

**HEXTAR INDUSTRIES BERHAD**  
**[Registration No. 201101044580 (972700-P)]**  
**(Incorporated in Malaysia)**

**BOARD CHARTER**

**1. OVERVIEW**

The Board of Directors (“the Board”) of Hextar Industries Berhad (“HIB” or “the Company”) collectively leads and is responsible for the success of the Company and its subsidiary and associate companies (“the Group”) by providing entrepreneurial leadership and direction as well as supervision of the management. The Board has primary responsibility for the governance and management of the Company, and fiduciary responsibility for the financial and organisational health of the Company.

This Board Charter serves as a source of reference and primary induction literature, providing insight to existing and prospective board members to assist the Board in the performance of their fiduciary duties as directors of the Company. It will also assist the Board in the assessment of its own performance and of its individual Directors.

This Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices.

This Board Charter is not an “all inclusive” document and should be read as broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

**2. BOARD STRUCTURE**

**2.1 Board Composition and Balance**

- (a) The Board shall appoint one (1) person from amongst its members as the Chairman of Board.
- (b) The position of the Chairman and Group Managing Director (“GMD”) of the Company, by whatever named called, and whether or not he is a director must be held by different individuals.
- (c) In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), the Company must ensure that at least two (2) directors or one-third (1/3) of the Board of Directors of the Company, whichever is the higher, are Independent Directors and one (1) Director of the Company is a woman. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used.
- (d) In the event of any vacancy in the Board, resulting in non-compliance with the Listing Requirements, the Company must fill the vacancy within three (3) months from the date of such vacancy.
- (e) The number of directors shall be not less than two (2) but not more than fifteen (15) as set out in the Company’s Constitution. The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.

- (f) The Board through the Nomination and Remuneration Committee (“NRC”) shall review the size and composition of the Board and Board Committees, which include the skill sets, experience and functional knowledge of its members on a periodic basis, to ensure an appropriate balance of skills, experience and diversity.

## **2.2 Election of Directors and Tenure of Independent Directors**

- (a) Pursuant to the Company’s Constitution, one-third (1/3) of the directors for the time being, or, if their number is not a multiple of three, the number nearest to one-third (1/3), shall retire from office, and an election of directors shall take place at each annual general meeting of the Company. Each director shall retire once in every three (3) years but shall be eligible for re-election. A director retiring at a meeting shall retain office until the close of the meeting.
- (b) The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became or were last re-elected as directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot.
- (c) Pursuant to the Company’s Constitution, any director appointed by the Board during the financial year shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- (d) The tenure of an independent director to serve on the board should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the directors’ re-designation as a non-independent director. In the event, the Board intends to retain the independent directors as an independent director after serving beyond nine (9) years, it must justify and seek annual shareholders’ approval through a two-tier voting process follow the recommendation of Malaysia Code of Corporate Governance 2021 (“MCCG”):-

### Two-tier Voting Process

- Shareholders’ votes will be cast in the following manner at the same shareholders meeting:
  - Tier 1: Only Large Shareholder(s) of the company votes; and
  - Tier 2: Shareholders other than Large Shareholders votes.
- The decision of the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.
- The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.
- “Large Shareholder(s)” refers to a person who:
  - Is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in company;
  - Is the largest shareholder of voting shares in the company;
  - has the power to appoint or cause to be appointed a majority of the directors of the company; or

- has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.
- (e) The Independent Director who serves more than 12 years must resign or be re-designated as Non-Independent Non-Executive Director.
- (f) The NRC/Board should undertake a rigorous review annually to determine whether the independence of the independent director has been impaired and the justification may be sought in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of the independent directors' appointment / retention at the general meetings. The individual directors do not participate in assessing their own independence.
- (g) No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered as an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

### **2.3 Nomination and Appointments**

- (a) The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the NRC. The Company shall also disclose how the new Director were sourced, including whether the new Director is recommended by the existing Directors, management or major shareholders.
- (b) In making the recommendation to the Board, the NRC will have due regard to diversity in skills, experience, age, cultural background, gender, character, integrity, competence and time to effectively discharge their role as Director.
- (c) New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board's performance of its duties and to devote sufficient time and attention to the affairs of the Company.
- (d) The Company Secretary shall have the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- (e) Upon appointment, new Directors are provided with comprehensive information on the Group to enable them to gain an understanding of the Group's strategies and operations, and effectively contribute to the Board.

