



# **TECHNA-X BERHAD**

*Registration No.: 200601012477 (732227-T)*

# BOARD CHARTER

**(Revised and Adopted on 8 April 2022)**



## **VISION**

TO BE THE (i) AT THE FOREFRONT FOR THE PROVISION OF CUTTING-EDGE TECHNOLOGY SOLUTIONS AND BUILDER OF SMARTCITIES, AND (ii) PRE-EMINENT CASUAL DINING OPERATOR, IN THE EYES OF OUR CUSTOMERS, EMPLOYEES, AND SHAREHOLDERS

## **MISSION**

TECHNA-X WILL BE THE BUSINESS PARTNER OF CHOICE FOR OUR CUSTOMERS BY PROFITABLY AND CONSISTENTLY PROVIDING SUPERIOR QUALITY PRODUCTS AND SERVICES. WE WILL ACCOMPLISH THIS IN A SAFE AND ENVIRONMENTALLY RESPONSIBLE MANNER THROUGH RECYCLING, FLEXIBILITY, INNOVATION, AND TEAMWORK

## **CORE VALUES**

- ❖ MUTUAL RESPECT FOR INDIVIDUALS AND FAMILIES
  - ❖ GOOD CORPORATE CITIZENSHIP
    - ❖ STRONG WORK ETHICS
    - ❖ HONESTY AND INTEGRITY
  - ❖ CREATIVITY AND INNOVATION



## **1. PREAMBLE**

The Directors of Techna-X regard Corporate Governance as vitally important to the success of Techna-X's business and are unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings in respect of its shareholders and relevant stakeholders:

- All Board members are expected to act professionally, 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 achieving the highest level of business conduct.
- This Board Charter shall constitute and form an integral part of each director's appointment letter.
- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.

## **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 duties and responsibilities as Board members and the various legislation and regulations affecting their conduct and to ensure that the principles of good corporate governance are applied in all their dealings in respect, and on behalf, of the Company.



#### **4. BOARD LEADERSHIP**

- 4.1 There are two key tasks at the top of the Company: the running of the Board and the executive responsibility for running the Company's business. There should be a clear division of responsibilities at the head of the Company to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 4.2 The Board should provide leadership and vision to the Company in a way that will enhance shareowner value and ensure long-term sustainable development and growth of the Company.
- 4.3 The roles of Chairperson and Chief Executive Officer/Managing Director ("**CEO/MD**") are separate, each with responsibilities divided between them.
- 4.4 The Chairperson of the Board should not be a member of the Audit and Risk Management Committee, Nomination Committee, or Remuneration Committee.
- 4.5 The Chairperson
  - 4.5.1 The Chairperson is responsible for representing the Board to the shareholders and indirectly to the general public for performance.
  - 4.5.2 The Chairperson is responsible for the Board so that the Board can perform its responsibilities effectively.
  - 4.5.3 The Chairperson is responsible for leading the Board in adopting and implementing good corporate governance practices in the Company.
  - 4.5.4 The Chairperson is responsible for ensuring the integrity and effectiveness of the board's governance process.
  - 4.5.5 The Chairperson must ensure that the content and order of the agenda are appropriate and that the Board members have the relevant papers in good time. The Chairperson must also ensure that the Board members are properly briefed on issues



arising at board meetings and that all available information on an issue is before the Board.

- 4.5.6 The Chairperson is responsible for maintaining regular dialogue with the CEO/MD over all operational matters and will promptly consult with the remainder of the Board over any matter that gives him or her cause for major concern.
  - 4.5.7 The Chairperson will act as a facilitator at Board meetings to ensure that no member, whether executive or non-executive, dominates the discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairperson will ensure that discussions result in logical and understandable outcomes.
  - 4.5.8 Between Board meetings, the Chairperson shall maintain an informal link between the Board and the CEO/MD, expect to be kept informed by the CEO/MD on all important matters, and is available to the CEO/MD to provide counsel and advice where appropriate.
  - 4.5.9 The Chairperson shall lead the Board in its collective oversight of management.
  - 4.5.10 The Chairperson shall ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
- 4.6 The CEO/MD
- 4.6.1 The Board will link the Company's governance and management functions through the CEO/MD.
  - 4.6.2 The Board will appoint the CEO/MD and set the terms of his or her employment contract.
  - 4.6.3 The task of the CEO/MD is to run the business and implement the policies and strategies adopted by the Board.



