



**HEXTAR CAPITAL BERHAD**

(formerly known as Opcom Holdings Berhad) 199401036979 (322661-W)

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## **CS01 BOARD CHARTER**

### **EXECUTIVE SUMMARY**

The Board Charter ("**Charter**") sets out the roles and responsibilities of the Board, along with certain matters relevant to the operation of the Board.

This policy shall be reviewed every three (3) years, or as and when deemed necessary to ensure the Policy is updated with the relevant developments in the legislation and international standards.

Any changes to this policy shall be approved by the Board of Directors.



## **1. DEFINITION**

“*Board*” refers to Board of Directors of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) (“**HCB**” or “**Company**”).

“*Bursa Securities*” refers to Bursa Malaysia Securities Berhad.

“*Independent Director*” is defined under paragraph 1.01 of the Listing Requirements as one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

“*Listing Requirements*” refers to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

“*Management Letter*” is a report issued by the external auditors to report to the Company on any material weakness identified in the accounting or internal control systems and recommendations for improvements.

## **2. CODE OF CONDUCT OF BOARD**

The Malaysian Code on Corporate Governance (“**MCCG**”) Guidelines issued by Securities Commission serves as a guide to the Code of Conduct of the Board. Refer to the enclosed ‘Appendix 1’ for the Code of Conduct of Board.

## **3. BOARD RESPONSIBILITIES**

The Board is accountable to shareholders for the performance of the Company and the Board members aspire to the highest standards of corporate governance.

Besides carrying out its statutory responsibilities, the Board’s key responsibilities are as follows:

- (a) Reviewing and adopting a strategic plan for the Company;
- (b) Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- (c) Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage these risks;
- (d) Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management;
- (e) Developing and implementing an investor relations programme or shareholder communications policy for the Company; and



- (f) Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

#### **4. POWERS AND DUTIES OF DIRECTORS**

The Companies Act 2016, determines the powers and statutory duties of Board members. The major functions of the Board include but not limited to the following:

- (a) Setting the Company's values and standards of conduct and ensuring these are adhered to in the interest of all stakeholders;
- (b) Approving policies, strategies, budgets, and plans;
- (c) Assessing performance against strategies to monitor both the suitability of those strategies and the performance of management and the Board itself;
- (d) Reviewing operating information to understand the Company's position, and approving financial and other reporting;
- (e) Identifying areas of significant business risk and ensuring systems and procedures are in place to manage those risks;
- (f) Considering management recommendations on key issues – including acquisitions, funding and significant capital expenditure;
- (g) Ensuring that the Company acts legally to comply with the relevant laws and regulations to ensure the highest ethical standards are maintained;
- (h) Ensuring that the direction and control of the Company is in the hand of the Board by having a formal schedule of matters specifically reserved to the Board for decision. A schedule of matters would be given to the Directors on appointment and it should be kept up to date. The Schedule of Reserved Matters currently applying is attached as 'Appendix 2' to the Board Charter.
- (i) Appointing, terminating and reviewing the performance of the Executive Director; and
- (j) Reporting to shareholders, as the Board acts on behalf of the Company and is accountable to shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations.

#### **5. BOARD BALANCE AND INDEPENDENCE**

The Board places great importance on the balance of its independent members as they serve as an essential source of impartial and professional guidance to protect the interest of the stakeholders, particularly shareholders.

##### **Size and Structure**

- (a) No prescriptive rule for optimum Board size.



- (b) Factors to consider in determining the appropriate size include business size and scope or geography.
- (c) Factors to consider in determining structure include diversity of Board members' technical know-how or experience, age, race and gender.

### **Composition**

- (a) At least two (2) directors or one-third (1/3) of the Board must comprise of Independent Directors. In the event the Chairman of the Board is a non-Independent Director, the majority members of the Board must be Independent Directors.
- (b) At least one (1) woman director on the Board.
- (c) If a vacancy in the Board results in non-compliance with the required composition, the vacancy must be filled within two (2) months, but not later than three (3) months.

### **Assessment of Independent Director**

- (a) Is not an Executive Director of the Company.
- (b) Has not been within the last three (3) years and is not an officer 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 a professional adviser by the Company.
- (g) Has not engaged in any transaction with the Company.

An independent director who has served on the Board for a period exceeding nine (9) years may continue his/her directorate in the Company as an independent director, subject to the approval of shareholders on the relevant resolutions tabled at the Annual General Meeting of the Company.

