

# **MEGA FIRST CORPORATION BERHAD BOARD CHARTER**

## **1) INTRODUCTION**

The Board of Directors (“Board”) of Mega First Corporation Berhad (“MFCB” or “the Company”) recognises corporate governance as being vital and important to the success of MFCB and its group of companies (“Group”) businesses. 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. The Board’s fundamental approach in this regard is to ensure good governance is practised in all its business dealings with shareholders and stakeholders.

As part of the Company’s corporate governance framework, the Board has formalised the Board Charter. This Board Charter shall form an integral part of each Director’s duties and responsibilities.

## **2) PURPOSE**

This Board Charter provides guidance and clarity for Directors and Management in their stewardship of the Company and their duties as well as the Board’s operating practices.

This Board Charter supplements and does not in any way supersede the provisions of the Company’s Constitution, the Companies Act, 2016, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Capital Market and Services Act, 2007 and any other legislations or regulations.

## **3) BOARD STRUCTURE**

### **3.1 Board Size and Composition**

The Company’s Constitution provide for a minimum of two (2) Directors and a maximum of fifteen (15) Directors.

At any one time, at least two (2) or one-third (1/3), of the Board members whichever is higher, shall be Independent Directors. However, the Board must comprise of a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The Chairman must not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The Board shall consist of qualified individuals with diverse skills, experience and expertise necessary to govern the Company.

If any Director holds views contrary to those of any of the other Directors on a matter discussed at a Board meeting, the Board minutes will be clearly reflected.

### **3.2 Appointment and Re-election**

The appointment of a new Director should be considered and decided by the full Board, upon the recommendation from the Nominating Committee (“NC”). The NC will consider the required mix of skills, expertise, experience, other qualities and diversity, including gender which a potential Director can bring to the Board.

The term of office for Directors shall be as follows:

- a) New Directors shall hold office only until the next Annual General Meeting at which they will retire and be available for re-appointment.
- b) All Directors are subject to retirement by rotation and re-election by shareholders at least once in every three (3) years in accordance to the Company’s Constitution and applicable regulations.

### **3.3 Independence of Director**

The Board shall assess the independence of Directors on an annual basis or when any new interest or relationship develops. Directors are expected to advise the Board immediately if they believe that they may no longer be independent.

### **3.4 New Directorship**

All Board members shall notify the Chairman of the Board before accepting any new directorship or significant commitments outside the Company. The notification shall include an indication of the time that will be spent on the new appointment.

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

All Directors are expected to make proper and timely disclosure of new directorship to the Company Secretary.

### **3.5 Tenure of Independent Directors**

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years with intervals. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director’s re-designation as a Non-Independent Director.

Subject to obtaining the annual shareholders’ approval through a two-tier voting process, an Independent Director who has served a cumulative term of nine (9) years may continue to serve the Company in that capacity. In such a situation, the Board must make a recommendation and provide strong justification to the shareholders in a general meeting.

#### **4. ROLE AND RESPONSIBILITIES**

##### **4.1 Role of the Board**

The Board should provide leadership and vision to the Group, in a way that will enhance shareholders' value and ensure the long-term sustainable development and growth of the Group.

The Board monitors Management's performance in accordance with any duties and obligations imposed upon the Board by law, the Company's Constitution or other applicable regulations.

The Board assumes, amongst others, the following duties and responsibilities:-

- i) Establishing and reviewing the strategic objectives so that the Group can conduct its activities sustainably over the long term and endorsing material initiatives to support the delivery of those objectives;
- ii) Promote sustainability through appropriate environmental, economic, social and governance considerations in the Group business strategy.
- iii) Overseeing the conduct of the business of the Group and to evaluate whether the business is being properly managed;
- iv) Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
- v) Succession planning including appointing, training, determining the compensation, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors;
- vi) Overseeing the development and implementation of a shareholders' communication policy for the Group; and
- vii) Reviewing the adequacy and the integrity of internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.
- viii) Overseeing the sustainability risk and opportunities
  - Setting the Group's sustainability strategies, priorities and targets;
  - Ensure the Group's sustainability strategies, priorities, targets and performance are communicated to its internal and external shareholders;
  - To stay abreast with and understand the sustainability issues relevant to the Group and its businesses, including climate-related risks and opportunities

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The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Group's objectives, that employees are invaluable assets of the Group and that the Group should play a role in contributing towards the welfare of the community in which it operates.

**4.2 Matters Reserved for the Board**

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

- a) Approval of financial statements and public statements which reflect significant issues of the Company's policy or strategy;
- b) Approval of dividends;
- c) Approval of annual budgets including major capital commitments;
- d) Approval of any significant changes in accounting policies and practices;
- e) Approval of material acquisitions and disposition of assets not in the ordinary course of business;
- f) Changes relating to the capital structure including reduction of capital, share issues (except under employee share plans) and share buy-backs (including the use of treasury shares);
- g) Changes to the structure, size and composition of the board, following recommendations from the Nominating Committee;
- h) Review of conflict of interest issues relating to a substantial shareholder or a Director;
- i) Review of risk management policies, including delegated authority limits;
- j) Review of the overall corporate governance practices;
- k) Appointment and removal of the Company Secretary;
- l) Establishment of Board Committees, their membership and delegated authorities; and
- m) Assessment of performance of the Board and Board Committees;

**4.3 Role of Chairman**

The Board is mindful that convergence of the two roles, that is Chairman of the Board and Chief Executive Officer, is not in compliance with best practice, but the Board takes into consideration the fact that the Executive Chairman is also the single largest shareholder. The Executive Chairman has shown tremendous commitment and had played an integral role in the stewardship of the Company. There is therefore the advantage of shareholder leadership and a natural alignment of interests. The Board is comfortable that there is no undue risk of potential conflict of interest as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the high proportion of Independent Directors with distinguished records and credentials provides for

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effective oversight over management and ensures there is independence of judgement.