- 4.6.4 The CEO/MD must supervise and control the general management and operation of Techna-X.
- 4.6.5 All Board authority conferred on management is delegated through the CEO/MD so that the authority and accountability of management are considered to be the authority and accountability of the CEO/MD so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the CEO/MD.
- 4.6.6 The Board will agree with the CEO/MD on the specific results directed toward the Company achieving its goals. This will take the form of an annual performance contract under which the CEO/MD is authorised to make agreed decisions and take mandated actions within management limitations directed at achieving such goals. The performance objectives will be structured into quantified organisational achievement and personal achievement against defined targets agreed upon between the CEO/MD and Chairperson (acting on behalf of the Board).
- 4.6.7 Only the Board's decisions acting as a body are binding on the CEO/MD. Decisions or instructions of individual members of the Board, officers, or Board Committees are not binding except in those instances where the Board gives specific authorisation.
- 4.6.8 The CEO/MD, in association with the Chairperson, is accountable to the Board for the achievement of the Company's goals, and the CEO/MD is accountable for the observance of the management limitations.
- 4.6.9 The CEO/MD is expected to act within all the Board's specific authorities delegated to him.
- 4.6.10 The CEO/MD is expected not to cause or permit any practice, activity, or decision 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 and political consequences and their effect on long-term shareholders value.



- 4.6.11 The CEO/MD, together with the management team, is expected to ensure that the Company's assets are adequately maintained and protected and not unnecessarily placed at risk. The Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed, or disbursed without controls that, as a minimum, are sufficient to meet standards consistent with the Company's risk management policies and processes and that are acceptable to the Company's External Auditors. In managing the Company's risks, the CEO/MD is expected not to cause or permit anyone to substitute their own risk preferences for those of the shareholders as a whole.
- 4.6.12 The CEO/MD is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair, or unsafe.
- 4.6.13 The CEO/MD is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.

## **5. COMPOSITION OF THE BOARD**

- 5.1 The Company's Constitution provides a minimum of two (2) and a maximum of twelve (12) Directors. At any one time, at least two (2) or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors and one (1) Director of the Company is a woman.
- 5.2 In line with the Malaysian Code on Corporate Governance, the Company shall strive to fulfil the recommendation that at least half of the Board comprises Independent Directors.
- 5.3 The Board composition must be sufficient to:
- 5.3.1 ensure a wide range of skills and knowledge, views, and experience, such that the common purpose, involvement, participation, harmony, and sense of responsibility of Board members is not jeopardized; and



5.3.2 achieve the balance of skills, experience, and professional and industry knowledge necessary to meet the Company's strategic objectives.

5.4 An Executive Director is considered as an individual who:

5.4.1 is involved in the day-to-day management of the Company; and/or

5.4.2 is a full-time salaried employee of the Company and/or its subsidiaries.

5.5 A Non-Executive Director is considered as an individual who:

5.5.1 is not involved in the day-to-day management of the Company; and/or

5.5.2 is not a full-time salaried employee of the Company and/or its subsidiaries; and/or

5.5.3 maybe in the full-time employment of other companies other than this Company, and to the extent that they carry no executive authority over the Company's day-to-day affairs and/or its subsidiaries.

