



IRE-TEX CORPORATION BERHAD

(Company No. 576121-A)

(Incorporated in Malaysia)

BOARD CHARTER

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1. OVERVIEW

The Board of Directors ("Board") of Ire-Tex Corporation Berhad ("the Company") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance 2017 ("the Code").

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

2. COMPOSITION AND BALANCE OF THE BOARD

2.1 Size and Composition

The Board comprising members with a wide range of experience and qualifications. The Board focuses mainly on strategies, financial performance and critical business decisions.

The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of twelve (12) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall comprise Independent Directors as defined in the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

2.2 Nomination and Appointments

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination and Remuneration Committee ("NRC") will make recommendations to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the Director. The Company Secretary will ensure that all appointments are properly made and that all legal and regulatory obligations are satisfied and complied.

The Board is committed to sourcing and recruiting the right group

of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the Company's objectives and strategic goals to be appointed as Directors of the Company for carrying out function of the Board effectively.

In identifying candidates for appointment as Directors, the Board does not solely rely on recommendations from the existing Board members, management or major shareholders. The Board also utilise independent sources to identify suitable qualified candidates.

In assessing suitability of candidates, considerations will be given to criteria, merits and skills including and not limited to the qualification, experience, competencies, commitment, contribution and performance.

All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. 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.

2.3 Re-election

In accordance with the Company's Constitution, at least one third of the Directors shall retire at the Annual General Meeting ("AGM"), and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years. Directors who are appointed by the Board in the course of the year shall subject to re-election at the next AGM to be held following their appointment.

In the annual Directors' retirement by rotation at the AGM, the Directors to retire shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, unless they otherwise agree among themselves, those retire shall be determined by lot.

2.4 Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Board shall undertake an annual assessment of the independence of its Independent Directors.

2.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

The Board may, in exceptional cases and subject to the assessment of the NRC on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director shall subject to annual Shareholders' approval.

Should the Board intend to retain the Independent Director after the twelfth (12) year to remain as an Independent Director, the Independent Director shall subject to annual Shareholders' approval through a two-tier voting process.

2.6 Evaluation of the Directors and the Board as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The NRC is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to criteria, merits and skills including and not limited to the qualification, experience, competencies, commitment, contribution and performance.

The NRC will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees and report to the Board.

2.7 Diversity

The Board is supportive of the Board gender diversity as recommended by the Code. In seeking potential candidates(s) for new appointments, the Board shall through the NRC be mindful and take into consideration of the diversity factors such as gender, ethnicity and age distribution of the Directors to maintain a balanced Board composition.

3. ROLES AND RESPONSIBILITIES

3.1 Board Responsibilities

The Managing Director ("MD") and Executive Director(s) of the Company have the overall responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

The stewardship responsibilities and duties of the Board focuses principally on strategies, financial performance and critical business decisions that may include the following:-

- (i) Reviewing and adopting a strategic plan for the Company.
- (ii) Overseeing and evaluating the conduct and sustainability of the business of the Group.
- (iii) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.
- (iv) Establishing key performance indicators and succession plan and ensuring that all candidates appointed to senior management positions are of sufficient caliber.
- (v) Overseeing the development and implementation of the shareholder communications policy for the Company.
- (vi) Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

3.2 Responsibilities of the Chairman

The Chairman carries out a leadership role in the conduct of the Board and in his relations with shareholders and other stakeholders. The primary responsibilities of the Chairman are, amongst others, as follows:-

- (i) To provide leadership to the Board.
- (ii) To oversee the effective discharge of the Board's supervisory role.
- (iii) To facilitate the effective contribution of all Directors.
- (iv) To conduct and chair Board Meetings and General Meetings of the Company.
- (v) To manage Board communications and Board effectiveness.
- (vi) To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
- (vii) To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
- (viii) To perform other responsibilities assigned by the Board from time to time.

3.3 Responsibilities of the Managing Director

The role of the Chairman and the Managing Director ("MD") are distinct and separate to ensure there is balance of power and authority. The MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The responsibilities of the MD, amongst others, are as follows:

- (i) To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.
- (ii) To develop and recommend to the Board the operational plan and annual budget that supports the Company or the Group's long-term strategy.

