



**METRONIC GLOBAL BERHAD**  
**[Registration No. 200301029648 (632068-V)]**

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**Board Charter**

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## **1.0 INTRODUCTION**

The Board of Directors ("**the Board**") of Metronic Global Berhad ("**the Company**") is responsible and accountable for governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to our aim of realizing potential for our shareholders and other stakeholders. Towards this end, the Board strives to ensure that the Company and its subsidiaries ("**the Group**") practice the highest standards of corporate governance as promulgated in the Malaysian Code on Corporate Governance ("**the Code**")

This Board Charter ("**Charter**") is designed to provide guidance and clarity for Directors management regarding the role of the Board and its committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties as well as the Board's operating partakes. This Charter does not overrule or pre-empt all statutory requirements that are stipulated in the Companies Act 2016 ("**CA 2016**"), the Income Tax Act 1967, the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") or such other relevant statutes, including the conduct of the Board as set out in the Company's Constitution.

## **2.0 PURPOSE**

This Charter sets out the role and responsibilities, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

## **3.0 THE BOARD**

### **3.1 Board Membership**

#### **3.1.1 Composition**

The Board shall ensure that its composition reflects a diversity of backgrounds, skills, experience and knowledge in the areas of business, economics, finance, legal, general management and strategy as may be required to facilitate the decision making of the Company.

The Constitution of the Company provides for a minimum of two (2) directors and a maximum of 12 directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors, who are to provide independent judgment, experience and objectivity to the Board considerations so that the interests of all shareholders are taken into account by the Board. The tenure of an independent director does not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the directors' redesignation as a Non-Independent Director.

The Board shall examine the composition and size of the Board from time to time to ensure its effectiveness.

### **3.1.2 Appointments and Re-election**

Based on the recommendations of the Nominating Committee (“NC”), the Board shall have power at any time and from time to time, to appoint any person to be a director of the Company, either to fill a casual vacancy or as an addition to the existing Board but so the total number of directors shall not at any time exceed the maximum number fixed in the Constitution of the Company.

In making these recommendations, the NC shall ensure an effective process for the selection of new directors to the Board. The NC shall review and assess the proposed appointment of new directors for the Board, Board Committees and senior management in terms of the appropriate balance of skills, expertise, attributes and core competencies, and thereupon make the appropriate recommendations to the Board for approval. Such evaluation criteria shall ensure that all candidates are fairly and equitably evaluated irrespective of, amongst others, race, age, disability, and religion or ethnic origin in compliance with the Company’s Code of Conduct and Ethics.

No former audit partner of the external audit firm of the Company shall be appointed as a member of the Audit Committee before observe a cooling off period of at least three (3) years before appointed as a member of the Audit Committee.

All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Any newly appointed directors shall hold office until the next following annual general meeting of the Company, and shall then be eligible for re-election.

The Constitution of the Company provides that at least one-third (1/3) of the Board shall retire and be eligible for re-election at every annual general meeting of the Company. A retiring director shall retain office until the close of the annual general meeting of the Company at which he retires.

### **3.1.3 Independence of Directors**

The Board, through the NC, shall assess the independence of the directors annually, taking into consideration interests disclosed by the Directors and having regard to the criteria for assessing the independence of Directors under the annual Board Assessment.

### **3.1.4 New Directorship**

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.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

### **3.2 Role of the Board**

#### **3.2.1 Duties and Responsibilities**

The Board's role is to govern and set the strategic direction of the Company, whilst the Management manages the Group in accordance with the strategic direction and delegations of the Board. The responsibility of the Board is to oversee the activities of the Management in carrying out these delegated duties.

The Board assumes, amongst others, the following principal responsibilities in discharging its stewardship role and fiduciary and leadership functions:

- I. reviewing and adopting a strategic plan for the Company and the Group, and subsequently monitoring the implementation of the strategic plan by the Management to ensure sustainable growth of and optimization of returns for the Company and Group;
- II. overseeing and evaluating the conduct and performance of the Company and the Group's business;
- III. evaluating principal risks of the Company and the Group and ensuring the implementation of appropriate risk management and internal control systems to manage these risks;
- IV. reviewing the adequacy and the integrity of the Company and the Group's risk management and internal control systems;
- V. overseeing management performance and ensure a sound succession plan for key positions within the Company;
- VI. providing input and overseeing the development and implementation of the investor relations and shareholder communications policy and programme for the Company and the Group; and
- VII. reviewing the adequacy and the integrity of the management information of the Company and the Group.