5.6 An Independent Non-Executive Director is considered an individual who:

5.6.1 is not a shareholder, or a representative of a shareholder, or a family member of a shareholder who has the ability to control or significantly influence the Company's management;

5.6.2 has not been employed by the Company or the Group or the group of which it currently forms part in any executive capacity for the preceding three (3) financial years;

5.6.3 is not acting as a nominee or representative of any Executive Director of the Company or the Group;





- 5.6.4 is not a member of the immediate family or an individual who is, or has been in any of the past three (3) financial years, employed by the Company or the Group in an executive capacity;
  - 5.6.5 is not a professional advisor to the Company or the Group, other than in a Director capacity;
  - 5.6.6 is not a significant supplier to, or customer of, the Company or the Group;
  - 5.6.7 has no significant contractual relationship with the Company or the Group;
  - 5.6.8 is free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act independently and exercise an objective judgment; and
  - 5.6.9 has not served the Company for a cumulative term of more than nine (9) years. If the Board intends to retain the Independent Non-Executive Director beyond nine (9) years and up to twelve (12) years, the Board should justify and seek annual shareholders' approval through a two-tier voting process.
- 5.7 Procedures for the Board's appointments should be formal and transparent. The Nomination Committee is responsible for assessing and nominating potential new Directors.
- 5.8 The Board shall define an appropriate division of duties and responsibilities on the Board, identify key roles and performance standards for Board members and ensure that Board members clearly understand these functions.
- 5.9 The Board is willing to have members of the Management appointed to the Board in addition to the CEO/MD. However, the Board believes that the Management should encourage Senior Management to understand that Board membership is not necessary or a prerequisite to any higher management position in the Company.
- 5.10 Qualifications for the Board's membership are:



- 5.10.1 has 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;
  - 5.10.2 able to make sensible and informed business decisions and recommendations;
  - 5.10.3 has an entrepreneurial talent for contributing to the creation of shareowner value;
  - 5.10.4 able to ask hard questions;
  - 5.10.5 has high ethical standards and sound practical sense;
  - 5.10.6 able to see the wider picture and perspective, with some benefit of international experience;
  - 5.10.7 integrity in personal and business dealings; and
  - 5.10.8 has a total commitment to furthering the shareholders' interest and achieving the Company's goals.
- 5.11 Key competencies required for Non-Executive Directors include:
- 5.11.1 able to contribute an independent view to the matter under consideration;
  - 5.11.2 able to add value to Board deliberations;
  - 5.11.3 able to add to the Board's breadth and depth of experience;
  - 5.11.4 able to clearly communicate;
  - 5.11.5 able to demonstrate a wide and unfettered perspective on issues and bring to the Board integrity and a strong sense of ethics;



- 5.11.6 has organisational and strategic awareness and an appropriate level of financial literacy;
  - 5.11.7 knowledgeable and aware of the responsibilities of a Director; and
  - 5.11.8 able to constructively collaborate as part of a team contributing towards the Company's successful performance.
- 5.12 Time period of office
- 5.12.1 Generally, Board members have no fixed term of appointment.
  - 5.12.2 New Board members will only hold office until the next annual general meeting, at which they will retire and become available for re-election.
  - 5.12.3 One-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election.
  - 5.12.4 All Board members (including CEO/MD) 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.
  - 5.12.5 Termination of a service/employment contract will result in resignation from the Board unless the Board determines otherwise.
  - 5.12.6 In identifying candidates for appointment of Directors, the Board shall not solely rely on the recommendations from the existing Board members, Management, or major shareholders. The Board shall endeavour to utilise independent sources or any other sources to identify the suitably qualified candidate. If the selection of candidates was based on the recommendations made by existing Directors, Management, or major shareholders, the Nomination Committee should explain why these source(s) suffice and other sources were not used.



5.12.7 While external sources were used to identify the candidates, this must first be discussed with the Chairperson and CEO/MD and will be considered to the extent that it is not in conflict with the business and will not detrimentally affect their executive responsibilities.

### 5.13 Reward System

5.13.1 The Board will determine the level of remuneration paid to Directors within any limitations imposed by shareholders.