### **2.4 Boardroom Diversity**

- (a) The Company has in place "Diversity Policy" to maintain an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.
- (b) The Board acknowledges the importance to promote gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Company aims to maintain at least 30% women representation in its Board.

- (c) Selection of candidates will be based on a range of diversity perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity and age) will be disclosed in the Company's Annual Report.

## **2.5 Disqualification or Vacation of Office**

- (a) The office of Directors shall become vacant if the Director:
- if the director deceased;
  - if he ceases to be a Director by virtue of the Companies Act, 2016 ("the Act");
  - if he is found to be insane or becomes of unsound mind or becomes a person whose estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;
  - if he becomes prohibited or disqualified from being a Director by reason of any order made under the provisions of the Act or the Listing Requirements or contravenes the Act;
  - if he is convicted of any sizeable offence;
  - if he resigns from office by notice in writing given to the Company;
  - if he is removed from office by resolution of the Company in general meeting of which special notice has been given; or
  - if he is absent from more than fifty per cent (50%) of the total Board of Directors' meetings held during a financial year. Each Board member is expected to achieve at least 50% attendance of total Board of Directors' meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.
- (b) Where a Director is removed from office, the Company must forward to Bursa Securities a copy of any written representation made by the Director at the same time a copy of such representation is sent to shareholders of Hextar Industries Berhad under Section 207(3)(b) of the Act, unless copies of such representation need not be sent out by reason of the circumstances specified in Section 207(4) and 207(5) of the Act.

## **2.6 Directors' Fit and Proper Policy**

- (a) All members of the Board are required to have the necessary qualities, competencies and experience that allow them to perform their duties and carry out the responsibilities required of the position in the most effective manner.
- (b) The Prospective Directors Information form together with a self-declaration of fit and proper form on any person identified to be appointed as a Director shall be conducted prior to the initial appointment. For re-election of retiring Directors, the Directors will be evaluated based on the Board Evaluation Form. The NRC has the power not to recommend to the Board the re-election of retiring Directors who do not meet the Fit and Proper criteria.

## **2.7 Time Commitment for Accepting New Directorships**

- (a) All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment, which Director should always be able to devote sufficient time to serve the Board effectively, despite any new directorship being accepted.
- (b) The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

- (c) As prescribed under the Listing Requirements, each Board member must not hold directorships at more than five (5) public listed companies.

## **2.8 Trading on Insider Information**

- (a) Pursuant to the Listing Requirements, Directors and Senior Management must not deal in the listed securities of the Company or of other listed issues as long as he is in possession of price-sensitive information relating to such listed securities.
- (b) Notices on closed period for trading in the Company's shares are sent to Directors and Senior Management on a quarterly basis by the Company Secretary, specifying the closed period where Directors and Senior Management personnel are prohibited from dealings in the Company's shares.

## **2.9 Company Secretary**

- (a) 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 and capable of carrying out the duties required
- (b) The key role of the Company Secretary is to provide unhindered and sound governance advice, ensure adherence to rules, regulatory compliance and procedures and advocate the adoption of best corporate governance practices.
- (c) The office of the Company Secretary shall be vacated if the Company Secretary resigns by notice in writing to the Company left at the Registered Office of the Company. Where a Company Secretary gives notice of resignation to the Directors, the Company Secretary shall cease to act as Company Secretary with immediate effect or on the date specified in such notice (as the case may be).