## **6. POSITION DESCRIPTION**

### **Role of Chairman**

- (a) Heads the Board;
- (b) Chairs general meetings of shareholders;
- (c) Monitors the workings of the Board, especially the conduct of Board meetings;



- (d) Ensures that all relevant issues for the effective running of the Company's business are on the agenda;
- (e) Ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- (f) Encourages all directors to play an active role in Board activities; and
- (g) Liaises with Executive Director and the Company Secretary and/or Corporate Services Workgroup on the agenda for Board meetings.

#### **Role of Executive Director**

- (a) Executive Director is, as an employee, involved in the day-to-day management of the Company;
- (b) Provides leadership, strategic vision and high level business judgment and wisdom; and
- (c) The ability to meet immediate performance targets without neglecting long-term growth opportunities of the Company.

#### **Role of Non-Executive Directors**

Act as a bridge between management and stakeholders, particularly shareholders, ensuring relevant checks and balances, focusing on shareholders' and other stakeholders' interests and that high standards of corporate governance are applied.

### **7. DISCLOSURE OF DIRECTORS' INTEREST AND RELATED PARTY TRANSACTION**

The "Related Party Transaction Policy and Procedures" refers.

### **8. APPOINTMENT OF BOARD COMMITTEES**

#### **Audit Committee ("AC")**

The Board appoints and ensures the composition of the AC is in the right size relative to the business operation. If a vacancy in the AC results in non-compliance with the required composition, the vacancy must be filled within two (2) months, but not later than three (3) months.

The AC provides the Board with the assurance of the quality and reliability of financial information used by the Board and of the financial information issued publicly by the Company. The AC shall meet at least four (4) times in a year and additionally as required.

The AC:

- (a) Underscores the Board's commitment to ensure integrity of financial information and reporting;



- (b) Increases the emphasis on risk and control of the Company;
- (c) Provides an additional and specialised oversight of the financial reporting process by facilitating the discharge of the Board's responsibility in respect of the timely preparation and issuance of financial statements;
- (d) Considers the appointment of the external and internal auditors, the audit fee and any question of resignation or dismissal;
- (e) Reviews external and internal auditors' audit plan;
- (f) Convenes private dialogue with external auditor at least twice a year in the absence of the Executive Director and management;
- (g) Reviews external auditor's Management Letter and management's response to the findings and recommendations; and
- (h) Provides a mechanism for the external auditor to assert their independence in the event of a dispute with management.

#### **Nominating and Remuneration Committee ("NRC")**

With the recommendation of MCCG in regard to the setting up of a Nominating Committee and the amendments to the Listing Requirements in line with the MCCG, the Board had established a NRC, combining the role of both the nominating committee and the existing remuneration committee into one (1) given the role of nominating committee and remuneration committee and the current size of the Board.

The Board appoints its NRC which consists solely of Non-Executive Directors, a majority of whom are independent. If a vacancy in the NRC results in non-compliance with the required composition, the vacancy must be filled within two (2) months, but not later than three (3) months.

The NRC is empowered by the Board through clear defined terms of reference to oversee amongst others, reviewing the Board composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates as Board members or Board Committee members by giving due consideration to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board and reviewing the remuneration packages of the Executive Director and Senior Management.

The NRC is also responsible for annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and annual assessment of the effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director and its Independent Directors. The NRC shall meet at least once a year or more frequently as circumstances may required.

#### **HCB Employees' Share Option Scheme ("ESOS") Committee**

The ESOS Committee is empowered by the Board through clearly defined terms of reference to administer and exercise ESOS matters in accordance with By-Laws. The Board shall approve, rescind and/or revoke the appointment of any member of the ESOS Committee and



appoint replacement members to the ESOS Committee and assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to the By-Laws. *(Clause 20.4 By-Laws)*

If a vacancy in the committee results in non-compliance with the required composition, the vacancy must be filled within two (2) months, but not later than three (3) months.

### **Risk Management Committee (“RMC”)**

The Board appoints its RMC to formulate proactive and effective policies to identify, evaluate and manage significant business risks. The Board shall appoint a Chairman of the RMC. The members of the RMC shall comprise of Workgroup heads in the Company’s group of companies.