5.13.2 Levels and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose.

5.13.3 Non-Executive members receive no significant benefits from Techna-X other than their Directors' fees, which will be paid as follows:

5.13.3.1 basic fee as ordinary remuneration;

5.13.3.2 additional fee – as Chairperson of a Board Committee;

5.13.3.3 additional fee – as a member of a Board Committee; and

5.13.3.4 additional fee – for any special service as a Board member.

5.13.4 The Chairperson of the Board will be paid a fee at an appropriate level for his or her office.

5.13.5 The CEO/MD's remuneration will depend on achieving the goals set at the beginning of each year. The goals are divided between quantified organisational achievement and personal achievement.

5.13.6 Remuneration will be reviewed annually by the Board after taking independent advice.



- 5.13.7 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.
- 5.13.8 A formal, fair, and transparent procedure must be established for developing policy on executive remuneration and fixing the remuneration packages of individual Board members, which considers the Company's demands, complexities, and performance as well as skills and experience required.
- 5.13.9 No Board member will be involved in deciding his own remuneration.
- 5.13.10 The remuneration should be included in the annual report and accounts and is subject to annual shareholders' approval at a general meeting.
- 5.14 Induction of new directors
  - 5.14.1 The Nominations Committee is responsible for assessing and nominating potential new Directors.
  - 5.14.2 The Nomination Committee shall evaluate the candidates based on objective, criteria, merit, and with due regard for diversity in skills, experience, age, cultural background, and gender, and recommend them to the Board for consideration and approval.
  - 5.14.3 On appointment, Non-Executive Directors will benefit from an induction programme to deepen their understanding of the Company and the business environment and markets in which the Company operates, including background material, meetings with Senior Management, and visits to the Company's facilities. The induction programme will entail the following:
    - 5.14.3.1 knowledge of the Company (ownership power, rules, regulations and company law, board structure, membership, and processes);
    - 5.14.3.2 knowledge of the business (business processes, corporate strategies, organisation, management, and people);



- 5.14.3.3 knowledge of the financials (annual financial statements, directors' reports, trends of the key financial ratios, and financial performance of the business); and
  - 5.14.3.4 expectations on appointment (discussions with Chairperson regarding the role, why nominated, potential contributions, particular knowledge, etc.).
- 5.14.4 New Board members with no or limited board experience shall receive development and education to inform them of their duties, including fiduciary responsibilities, powers, and potential liabilities.
- 5.14.5 All Board members are expected to keep themselves abreast of changes and trends in the business and the Company's environment and markets, including changes and trends in the economic, political, social, and legal climate.
- 5.15 Succession planning
- 5.15.1 The Board, being assisted by the Nomination Committee, shall be responsible for selecting its own members and recommending them for election or re-election by the shareholders and selecting, monitoring, evaluating, and replacing the CEO/MD and other senior executives when necessary.
  - 5.15.2 The Board has delegated the screening process to the Nomination Committee with direct input from the Chairperson of the Board and the CEO/MD (as appropriate).
  - 5.15.3 The Board shall ensure that Senior Management has the necessary skills and experience. There are measures in place to provide for the orderly succession of the Board and Senior Management.
  - 5.15.4 The CEO/MD shall inform the Board, from time to time, on Senior Management succession planning, also providing details of the Company's programme for management development. There shall also be available the CEO/MD's



recommendations as his/her successor should he/she be unexpectedly incapacitated.

5.15.5 The Board and the Management take responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities, and targets, and performance against these targets is communicated to its internal and external stakeholders. The Board takes appropriate action to ensure they keep abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

## **6. ROLE OF THE BOARD**

- 6.1 The Board's primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction to Techna-X, identifying key risk areas and key performance indicators of Techna-X's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets, and industry standards.
- 6.2 The Board is explicitly responsible for the stewardship of the Company, and in discharging its obligations, the Board assumes responsibility in the following areas:
- 6.2.1. retain full and effective control over the Company, and monitor management in implementing Board plans and strategies;
  - 6.2.2. ensure that a comprehensive system of policies and procedures is operative.
  - 6.2.3. identify and monitor non-financial aspects relevant to the business;
  - 6.2.4. 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;