#### **3.2.2 Matters Reserved for the Board**

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

- I. corporate exercise;
- II. change in group corporate structure and major business investment proposal, including investment of new business, divestment of existing business and joint ventures;
- III. establishment of policies and procedures;
- IV. corporate strategic plan and annual budget;
- V. acceptance of credit facilities and provision of the corporate guarantee;
- VI. quarterly financial results and annual audited account of the Company;
- VII. implementation of the voluntary separation scheme and/or retrenchment plan, if any;
- VIII. amendments to the terms of reference of the Board Committees;
- IX. appointment and/or removal of Company Secretary;
- X. appointment and/or removal of the Internal Auditors and their remuneration;
- XI. establishing a succession plan and considering emerging issues which may be

- material to the business and affairs of the Group; and
- XII. related party transaction, recurrent related party transaction and matters involving any conflict of interest relating to substantial shareholder or director.

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

The key roles of the Non-Executive Directors include:

- I. constructively challenge and contribute to the development of strategy, in particular, providing an independent point of view;
- II. monitor the performance of the Group Managing Director in meeting agreed goals and objectives and ensure that the necessary financial and human resources are in place to enable the Group to meet those objectives;
- III. satisfy themselves as to the adequacy and integrity of financial and non-financial reporting to the Board and that systems of internal control and risk management are robust and defensible; and
- IV. promote the highest standards of corporate governance.

### **3.2.4 Role of the Chairman and the Chief Executive Officer**

The role of the Chairman and the Chief Executive Officer (“CEO”) are distinct and separate with each having a clear scope of duties and responsibilities to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the CEO has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies, directives, strategies and decisions.

### **3.2.5 The Chairman of the Board shall:**

- I. lead the Board and ensure its effectiveness in discharging its responsibilities;
- II. ensure the efficient conduct of the Board’s function and meetings;
- III. facilitate the effective contribution of all Directors at Board meetings;
- IV. promote constructive and respectful relations between Directors, and between the Board and Management;
- V. ensure the proper and timely flow of information to the Board; and
- VI. ensure effective communication between the Board and the Management with shareholders, stakeholders and the public generally.

### **3.3 Board Committees**

The Board may from time to time establish Board committees as it considers appropriate to assist in carrying out its duties and responsibilities. The committees shall operate within clearly defined written terms of reference as approved by the Board. The Board shall review such terms of reference from time to time to ensure their relevance. The terms of reference may authorise a committee to act on behalf of the Board or to make recommendations to the Board. Notwithstanding the authority granted to a committee under its terms of reference, ultimate responsibility for decision-making lies with the Board.

The Board has set up and approved terms of reference (which are available for reference at the Company's website).

- Audit Committee;
- Nominating Committee; and
- Remuneration Committee.

The minutes of the Board Committees' meetings and circular resolutions passed shall be presented to the Board for information. The Chairman of the respective Board Committees shall also report to the Board on the key issues deliberated by the Board Committees at its meetings.

### **3.4 Board Meetings**

The Board shall meet at least four (4) times a year, with special meetings of the Board convened as and when necessary. The quorum for Board meetings shall be two (2) directors and any directors in telephonic communication with such meeting shall be counted in the quorum. Participation via telephone or video-conference is permitted. However, personal attendance of the meetings is encouraged.

The agenda of each scheduled Board meeting shall be circulated by the Company Secretary to all Board members seven (7) days prior to the Board meeting. Board meeting papers should be made available to all Board members at least five (5) days prior to the Board meeting. If there is a unanimous consent by the members of the Board present in the meeting, a short notice shall suffice.

The agenda and Board meeting papers for any special meetings of the Board shall be circulated to all Board members as soon as practicable. Each member of the Board is entitled to one (1) vote in deciding the matters deliberated in the Board meeting. Decisions of the Board shall be by majority of votes. In case of an equality of votes, the Chairman of the Board shall have a second or casting vote.

The minutes of the Board meeting shall be circulated to the Board members for comments and approval at the subsequent meeting of the Board.

A resolution in writing signed or approved by majority the directors who may at the time be present in Malaysia and who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Company Secretary without delay, and shall be recorded by the Company Secretary in the Company's minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more directors.

Where necessary, the senior management or external consultants will be invited to brief and assist the Directors in their deliberations.

### **3.5 Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators, the Board shall aim to present a balanced and understandable assessment of the Group's position and prospects.

The Board shall ensure that the financial statements are prepared in accordance with the Companies Act and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Group and the Company.

### **3.6 Directors' Disclosure**

A director shall at all times act honestly and use reasonable 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.