The Chairman is responsible for :-

- a) The leadership of the Board in ensuring the effectiveness of all aspects of its role.
- b) The efficient organisation and conduct of the Board's function, chairing Board meetings and encouraging all Directors to play an active role in Board activities;
- c) Taking the lead in setting the values and standards of the Company;
- d) Ensuring quality information is furnished to Board members on a timely basis to facilitate decision-making;
- e) Ensuring accurate and timely information, in particular, about the performance of the Company is furnished to Board members;
- f) Chairing general meetings of shareholders and ensuring orderly conduct and proceedings of such meetings;
- g) Ensuring effective communication with shareholders and stakeholders; and
- f) Facilitating the contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and

Should the Chairman be absent from a meeting, the members of the Board present at the meeting may choose one of their members to chair the said meeting.

**4.4 Role of Executive Directors (including the Chief Executive Officer)**

The Executive Directors serve as a conduit between Management and the Board and are responsible for the effective implementation of the Company's strategic plans and policies established by the Board, besides managing the operations of the Company and its subsidiaries ("the Group").

Generally, the Executive Directors are responsible to the Board for the following key functions:-

- a) Manage the day-to-day operations such that they deliver the strategies and plans approved by the Board;
- b) Ensure the efficiency and effectiveness of the operations for the Group 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;
- c) Develop and implement corporate strategies for the Group;
- d) Achievement of Company's goals and observance of management authorities delegated by the Board;

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- e) Ensure that the financial management practice is performed at the highest level of integrity and transparency;
- f) Ensure the Company has an effective management team and structure as well as develop management skills and putting in place an effective management succession plan to sustain continuity of operations; and
- g) Ensure that effective internal controls for the Group are instituted.

**4.5 Role of Non-Executive Directors**

The role of the 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;
- b) to provide an independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings; and
- c) to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programs, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations.

**4.6 Role of Senior Independent Director**

The Board may appoint a Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by stakeholders. The duties of Senior Independent Director would typically include the following:-

- 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 CEO;
- b) Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- c) Ensure all Independent Directors have an 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;
- d) 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; and
- e) Chair meetings of the Board in the absence of the Chairman or his abstention.

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**4.7 Role of Board Committees**

The Board may from time to time establish appropriate Committees to assist in discharging its fiduciary duties.

Board Committees operate under clearly defined terms of reference and are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and minutes of these meetings are made available to all Board members.

The following Committees have been established:-

- Audit Committee
- Remuneration Committee
- Nominating Committee
- Employee Share Options Scheme Committee

**5. BOARD MEETINGS**

The Board shall meet at least four (4) times annually scheduled in advance to facilitate time planning. Additional meetings are convened as and when deemed necessary.

Directors should ordinarily receive a full agenda and board papers not later than 5 days before each meeting. Directors are entitled to request additional information where they consider the information is necessary to support an informed decision-making.

If necessary, senior management and external consultants will be invited to brief and assist the Directors.

The minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

**6. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

Directors have full access to all information and records of the Company, collectively or individually.

The Board has established a procedure whereby Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

Board members have unlimited access to the professional advice and services of the Company Secretary.

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**7. BOARD EVALUATION AND PERFORMANCE**

The Nominating Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, on an annual basis. The Board should engage independent experts at least once every three years to facilitate objective and candid board evaluation. The Board should disclose how the assessment was carried out, its outcome, actions taken and how it has or will influence board composition.

**8. BOARD REMUNERATION**

The Board is assisted by the Remuneration Committee in assessing and recommending suitable remuneration for Directors and senior management.

Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a general meeting.

**9. DIRECTORS' TRAINING AND CONTINUING EDUCATION**

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors will update their knowledge and enhance their skills through attending training programmes and field trips. Directors are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Group's operations and business.

The Board will assess the training needs of the Directors and ensure the Directors have access to continuing education programme.

**10. CODE OF ETHICS AND CONDUCT**

The Board, in discharging its role, is guided by the Code of Ethics and Conduct for Directors ("the Code"). The Code requires Directors to observe high ethical business standards, honesty and integrity. Directors are required to apply these values to all aspects of the Company's businesses and act in good faith in the best interests of the Company and its stakeholders.

In the performance of his duties, a Director should at all times observe the following standards of conduct:-

- a) A director must have a clear understanding of the aims and objectives, capabilities and capacity of the company;
- b) A director must act honestly, in good faith and in the best interests of the company as a whole.
- c) A director must use his powers for a proper purpose and in good faith in the best interest of the company.
- d) A director must use reasonable care, skill and diligence in discharging his duties.



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- e) A director should devote adequate time to the company's activities.
- f) A director must recognize that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
- g) A director must not make improper use of the information acquired as a Director.
- h) A director must not take improper advantage of his or her position as Director.
- i) A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- j) A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
- k) A director should disclose immediately all contractual interests whether directly or indirectly with the company.
- l) A director can seek independent expert advice in accordance with the Company's policy on external advice.
- m) A director should not engage in conduct likely to bring discredit upon the company.

**11. REVIEW OF THE BOARD CHARTER**

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

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*This Board Charter is approved and adopted by the Board of Directors of Mega First Corporation Berhad on 23 March 2022*

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