- 6.2.5. strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only comply in practice but be seen to comply;
  - 6.2.6. 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 to determine whether the business is being properly managed;
  - 6.2.7. act responsibly towards the Company's relevant stakeholders; and
  - 6.2.8. together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent, and professional behaviour.
- 6.3 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:
- 6.3.1 review the strategic direction of the Company and adopt business plans proposed by Management for the achievement thereof and ensure the Company's strategic plan supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability.
  - 6.3.2 approve specific financial and non-financial objectives and policies proposed by Management.
  - 6.3.3 ensure the integrity of the Company's financial and non-financial reporting.
  - 6.3.4 review processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas;
  - 6.3.5 delegate authority for capital expenditure and review investment, capital, and funding proposal reserved for Board approval;





- 6.3.6 review succession planning for the Management team and endorse Senior Executive appointments, organisational changes, and high-level remuneration issues;
- 6.3.7 provide oversight of performance against targets and objectives;
- 6.3.8 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.
- 6.3.9 ensure that there is a sound framework to manage anti-bribery and corruption risk and for internal controls and risk management.

6.4 The day-to-day management will be in the hands of the CEO/MD and Management.

## **7. BOARD GOVERNANCE**

### 7.1 Board procedures

- 7.1.1. The conduct of Board members will be consistent with their duties and responsibilities to the Company and thus to the shareholders.
- 7.1.2. The Directors will always act within limitations imposed by the Board of its activities.
- 7.1.3. Directors' responsibilities and limitations are primarily set out in the Constitution, the Companies Act, 2016, the Main Market Listings Requirements of Bursa Malaysia Securities Berhad, and Board and/or shareholders' resolutions.
- 7.1.4. The Board shall be disciplined in carrying out its role, emphasising strategic issues and policy.
- 7.1.5. The Board's discussions will be open and constructive. The Chairperson 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 is to the contrary.



- 7.1.6. The Board has sole authority over its agenda. However, any Board member may request an additional item onto the said agenda.
- 7.1.7. 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.
- 7.1.8. The Board members are expected to strictly observe the relevant provisions of the Statutes applicable for the use and confidentiality of company information.
- 7.1.9. At each Board meeting, the Board shall, inter alia, consider.
  - 7.1.9.1. an operational report from the CEO/MD;
  - 7.1.9.2. a report from the Chief Financial Officer;
  - 7.1.9.3. reports on the activities of the Company's individual business units;
  - 7.1.9.4. specific proposals for capital expenditure and acquisitions; and
  - 7.1.9.5. major issues and strategic opportunities for the Company.
- 7.1.10. There will be a procedure agreed by the Board for the furtherance of their duties to take independent professional advice, if necessary, at the Company's expense.
- 7.2 From time to time, the Board will:
  - 7.2.1 review and evaluate the present and future strengths, weaknesses, opportunities, and threats regarding the Company and its businesses. Comparisons with competitors, locally and internationally, and best practices are important elements of this process;
  - 7.2.2 review and approve the Company's financial objectives, plans, and actions and significant allocation of financial resources and expenditure;



- 7.2.3 review the Company's goals and strategies for achieving the Company's goals;
- 7.2.4 approve the annual budget;
- 7.2.5 approve the quarterly financial statements, annual report, and other reports to shareholders and public announcements;
- 7.2.6 consider and, if appropriate, declare or recommend the payment of dividends;
- 7.2.7 review the Board's composition, structure, and succession;
- 7.2.8 review the Company's audit requirements;
- 7.2.9 review the performance of, the necessity for, and composition of the Board's committees;
- 7.2.10 review the Chairperson's remuneration;
- 7.2.11 review the CEO/MD's remuneration;
- 7.2.12 review the Directors' remuneration;
- 7.2.13 review remuneration policies and practices in general, including superannuation and incentive schemes for management, if any.
- 7.2.14 review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- 7.2.15 review the Company's codes of conduct and ethical standards;
- 7.2.16 review shareholders, clients, and other relevant stakeholder relations;
- 7.2.17 review donations and sponsorships; and



7.2.18 settle the following year's work plan for the Board.