## **2.10 Board Committee**

- (a) The Board reserves the right to establish committees from time to time as part of its efforts to ensure the effective discharge of their duties, the Board has delegated certain functions to certain Committees with each operating within its clearly defined terms of reference.
- (b) The Board has established the following Board Committees, each with clearly defined Terms of Reference detailing also the Board Committees' authorities, roles and responsibility in order to enhance business and corporate efficiency and effectiveness:
  - i) Audit Committee;
  - ii) Nomination and Remuneration Committee; and
  - iii) Risk Management and Sustainability Committee.
- (c) The Chairman of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings.
- (d) The membership of Board Committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors.

## **3. THE BOARD OF DIRECTORS**

The Board takes full responsibility for the performance of the Company and guides the Company towards achieving its short and long-term objectives, setting corporate strategies for growth and

new business development while providing advice and direction to the management to enable the Company to achieve its corporate goals and objectives.

A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.

A Director shall at all times avoid conflicts of interest and shall as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting of the directors of the Company. Every Director shall give notice to the Company of such events and matters relating to him/her as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

#### **4 ROLES AND RESPONSIBILITIES OF BOARD**

4.1 A director who was appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a member, employer or debenture holder, shall act in the best interest of the company and in the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the company to his nominator.

4.2 The Board has the following key responsibilities:

- (a) together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- (b) review, challenge and decide on management's proposals for the company, and monitor its implementation by management;
- (c) to oversee the conduct of the Group's business and assess the performance of management to determine whether the business is being properly managed;
- (d) to ensure that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility;
- (e) to understand and identify the principal risks of the Group's business and set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate and monitor significant financial and non-financial risks, and ensure the implementation of appropriate internal controls and mitigation measures;
- (f) identifies a designated person from Management to ensure focus in managing sustainability in a strategic manner including the integration of sustainability focus areas into the business operations of the Company.
- (g) approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the Principal Officers, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;
- (h) approve the appointment, resignation or removal of Company Secretaries of the Company;

- (i) develop and implement an “investor relations programme” or “shareholder communications policy” for the Group to ensure a shareholder communications policy and procedures is in place to enable effective communication with stakeholders;
- (j) review the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, Act, and Listing Requirements);
- (k) review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- (l) review and approve the Audit Committee Report and Statement of Risk Management and Internal Control for the Annual Report;
- (m) prepare a Corporate Governance Statement on compliance with the MCCG for the Annual Report;
- (n) review and approve investment policies and guidelines for the Company’s surplus funds asset allocation policy and policy on exposure limits on investment with banking institutions;
- (o) review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Authority Limits Document;
- (p) approve the appointment of external auditors and their related audit fees;
- (q) initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate;
- (r) review conflict of interest issues relating to a Director or persons connected including approving related party transactions, subject to shareholders’ approval, where required; and
- (s) oversee the sustainability of the Group’s business from the aspects of environment, social and governance, and relevant areas material to the Group and its stakeholders.

4.3 The Board is also mindful of the importance of building a sustainable business, and therefore takes into consideration the environmental, social and governance impact when developing the corporate strategy of the Group. The Board also ensures that the Company participates and undertakes activities in corporate social responsibilities.

#### 4.4 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board :

- (a) approval of corporate plans and programmes;
- (b) approval of annual budgets, including major capital commitments;
- (c) approval of new ventures;
- (d) approval of the annual financial statements and interim reports;
- (e) approval of the valuation of unlisted investments, declaration of dividends and forfeiture of unclaimed dividend;
- (f) approval of material acquisitions and disposals of undertakings and properties; and

- (g) changes to the management and control structure within the Company and its Group, including key policies, delegated authority limits;
- (h) the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business; and
- (i) 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 employee share option scheme).