The Board ensure that there is a sound risk management framework and policy that the policy and risk management framework that govern RMC including risk tolerance level.

### **Tender Committee (“TC”)**

The TC is empowered by the Board through clear defined terms of reference to review all capital investment and capital expenditure of the group of companies valued at RM500,000 and above. The Board shall appoint the Chairman and members of the committee.

If a related party involves, TC shall first report to the Audit Committee before proposing to the Board for approval.

## **9. INDUCTION OF NEW BOARD MEMBERS**

The Chairman and/or Executive Director shall provide an induction programme to new members of the Board to ensure:

- (a) Understanding of their roles and responsibilities;
- (b) The Board’s expectations in terms of their knowledge contribution;
- (c) The nature of the Company’s business;
- (d) Current issues faced; and
- (e) Strategies adopted by the Company.

## **10. RETIREMENT OF BOARD MEMBERS**

Pursuant to Article 90 of the Company’s Constitution, one-third (1/3) of the Board members are subject to retirement from office by rotation such that each Board member shall retire from office once in every three (3) years. If the number of directors is not three (3) or a multiple of three (3), the number nearest to one third (1/3) shall retire from office and if there is only one (1) Board member who is subject to retirement by rotation, he/she shall retire.

All retiring Board members are eligible for re-election.



## **11. MEETINGS**

The Board meets at least four (4) times a year and additionally as required.

The Chairman, assisted by Corporate Services Workgroup and the Company Secretary shall ensure:

- (a) Notice of meetings together with the agenda and board papers are circulated to all Board committees at least seven (7) days prior to the meeting;
- (b) Appropriateness of the agenda content;
- (c) Presence of a quorum;
- (d) Adherence to the Company's Constitution;
- (e) Applicable provision of the Companies Act 2016, the Listing Requirements and other regulatory requirements; and
- (f) Minutes of meeting shall be entered in books kept for that purpose within fourteen (14) days of the meeting date.

## **12. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

All Board members of the Company have full and unrestricted access to all information, key Senior Management, Company Secretary and services within the Company.

The Board, or as individual capacity may obtain and/or undertake independent professional advice at the Company's expense in furtherance of the members' duties.

## **13. DIRECTORS' TRAINING**

It is important for Board to keep abreast of regulatory changes and developments in corporate governance through reading and attendance at relevant training programmes. Board members are compulsory to attend at least one (1) internal and/or external workshop or seminars to enable them to effectively discharge their duties. Board members are also encouraged to keep up with broad business trends through the reading of relevant industry and business publications, attending relevant conferences and expositions, and meeting up with authorities, financiers, overseas business party and other who may be a source of useful information.

A list of training attended for the financial year by the Board will be disclosed in the Company's annual report. Where any of the Board members have not attended any training during the financial year, reasons thereof for each Board member shall be stated.





#### **14. DIRECTORS' REMUNERATION**

The Board will determine the level of remuneration of Board members, taking into consideration the recommendations of NRC.

Non-Executive Board members shall be paid 'director fee' and they will also be paid on their responsibilities in Board committees and for their attendance at meetings. The fee, which is subject to the approval of the shareholders, shall be fixed in sum and not by a commission or on percentage of profits/turnover.

#### **15. BOARD AND BOARD COMMITTEES' PERFORMANCE ASSESSMENT**

The NRC shall assess the effectiveness of the Board and Board committees on annual basis in the immediate quarter after the financial year end. The compiled performance assessment report of the Board and the Board committees shall be presented to the Board for deliberation.

"Board and Board Committees' Performance Assessment Policy and Procedures" refers.

#### **16. APPOINTMENT AND ROLE OF COMPANY SECRETARY**

The Board shall appoint the Company Secretary.

The Company Secretary acts as an adviser to Directors and senior executives on regulatory requirements, Listing Requirements and legislations, identifies and highlights to the Board the relevant requirements and ensures compliance of the same. The Company Secretary also ensures all appointments of new Directors are properly effected and all necessary information is obtained from the Directors, for both the Company's own records and for meeting statutory and regulatory requirements.

Functions of the Company Secretary but not limited to as follows:

- (a) Compliance with filing and administrative requirements;
- (b) Attend and record minutes of all Board's and board committees' meetings and facilitate Board communications;
- (c) Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements, and corporate laws;
- (d) Assist in the appointment of new Directors; and
- (e) Support the Board and Chairman.