## **8. BOARD COMMITTEES**

- 8.1. The Board is authorised to form committees, and Board Committees will be formed only when it is efficient or necessary to facilitate efficient decision-making to assist the Board in executing its duties, power, and authorities. Delegating authority to Board Committees or Management does not 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, except where the Committee has been mandated otherwise by the Board.
- 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 CEO/MD by the Board.
- 8.5. The Board has three standing committees: the Audit and Risk Management Committee, the Remuneration Committee, and the Nomination Committee.
- 8.6. The purpose and membership of the Board Committees are as follows:
  - 8.6.1. Audit and Risk Management Committee ("**ARMC**")
    - 8.6.1.1. The ARMC shall consist of no fewer than three (3) members, a majority of whom shall be Independent Non-Executive Directors and shall not comprise any Alternate Director. The ARMC shall be chaired by an Independent Non-Executive Director, and the ARMC Chairperson shall not be a Chairperson of the Board.



8.6.1.2. The ARMC's primary objective is to:

- (a) identify and evaluate exposure to significant risks;
- (b) review the appropriateness and adequacy of the systems of internal financial and operational control;
- (c) review the accounting policies and financial information issued to the public; and
- (d) provide effective communication between the Board, management, and Internal and External auditors.

8.6.2. Remuneration Committee ("**RC**")

8.6.2.1. The RC shall comprise at least two (2) members, exclusively of Non-Executive Directors and a majority of whom are independent and shall not comprise any Alternate Director. The RC shall be chaired by an Independent Non-Executive Director, and the RC Chairperson shall not be a Chairperson of the Board.

8.6.2.2. The RC is responsible for providing a formal and transparent procedure for developing remuneration policy that ensures the Executive Directors and Senior Executives reporting to the CEO/MD are adequately remunerated for their contribution to Techna-X's operational and financial performance base pay and short and long terms incentives. It also makes recommendations to the Board on Directors' fees attributable and payable to Non-Executive Directors.

8.6.3. Nomination Committee ("**NC**")

8.6.3.1. The NC shall comprise at least two (2) members, exclusively of Non-Executive Directors and a majority of whom are independent and shall



not comprise any Alternate Director. The NC shall be chaired by an Independent Non-Executive Director, and the NC Chairperson shall not be a Chairperson of the Board.

8.6.3.2. The purpose of NC is to search for, evaluate the suitability and nominate new members to the Board as and when necessary and appropriate to do so. The NC should ensure the Board composition is refreshed periodically by reviewing the tenure of each Director, and the annual re-election of a Director should be contingent on a satisfactory evaluation of the Director's performance and contribution to the Board.

## **9. MATTERS RESERVED FOR THE BOARD**

9.1 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).

### **9.1.1 Financial**

9.1.1.1 the adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;

9.1.1.2 the raising of borrowing facilities;

9.1.1.3 the approval of the strategy, business plans, and annual budgets and any subsequent material changes in strategic direction or material deviations in business plans;

9.1.1.4 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

9.1.1.5 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 incentive scheme).

9.2 Statutory and Administrative

- 9.2.1. recommending amendments to the Company's Constitution;
- 9.2.2. the appointment, removal, or replacement of the Company's External Auditors upon the recommendation of the ARMC;
- 9.2.3. the frequency of meetings of the Board;
- 9.2.4. the convening of general meetings of shareholders of the Company;
- 9.2.5. the approval of proxy forms for annual and general meetings of shareholders of the Company;
- 9.2.6. the formulation of recommended policies in relation to industrial and investors relations;
- 9.2.7. the prosecution, defense, or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- 9.2.8. the appointment of responsible persons as may be required in terms of any Act in Malaysia or elsewhere in respect of the Company;
- 9.2.9. the approval of the rules and amendments to the Company's pension and provident funds having a material effect on the actuarial liabilities of those funds;
- 9.2.10. the granting of general signing authorities pursuant to the Company's Constitution;
- 9.2.11. the appointment, removal, or replacement of the Company Secretary;



- 9.2.12. establishing any overseas branch or duplicate register of shareholders of the Company;
- 9.2.13. the variation of the rights attaching to shares where such powers are vested in the Board; and
- 9.2.14. the formulation and amendment of the Company's Code of Conduct.

