

NYLEX (MALAYSIA) BERHAD [197001000148(9378-T)]
(Incorporated in Malaysia)

BOARD CHARTER

1 INTRODUCTION

This Board Charter is designed to provide the Board of Directors of the Company (collectively the "Board" and individually the "Director/s") with greater clarity regarding the roles of the Board and the responsibilities of Directors of the Company in carrying out their roles and discharging their duties to the Company and its subsidiaries ("Group"), and the Board's operating practices.

The Board has established this Board Charter based on the key values, principles and ethos of the Company, and the policies and strategy development are based on these considerations.

All Directors are expected to show good stewardship and act in a professional manner in accordance with the appropriate standards of good corporate governance.

The Board is committed towards adopting a Corporate Governance Framework which complies with the principles of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), where applicable to the Group's operational and business environment.

2 PURPOSE

The Board Charter sets out the authorities, roles, functions, compositions and responsibilities of the Board to assist the Directors to be aware of their duties and responsibilities to effectively discharge their fiduciary duty in managing the affairs of the Group.

3 THE BOARD

3.1 Composition

The Company's Constitution ("Constitution") provides that the Board shall consist of a minimum of two (2) and a maximum of eleven (11) Directors. The Main Board Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") stipulates that at least two (2) or one-third (1/3) of the Directors, whichever is higher, shall be Independent Directors.

The independence of directors is to be assessed by the Remuneration and Nomination Committee of the Company in accordance with the Listing Requirements.

The Board shall comprise of Directors who are persons of calibre with a wide range of experience, business acumen, skill and functional knowledge in business and public services with a diverse academic background in legal, accounting, economics, corporate finance and marketing.

A majority of Non-Executive Directors should be present on the Board to provide the necessary check and balances on the conduct of the Group Managing Director in managing the business of the Company and of the Group. In particular, the Independent Non-Executive Directors shall be persons independent of management and free from any business or other relationship so as to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct and to provide independent views in the Board's discussion. Independent Non-Executive Directors should involve actively in the Board Committees of the Company.

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies. In addition, all Board members shall remain mindful of the limits of

directorship in public listed companies specified by the Listing Requirements when accepting new directorship roles. 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.

The Board recognises the importance of assessing the effectiveness of individual directors, the Board as a whole and the Board Committees. The Remuneration and Nomination Committee is given the task to review and determine the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors annually. In assessing suitability of candidates, consideration will be given to the competencies, commitment, expected contribution and performance from the candidates.

3.2 Roles of Chairman and Group Managing Director

The Group has adopted the practice of the MCCG whereby the positions of the Non-Executive Chairman and the Group Managing Director are held by different individuals.

The roles of the Non-Executive Chairman and the Group Managing Director are distinct and separate with individual responsibilities and clearly defined duties, power and authorities.

The Chairman holds a non-executive position and is primarily responsible for instilling good corporate governance practices, providing leadership and ensuring the Board's effectiveness and conduct in discharging its responsibilities as well as leading the Board in the oversight of the Management.

The principal duties and responsibilities of the Chairman are, inter alia, as follows:

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive adequate and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between Board and Management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

On the other hand, the Group Managing Director with the assistance of the Deputy Chief Executive Officer, are accountable for the day-to-day management of the Group's business operations and implementation of the Board's decisions and policies. They are supported by the management team which consists of the Chief Financial Officer and the various divisional heads.

The distinct and separate roles of the Chairman and the Group Managing Director, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.

3.3 Duties and Responsibilities

The Board retains full and effective control of and responsibility for the Group. It is primarily responsible for charting and reviewing the strategic direction of the Group. The principal duties and responsibilities of the Board are, inter alia, as follows:

- **Formulating and reviewing the business direction and objectives of the Group**

The Board plays an active role in formulating the Group's overall business direction and in reviewing the Group's business strategies and financial performances at regular intervals. In carrying out its duties, the Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The Board also reviews and approves key operational policies and initiatives, as well as major investments and funding decisions of the Group.

- **Overseeing the conduct of business of the Group**

The Board has established the Board Committees, namely the Audit Committee and the Remuneration and Nomination Committee ("R&N Committee"), which are entrusted with specific responsibilities to oversee the affairs of the Group with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at their respective meetings.

Overall, the Board's duties in overseeing the conduct of business of the Group includes monitoring and assessing Management's implementation of its business strategies, protecting the Group's assets and the integrity of its financial and non-financial reporting through the upholding of effective risk management and internal controls systems, setting Group values and promoting ethical and good corporate governance practices by building such values into internal procedures and policies, and maintaining procedures to enable effective communication with stakeholders.

- **Reviewing the risk management framework and the adequacy and integrity of the Group's internal control system and management information system.**

The Board, through the Audit Committee, conducts periodic reviews on the risk management framework to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group. Authority levels, control procedures, reporting mechanisms and internal audit function are subject to periodic reviews by the Board.