4.5 The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the management.

4.6 In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved.

## **5. ROLE OF THE CHAIRMAN OF THE BOARD**

5.1 The Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

5.2 The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

The key responsibilities of the Chairman include:

- (a) Ensuring that the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that Board decision taken are in the Company's best interest and fairly reflect board's consensus;
- (b) Managing the interface between Board and management;
- (c) Presiding at Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices. The Chairman may appoint his/her designate to chair such meetings;
- (d) Ensuring questions arising at the board meeting must be determined by a majority of votes of the board members present, and in case of an equality of votes, the Chairman shall has a second or casting vote, except where only two (2) Directors are competent to vote on the question at issue, or at a meeting where only two (2) Directors form a quorum;
- (e) Encouraging active participation and allows dissenting views to be freely expressed;
- (f) Functioning as a facilitator at meetings of the Board to ensure that no board member, whether executive or non-executive, dominates discussion, that appropriate discussions take place and that relevant opinions amongst the board members are forthcoming;
- (g) Setting the board agenda and ensure that all Directors receive complete and accurate information on a set of timelines to be agreed between the Chairman and the Secretary for the board members to prepare for the board meetings;
- (h) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole;
- (i) Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (j) Ensuring that adequate time is available for thorough deliberation of key issues.



## **6. ROLE OF GROUP MANAGING DIRECTOR**

- 6.1 The Group Managing Director (“GMD”) holds the primary executive responsibility for the Group’s business performance and manages the Group in accordance with the strategies and policies approved by the Board.

The primary job tasks for the GMD are as follows:

- (a) Primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
  - (b) Responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group’s business operations based on effective risk management controls;
  - (c) Ensure that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an Ethical manner and in compliance with the relevant laws and regulations;
  - (d) Serving as the conduit between the Board and Management in ensuring the success of the Group’s governance and management functions;
  - (e) Providing strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees;
  - (f) Ensuring effective relationships and communication with management and between the Board, shareholders and relevant stakeholders; and
  - (g) Implement the policies, strategies and decision adopted by the Board. All Board authorities conferred on the Management is delegated through the GMD and this will be considered as the GMD’s authority and accountability as far as the Board is concerned.
- 6.2 The GMD shall be a Board member and have the capacity to appoint members of the Company management or appropriate personnel to join the Board as executive Directors.
- 6.3 In the absence of the GMD, any of the Executive Director who is fully acquainted with the running of the Company’s day to day affairs shall be the person direct responsible for the overall running of the Company.

## **7. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND GROUP MANAGING DIRECTOR (“GMD”)**

- 7.1 The roles of the Chairman and GMD of the Company are distinct. The distinct and separate roles of the Chairman and GMD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 7.2 In the event that the positions of Chairman of the Board and GMD are held by same person or a majority of independent Directors were not met, the Company shall give an explanation and justification in the Annual Report of the Company.

## **8. ROLE OF THE NON-EXECUTIVE DIRECTORS/ INDEPENDENT NON-EXECUTIVE DIRECTOR**

- 8.1 Non-Executive Directors are persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- 8.2 Independent Non-Executive Directors are those who have no direct or indirect pecuniary interest in the Company other than the remuneration for their services as members of the Board of Directors and Board committees of the Company and the Group.

- 8.3 The role of the Non-Executive Directors/ Independent Non-Executive Directors is to constructively challenge and help develop proposals on strategy include, inter alia:
- (a) to make an independent assessment of the information, reports or statements, having regard to the directors' knowledge, experience and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings;
  - (b) to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations; and
  - (c) act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

## **9. ROLE OF THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

- 9.1 The Board may appoint amongst its members a Senior Independent Non-Executive Director to act as an additional safeguard and to serve as a fallback point of contact for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.
- 9.2 The Senior Independent Non-Executive Director shall have specific responsibilities which include, to:
- (a) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman or Managing Director;
  - (b) Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
  - (c) Receive report(s) made by employees or external parties for the purpose of whistle blowing in the form as prescribed under the Whistle Blowing Policy of the Group, and thereafter submit the same to the Audit Committee Chairman with an opinion as to whether the report is frivolous or vexatious based on alleged facts;
  - (d) Ensure all Independent Directors have the opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the Independent Directors to perform their duties effectively; and
  - (e) Consult with the Chairman regarding Board meeting schedules to ensure Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items.