### 9.3 Regulatory

- 9.3.1. 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 fundraising purposes;
- 9.3.2. the approval and authority to issue circulars to shareholders of the Company;
- 9.3.3. the approval of and authority to issue prospectuses, listing particulars, rights offers, or takeover or merger documents;
- 9.3.4. recommending to shareholders that they approve any ordinary or special resolutions in respect of the Company;
- 9.3.5. recommending that the shareholders take a particular course of action proposed by the Board; and
- 9.3.6. any decision to list the Company's shares on any stock exchange or terminate any such listing.

### 9.4 Manpower

- 9.4.1 appointments to and removals from the Board, including the appointment of the Chairperson, CEO/MD, Executive Directors, and Non-Executive Directors, and the approval of nominations of alternate directors (if any) as recommended by the NC;





- 9.4.2 the appointment of terms of reference and changes in the composition of the Board Committees as established from time to time;
- 9.4.3 any increase of Board members' fees as recommended by RC, which shall be subject to approval by shareholders in a general meeting;
- 9.4.4 the approval of any employee incentive scheme, the rules applicable to any such scheme, and any amendment to such rules as recommended by the RC for submission to shareholders, if applicable; and
- 9.4.5 the formulation of recommended policies in relation to equal opportunity employment, human capital development, environment, health, and safety.

## **10. MANAGEMENT OF RISKS**

- 10.1 The Board is responsible for the total risk management process and uses the risk assessment monitor as its main source of information to determine the effectiveness of Techna-X's risk management process.
- 10.2 The objective of risk management is to identify, assess, manage, and monitor the risks the businesses are exposed to – internally and externally.
- 10.3 The Board must appreciate 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 understand the principal risks of the Company's business and recognise that business decisions involve taking appropriate risks.
- 10.5 The Board must set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks so that the Company's assets and reputation are suitable protected.



## **11. BOARD MEETINGS**

11.1. Board members will use their best endeavours to attend Board meetings and prepare 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 advise the Chairperson at an early date and confirm in writing to the Company Secretary.

### 11.2. Frequency and Quorum

11.2.1 The Board meeting will be held at such time, and at such venue as the Board deems appropriate, but it will normally meet at least quarterly or where circumstances necessitate.

11.2.2 The quorum necessary for a business transaction is fixed by the Company's Constitution, which currently stipulates a minimum of two (2).

11.2.3 In addition to the matters set out in this Board Charter, meetings and proceedings of the Board will be governed by the Company's Constitution.

11.2.4 Except under exceptional circumstances, at least seven (7) days' notice will be given for a Board meeting.

11.2.5 The Chairperson must establish standards for the preparation of board papers and reports.

### 11.2. Agenda and meeting papers

11.2.1. The Chairperson must ensure that an agenda is prepared before the meeting, raising issues requiring attention, ensuring that proceedings are conducted efficiently, and all appropriate matters addressed. The Company Secretary must also work with the Chairperson on preparing the agenda for the meeting.



11.2.2. The Company Secretary must circulate the agenda and other meeting papers to the Board members at least seven (7) working days before the date set down for the meeting.

11.3. Conflicts of Interest

11.3.1. Board members are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business, preferably in advance.

11.3.2. Board members are required to disclose their shareholdings in Techna-X, other directorships, and any potential conflict of interest. According to Paragraph 15.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Director of a listed issuer must not hold more than five (5) directorships in listed issuers.

11.3.3. Board members should abstain themselves from discussing or participating in making decisions on matters in which they have conflicting interests unless resolved otherwise by the remaining members of the Board.