- **Succession planning**

The Board ensures that all candidates appointed to Senior Management positions are of sufficient calibre and that there are programmes in place to provide for the orderly succession of Senior Management.

3.4 Board Committees

The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities.

The Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective terms of reference.

There should clearly be an accepted division of responsibilities amongst the Directors of the Company, which will ensure a balance of power and authority such that no one Director has unfettered powers of decision. The division of responsibilities is to be regularly reviewed taking into consideration the operational, financial and business development aspects of the Company to ensure the Company's needs are consistently met.

Where the Board appoints a Committee, it should spell out the authority of the committee and in particular whether the Committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation which is subject to the Board's approval.

3.5 Board Meetings

The Board holds its Board meetings quarterly and additional meetings are convened as and when necessary as determined by the Chairman.

At the end of each calendar year, the Company Secretaries would draw up a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year, to ease the Directors in planning their attendances at the Board/Committee meetings. The Company Secretary should ensure that notice to convene a Board meeting is to be served not less than seven (7) days before the meeting. A Board meeting however, may be convened by a shorter notice than seven (7) days provided that the issue to be deliberated is a matter of urgency.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly Interim Financial Reports or the annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretary should ensure that meeting materials are circulated to the Directors at least five (5) business days prior to the Board meetings.

The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretaries ensures that the minutes are circulated for the Directors' review and comments in a timely manner.

Senior management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals are invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate the Board in making an informed decision.

The decisions of the Board are decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote except where only two (2) Directors are present or only two (2) Directors are competent to vote on the question at issue.

In the event there are personal interests/conflict of interests in respect of any matter, the Director concerned must declare his/her interests and the Director involved is to excuse himself from the discussion and the meeting and abstain from voting on the matter.

In the intervals between Board meetings, the Board decisions are obtained via circular resolutions which are supported with Board papers to provide the necessary information for an informed decision by the Board. The circular resolutions shall be effective if they are signed by a majority of the Directors.

3.6 Re-election

In accordance with the Constitution, a Director is subject to retirement and be eligible for re-election at the next annual general meeting of the Company after his appointment.

The Constitution also provide that at least one-third (1/3) of the Board members shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The Group Managing Director do not have a service contract where the notice period for termination is more than one (1) year but he is subject to retirement at least once every three (3) years and shall be eligible for re-election at the annual general meeting. In the event of any vacancy in the Board, resulting in non-compliance with the Listing Requirements and/or the MCGG 2017, the vacancy must be filled within three (3) months, from the date of non-compliance.

The motions to re-elect Directors is voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the annual general meeting without any vote against it.

3.7 Familiarisation With Business And On-Going Training

New members of the Board are provided with background material and are offered management briefings on strategic and other issues affecting the Company and the Group. Directors are expected to acquire and maintain sufficiently detailed knowledge of the Company's and of the Group's business and their on-going performance to enable the Board to make informed decisions on the issues before the Board.

Directors are encouraged to undertake appropriate course and training at the Company's expense so as to ensure that they are able to perform their duties as Directors of the Company to the best possible standards.

3.8 Tenure Of Independent Directors

The Board had adopted the criteria set out under the definitions of "independent director" in the Listing Requirements to assess the independence of Directors.

From the date the Independent Directors were appointed, they had provided an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Rule 1.01 of the Listing Requirements.

The Board noted that Practice 4.2 of the MCCG 2017 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board will seek shareholders' approval through a 2-tier voting process at the annual general meeting.

The Board is of the view that the length of service of the Independent Directors should not affect a Directors' independence but rather the important criteria that must be possessed by the Independent Directors are their independence from management and they are free from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

4 ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to information of the Company and of the Group and on an on-going basis, the Directors interact with the management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. The Directors have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matters connected with the discharge of their responsibilities as they may deem necessary and appropriate at the Company's expense.

5 COMPANY SECRETARIES

The Company Secretaries play an advisory role to the Board in formulating the Company's Constitution and Board policies and procedures. The Company Secretaries have a key role to

play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensure compliance with the Company's Constitution, the Board policies and procedures, the statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities.

The Company Secretaries are also involved in managing all Board and Committee meetings, attending and recording minutes off all Board and Committee meetings and facilitating Board communication and orientation of new Directors and assist in Directors' training and development. They are also involved in managing processes pertaining to the annual general meetings; monitoring corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

They are also to serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

6 CODE OF CONDUCT AND ETHICS

The Board will continue to adhere to the Code of Conduct and Ethics of the Company, which has been adopted by the Board on 25 July 2018.

7 REVIEW OF THE BOARD CHARTER

The Board will review and update the Board Charter periodically to take into consideration the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

This Board Charter was reviewed by the Board of Directors on 28 July 2020.