- (ii) To ensure the efficient and effective operation of the Group.
- (iii) To manage the overall business and oversees the day-to-day management of the Group.
- (v) To ensure that the Company or the Group achieves and maintains a satisfactory competitive positions within its industry.
- (vi) To formulate and oversee the implementation of major corporate policies.
- (vii) To responsible for the financial management of the Company and/or the Group and overseeing the handling of financial matters.
- (viii) To bring material matters to the attention of the Board in an accurate and timely manner.
- (ix) To serve as the chief spokesperson for the Group.

3.4 Responsibility of the Executive Director(s)

The Executive Director(s) is/are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They represent the Company at the highest level and are decision makers on matters within their scope.

They liaise frequently with the MD and with each other to lead the management to drive the Company and the Group forward.

The responsibilities of the Executive Director(s), amongst others, are as follows:-

- (i) To develop and implement strategic business direction, plans and policies of the Group.
- (ii) To ensure the efficiency and effectiveness of the Group's operations.
- (iv) To supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group.
- (iv) To oversee the day-to-day management of the Group with all

powers, discretions and delegations authorised, from time to time, by the Board.

- (v) To assess business opportunities which are of potential benefit to the Group.
- (vi) To bring material matters to the attention of the Board in an accurate and timely manner.

3.5 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

(i) **Audit Committee**

Audit Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group, reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

(ii) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee ("NRC") oversees the following matters:-

- (a) The nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.
- (b) Responsible for recommending to the Board the remuneration of Executive Directors, Non-Executive Directors and Senior Management in all its forms, drawing from outside advice if necessary.

The Committees shall operate under clearly defined Terms of

Reference. The Terms of Reference are available on the Company's website at <http://www.iretex.com.my>. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

3.6 Company Secretary

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required.

All Board Members, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

4. BOARD PROCESSES

4.1 Board Meetings

The Board meets at least four (4) times a year, on a quarterly basis, with additional meetings to be convened whenever necessary. The Directors receive notices of meetings, typically at least seven (7) days prior to the date of the meeting, highlighting the agenda of the meeting. The relevant papers for meeting, with full and fair disclosures relating to the agenda items, are disseminated to all Directors in advance to provide sufficient details of matters to be deliberated during the meeting.

Information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which are deemed to be critical in arriving at a sound and informed decision.

Minutes of Board meetings together with decisions made by way of circular resolution are duly recorded and properly kept by the Company Secretary.

4.2 Directors' Training

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

4.3 Access to Information and Independent Advice

The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group. The Directors also have access to the internal and external auditors of the Group, without Management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

4.4 Investor Relations and Shareholder Communication

The Board values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and developments. The Company's corporate website serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

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

The annual general meeting remains as a principal forum used by the Company for communication with its shareholders.

Shareholders are also invited to convey and share their inputs with the Board.

5. DIRECTORS' REMUNERATION

- (a) The Board has established a formal and transparent remuneration policies and procedures to attract and retain Directors. The NRC is responsible to ensure that the remuneration package and benefits of the Board members and senior management are commensurate with their responsibility, experience, qualification and benchmarked against industry standards in light of the Company's performance in the industry.
- (b) The Directors' remuneration shall be reviewed by the NRC on annual basis for the approval of the Board prior to recommending the same for shareholders' approval at the Annual General Meeting of the Company.
- (c) The fees of the Directors and any benefit payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree upon.
- (d) The Directors shall be paid or entitled to be reimbursed for all their travelling and other expenses properly and necessarily expended by them in or about the business of the Company in the course of the performance of their duties as Directors or Committees, including their travelling and other expenses incurred in attending meetings of the Company.
- (e) The Directors of the Company shall abstain from deliberation and voting on matters pertaining to their own remuneration.

6. CODE OF CONDUCT AND WHISTLEBLOWER POLICY

In discharging its responsibilities, the Board is guided by the Code of Ethics and Conduct contained in the Code.

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fault, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. A whistleblowing policy strengthens and supports good management and at the same time demonstrates accountability, provides

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good risk management and sound corporate governance practices.

An early warning system such as a whistleblowing policy and procedure can help the Company to detect wrongdoings and alert the Company to take corrective actions before the issue turns into crisis.

To address this concern, the Company has established a whistleblowing policy and procedure whereby any employee, supplier or third party may write an e-mail on any non-compliance situation in the Group to the Chairman of Audit and Risk Management Committee at whistleblower@iretex.com.my. The identity of the whistleblower is also safeguarded at all times.

7. REVIEW OF THE BOARD CHARTER

This Board Charter was first adopted in 2013 and revised on 23 March 2018.

The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference in the Company's website.