11.4. Retention of meeting papers

11.4.1. A record of Board submissions and papers, and any material presented to the Board, shall be maintained and held by the Company Secretary together with the minutes of meetings and will be accessible to Directors.

11.5. Minutes

11.5.1. Minutes of the Board meeting will be circulated to all Board members by the Company Secretary within one month of the Board meeting date.

11.5.2. The practice for minutes shall be to record processes and outcomes rather than the course of discussion.



## **12. SHARE DEALINGS BY MEMBERS**

- 12.1 Executive Board members are encouraged to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Board members on the Company's performance and share value and, therefore, will be in the interests of all shareholders.
- 12.2 When buying or selling shares, Board members must strictly observe the provisions of the Company's Constitution, the Company's own internal rules, and all relevant legislative or regulatory procedures and should follow any procedural recommendations prescribed by the Board from time to time.

## **13. BOARD EVALUATION AND PERFORMANCE**

- 13.1 The NC reviews annually the effectiveness of the Board and Board Committees as well as the performance of individual Directors.
- 13.2 The Company has introduced the Board Effectiveness Assessment ("BEA") questionnaire to evaluate the performance of the Board, Board Committees, and individual Directors.
- 13.3 The evaluation takes place annually and involves Directors completing the BEA questionnaire, covering the Board and Board Committees processes and the effectiveness and contribution of each of the Directors to the Board and Board Committees.
- 13.4 The Directors' responses are collated by the Company Secretary, who then shall discuss the results and findings with the NC, after which the findings and recommendations are escalated to the Board for further review and proposed actions.
- 13.5 The Board shall appraise the performance of the Chairperson on an annual or such other basis as the Board may determine in terms of a performance assessment questionnaire.

## **14. BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

- 14.1 The Board must endeavour to familiarise itself with issues of concern to shareholders.



- 14.2 The Company encourages shareholders to attend its annual general meetings, which provide opportunities for shareholders to ask questions of the Board.
- 14.3 The Board will evaluate economic, political, social, and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders and, if appropriate, seek external expert advice.
- 14.4 The Board ensures the timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Company's performance and operations, in addition to the various announcement made during the year to Bursa Malaysia Securities Berhad.
- 14.5 The Company should leverage technology to facilitate:-
- voting including voting in absentia; and
  - remote shareholders' participation at general meetings.
- The Company should also take the necessary steps to ensure good cyber hygiene practices are in place, including data privacy and security, to prevent cyber threats.
- 14.6 The Board shall adopt the following measures in relation to the effective communication with the shareholders of the Company during the general meeting:-
- (a) Notice of Annual General Meeting should be given to the shareholders at least twenty-eight (28) days prior to the Annual General Meeting.
  - (b) The notice should provide further explanation for the resolution proposed to enable shareholders to make an informed decision in exercising their voting rights.
  - (c) All Directors should commit to attending all general meetings of the Company in order to provide an opportunity for the shareholders to effectively engage with each Director.
  - (d) Open sessions for questions and answers are made available to shareholders during general meetings. The Chairperson of the Board and Board Committees should provide meaningful responses to questions addressed to them.

## **15. COMPANY SECRETARY**



- 15.1 The Company Secretary has a key role to play in ensuring that board procedures are 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 of fulfilling 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 that 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, the Company Secretary's roles and responsibilities shall include but are not limited to the following:-
- (a) manage all Board and Board Committees meetings' logistics, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;
  - (b) advise the Board on its roles and responsibilities;
  - (c) assist in director training and development;
  - (d) advise the Board on corporate disclosures and compliance with the Company's Constitution as well as the Companies Act 2016, Listing Requirements and Malaysian Code on Corporate Governance;
  - (e) manage processes pertaining to the general meetings;
  - (f) monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
  - (g) serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
  - (h) carry out other functions as deemed appropriate by the Board from time to time.



**TECHNA-X BERHAD**

15.6 The Board members shall have unlimited access to the Company Secretary.