directors. The Chairman of the Remuneration Committee should be an independent non-executive director. The Remuneration Committee's responsibilities include:-

- (a) Consider the scope of service agreements and remuneration of executive directors of the Group and make such recommendations to the respective boards of directors of the Group as the Committee thinks fit.
- (b) Review and make recommendations to the respective boards of directors of the Group on the remuneration policies and packages of executive directors, Managing Director and key senior management staff of the Group.
- (c) Review and make recommendations to the respective boards of directors of the Group on director's fees and other remuneration of non-executive directors and independent directors linking the level of remuneration to their level of responsibilities and contribution to their respective boards of directors.

The Remuneration Committee's functions and duties as well as its composition are set out in its terms of reference.

5. BOARD MEETINGS

Board meetings are to be held not less than four (4) times a year. Directors are expected to attend all Board meetings and meetings of committees on which they serve, and to devote sufficient time to properly discharge their responsibilities at those meetings.

Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting shall be distributed to the Directors at least seven (7) working days prior to the meeting, and within 24 hours in exceptional cases, in order to provide ample time for review beforehand.

Individual directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the LR;

The Company Secretary or the secretary of the Board Committee shall take minutes of the meetings. These minutes shall be forwarded to the Chairman of the respective meeting for his/her review prior to tabling at the next succeeding meeting for approval by the members of the Board or Board Committees, as the case may be. All Board members must ensure that the minutes of meetings accurately reflect the deliberations and decision of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

6. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board is mindful of the importance of maintaining proper corporate disclosure procedures with the aim of providing shareholders and investors with comprehensive, accurate and quality information on a timely basis.

The Company's website incorporates an Investor Relations ("IR") section which provides all relevant information on the Group and is accessible by the public. This section enhances the IR function by including, inter-alia, all announcements made by the Company, annual reports, board charter and the corporate and governance structure of the Group. The Company shall enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time.

From the Company's perspective, the annual general meetings also serve as a forum for the Directors and the Management to engage with the shareholders directly to understand their needs and to seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

7. RELATIONSHIP WITH OTHER STAKEHOLDERS

The Board should ensure there is effective, transparent and regular communication with its stakeholders. In carrying out the objectives of sustainability, the Board shall continuously review and update policies relating to:-

7.1 Employees

The Group provides training and skills enhancement programs to its employees from time to time in view of the Group's strong emphasis on enhancing the skill sets of its employees.

7.2 Environment

The Board recognizes the need to safeguard and minimize the impact to the environment in the course of achieving the Group's corporate objectives. The Board supports initiatives on environmental issues and abide by all environmental impact laws and regulations in the course of its projects.

7.3 Social Responsibility

The Board acknowledges that the Group should play an important role towards the welfare of the community in which it operates. The Board shall support charitable causes and initiatives on community development projects.

This Board Charter was adopted by the Board on November 2018. Any subsequent amendment to the Charter must be approved by the Board.

The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.

8. CODE OF CONDUCT AND ETHICS

The SMTrack Code of Conduct and Ethics is to be observed by all Directors, employees, consultants and any other person when they represent the Group.