## **10. BOARD MEETING AND PROCEDURES**

### **10.1 Board Meetings**

- (a) The Board shall meet at least four (4) times in a financial year and an additional meeting may be called at any time at the Chairman's discretion.
- (b) The quorum of Board meeting shall be two (2) of the Board members.

- (c) In the event the elected Chairman is not able to attend a meeting, a member of the Board shall be nominated as Chairman for the meeting.
- (d) Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to the directors and approved by the Board at the subsequent meeting.
- (e) Actions on all matters arising from any meeting are reported at the following meeting.
- (f) The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.
- (g) Any Director who has a direct or deemed interest in the subject matter to be deliberated abstains from deliberation and voting on the same during the meeting.
- (h) The Board meeting may be held and conducted through telephone conferencing, video conferencing or any communication technology which allows all persons participating in the meeting to hear each other simultaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.
- (i) A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by majority of the directors, for the time being entitled to receive notice of a meeting of the Board, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held, provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. Any such resolution may consist of several documents including facsimile or other similar means of communication, in similar form, each signed by one or more of the members of the Board. The resolutions are to be recorded in the Company's minutes book kept by the Company Secretary.

## **10.2 Notices of Meetings**

- (a) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member no later than five (5) days before the date of the meeting.
- (b) As best practice and allows ample time for directors to study and evaluate the matters to be discussed and subsequently make effective decisions, the Board paper and agenda items shall be circulated at least five (5) days prior to the meeting.

## **10.3 Access to Information**

- (a) The Board should have access to all information pertaining to the Company and advice/services of the Company Secretary and Senior Management staff in the Group in a timely manner for the discharge of its duties effectively.
- (b) The Board may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.
- (c) The Board acknowledges that confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or

another entity. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

## **11. DIRECTORS' CONTINUING EDUCATION PROGRAM**

- 11.1 The Directors shall be regularly updated by the Company Secretary, the External Auditors or the Internal Auditors on new statutory, corporate and regulatory developments relating to directors' duties and responsibilities or the discharge of their duties as directors of the Company.
- 11.2 The Board should on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

## **12. DIRECTORS' REMUNERATION**

- 12.1 The remuneration policy of the Company is based on the philosophy of giving higher weightage on performance-related bonuses. These are entrenched in the remuneration policy for Executive Directors, which are reviewed annually by the NRC. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The Executive Directors' remuneration will depend on the performance of the Group.
- 12.2 The fees of the Non-Executive Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company in general meeting.
- 12.3 The NRC is responsible for reviewing the remuneration policy and making recommendations on the same to the Board for approval.
- 12.4 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company.
- 12.5 The Directors concerned shall abstain from voting or discussing their own remuneration.

## **13. DIRECTORS' EXTERNAL COMMITMENTS AND CONFLICT OF INTEREST**

- 13.1 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his/her interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain himself/herself from voting in any matter arising thereof.
- 13.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 13.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

## **14. CODE OF CONDUCT AND ETHICS**

- 14.1 The Directors are to maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions.

14.2 The Company has in place “*Code of Conduct and Ethics*” which is formulated to enhance the standard of corporate governance and behaviour through:

- (a) Establishing standards of ethical conduct for Directors based on acceptable beliefs and values;
- (b) Upholding the spirit of social responsibility and accountability in line with the legislations, regulations and guidelines governing the Group; and
- (c) Documenting and emphasising to the Directors, the integral obligation of each Director in performing his/her duty, to act in a manner that is lawful, honest, ethical and free from any conflict of interest or perceived conflict of interest.