Every director shall comply with the provisions of Sections 219 and 221 of the CA2016 in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interest might be created in conflict with his duty or interest as a director of the Company.

A director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest, nor shall he be counted for the purpose of any resolution regarding the same, in the quorum of the meeting.

### **3.7 Directors' Assessment**

A separate performance assessment for each individual director, taking into consideration their competencies, qualification, character, commitment, integrity, experience, contribution, performance and time expended in meeting the needs of the Group, shall be undertaken annually by the NC.

The assessments and evaluations carried out by the NC shall be properly documented, summarised and reported to the Board.

### **3.8 Directors' Remuneration**

The RC comprises mainly Independent Non-Executive Directors who is responsible for recommending policy and framework for Directors' remuneration including remuneration and other terms of employment for the Executive Director. The Executive will abstain from deliberating on matters affecting their own remuneration.

The Board as a whole determines the remuneration of Non-Executive Director with the Directors concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The Non-Executive Directors shall be paid by way of fees for their services. In recognition of the additional time and commitment required, the Non-Executive Directors are entitled to allowances arising from their participation in various board committees and attending Board and various committee meetings. Directors' fees, benefits paid and payable are subject to the approval of shareholders at the annual general meeting. The Non-Executive Directors shall be reimbursed for all their travelling, hotel and other expense properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending the meetings of the Board or any Board Committees of the Company.

### **3.9 Directors' Induction and Continuing Development**

The NC shall ensure that an appropriate induction is provided to the newly appointed directors in order for him to familiarise himself with the Group's organisational structure, strategic plans, significant financial, accounting and risk issues and other important matters and will become as effective as possible in his role within the shortest practicable time.

In addition to the Mandatory Accreditation Programme as required under the LR, the Board, through the NC, shall assess the training needs of the directors from time to time and to ensure that its members continue to update their knowledge and enhance their skills through appropriate continuing education programme and lifelong learning. This will enable directors to fulfil their responsibilities to the Company and enhance their contributions to board deliberations.

## **4.0 COMPANY SECRETARY(IES)**

The Company Secretary(ies) plays an important advisory role and is the source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretaries shall be a matter for the Board as a whole.

The Company Secretaries shall be of a senior position with adequate authority and shall report directly to the Board.

The specific responsibilities of the Company Secretary(ies) are as follows:

- I. advise and updates the Board and Management on governance issues latest statutory & regulations requirement and the resultant implications;
- II. ensure compliance with listing and related statutory obligations;
- III. attend Board, Committees and general meetings, and ensure the proper recording of minutes;



- IV. ensure proper upkeep of statutory registers and records;
- V. assist Chairman in the preparation for and conduct of meetings;
- VI. assist Chairman in determining the annual Board plan and the administration of other strategic issues; and
- VII. assist in the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations.

## **5.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

Every Director shall have full and unrestricted access to information within the Group. Where required, the Board and its Committees may seek independent professional advice, the cost of which is borne by the Company. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of the Group's operations or business concerns.

In addition, the Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretary(ies).

## **6.0 CODE OF CONDUCT AND ETHICS**

In discharging its duties and responsibilities, the Board shall be guided by the Code of Conduct and Ethics of the Group, which provides the framework to ensure that the Group conduct itself in compliance with laws and ethical values. The Code of Conduct and Ethics is available on the Company's website.

## **7.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

The Board shall ensure that all the shareholders of the Company are treated equitably and the rights of all investors are protected. The Board shall provide its shareholders and investors with comprehensive, accurate and quality information on a timely and non-selective basis, in order to keep them abreast of all material business matters affecting the Company and the Group.

In this regard, the Board shall ensure that the Company:

- I. immediately announces any material information;
- II. immediately announces the occurrence of events prescribed under the MMLR;
- III. immediately announces transactions which trigger the prescribed materiality threshold;
- IV. announce, on a periodic basis, its financial statements and annual audited financial statements and annual report; and
- V. maintains its own website which is current, informative and contains all information such as all announcements made to Bursa Securities and the contact details of the Company's designated person to enable the public to forward queries.

Before the commencement of any general meetings of the shareholders, the directors are encouraged to take the opportunity to engage directly with the shareholders to account for their stewardship of the Company.

The Board shall appoint the authorised spokesperson of the Company and is responsible for all shareholder correspondence and communications.

## **8.0 REVIEW OF THE BOARD CHARTER**

This Charter shall be reviewed annually and may be amended by the Board as it deems appropriate.

The Board Charter is available on the Company's website at [www.metronic-group.com](http://www.metronic-group.com).