## **15. WHISTLE BLOWING POLICY**

15.1 The Company has in place “*Whistle Blowing Policy*” to manage improper conduct on the part of the Directors, if any. This policy covers areas from lodging of reports to investigation and corrective actions that are required to be taken.

15.2 Director’s improper conduct is generally described as any conduct by a Director which if proved constitutes a criminal offence or any conduct that constitutes a wrongdoing or malpractice and may include any of the following:

- (a) The breach of any law, regulation or rule that is applicable to the Company. For example, a breach of insider trading laws;
- (b) Any criminal act, including criminal breach of trust, extortion and sabotage;
- (c) Any act that is likely to cause significant financial loss or costs to the Company including any intentional misrepresentation of the Company’s financial statements;
- (d) Any other action that would cause significant harm to the Company or to any person(s); and
- (e) The deliberate concealment of information concerning any of the matters listed above.

15.3 The Board has overall responsibility for this policy and shall oversee the implementation of this policy.

## **16. RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS**

16.1 The Board will maintain an effective communication that enables the Board and its Management to communicate effectively with shareholders and members of the general public. Whenever appropriate, the Board or the relevant management personnel will respond to these queries or opinions on an individual level.

16.2 The Board shall ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the General Meetings.

16.3 The methods of communication engaged by the Company are, amongst others, as follows:

- (a) timely announcements and disclosures made to Bursa Securities;

- (b) the Company's website, <http://hextarindustries.com> which provides easy access to the corporate information pertaining to the Group and its activities, which is updated as and when necessary.

16.4 The Annual General Meeting ("AGM") is the principal forum for communication with shareholders. The notices of the AGM and annual reports are sent out to shareholders at least twenty-one (21) days before the date of AGM.

## **17. ACCOUNTABILITY AND AUDIT**

### **17.1 Financial Reporting**

The Board aims to present a clear and balanced assessment of the Group's financial position and future prospects that extends to the annual and quarterly reports.

The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the approved accounting standards. The Audit Committee plays an important role in ensuring the Company's financial statement is a reliable source of financial information and ensures the compliance of the applicable financial reporting standards before recommending the Company's financial statements to the Board.

### **17.2 External Auditors**

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through the Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditors of the Company. The Audit Committee ensures that the External Auditors do not supply a substantial volume of non-audit services to the Company.

Appointment of the External Auditors is subject to the approval of shareholders at general meeting. The External Auditors have to retire during the AGM every year and be subject for reappointment by the shareholders of the Company for the ensuing year.

## **18. SUSTAINABILITY**

The Board, as a responsible corporate citizen, recognises that the primary objective of the Company is to create long-term value for its shareholders. To achieve sustainable growth, Environmental, Social, and Governance (ESG) considerations are integral to the decision-making process. These criteria provide a framework for the Board and Senior Management to evaluate the Company's performance comprehensively, balancing risks and returns in a sustainable and ethical manner.

The Board together with Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of Company strategies, business plans, major plans of action and risk management.

The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

The action that the Board in promoting Sustainability of the Group shall include but not limited to the following:-

- i. Ensure the internal audit function has adequately incorporated sustainability into its audit plan.
- ii. Endorse appointment of external assurance provider for co-sourcing or outsourcing of sustainability assurance.
- iii. Review the results of the assurance of the Sustainability Statement and approve the Statement of Assurance which forms part of the Sustainability Statement.
- iv. To oversee the implementation of the sustainability framework which is to be embedded into the culture, processes and structures of the Group.
- v. To provide guidance to the management in developing a strategic plan of the Company that supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The Board shall disclose in the Company's Annual Report, the Company's Sustainability Statement of Purpose as well as the Company's Sustainability Performance addressing material sustainability matters/ issues of the Company as well as areas of shared value creation, if any.

#### **19. REVIEW OF BOARD CHARTER**

The Board Charter shall be reviewed by the Board when necessary to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

**END.**