



**SUCCESS TRANSFORMER
CORPORATION BERHAD**

[Registration No. 200301034518 (636939-W)]
(Incorporated in Malaysia)

BOARD CHARTER

Approved by Board : 26 May 2014
Updated and adopted as at : 24 May 2022

1. PURPOSE OF CHARTER

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of Directors ("**Board**") of **SUCCESS TRANSFORMER CORPORATION BERHAD** ("**Company**"), adopting principles of good corporate governance and practice.

The Board Charter incorporates the principles and practices (including guidance) of the updated Malaysian Code on Corporate Governance ("**MCCG**") 2021, as considered appropriate, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") ("**Listing Requirements**") on corporate governance, certain aspects of the Company's Constitution, relevant portions of the Companies Act 2016 ("**the Act**") and other law and regulations governing companies in Malaysia.

The Board Charter applies to all members of the Board and senior management of the Company.

2. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board's roles and responsibilities included, but not limited to the following:-

- 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. ensure that the Group's strategic plan supports long-term value creation, focusing on economic, environmental and social considerations underpinning the sustainability of the Group in the Group's strategies, business plans, major plans of action and risk management;
- d. supervise and assess management performance to determine whether the business is being properly managed;
- e. represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- f. ensure there is a sound framework for internal controls and risk management;
- g. identifying principal risks faced by the Group and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- h. monitor the Company's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by laws and regulations and the Company's Constitution and within a framework of prudent and effective controls that enable risks to be assessed and managed;

- i. set the risk appetite within which the Board expects Management to operate and ensure there is a sound risk and internal control management framework to identify, analyse, evaluate, manage, report and monitor significant financial and non-financial risks faced by the Group;
- j. ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- k. ensure that the Company has in place procedures to enable effective communication with stakeholders;
- l. reviewing the adequacy and integrity of the Group's framework for internal controls and risk management;
- m. ensure that all its Directors are able to understand financial statements and form a view on the information presented; and
- n. ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.
- o. direct and periodically review an anti-corruption compliance programme which includes clear policies and objective that adequately address corruption risk;
- p. approve the Whistleblowing Policy and Procedures to encourage reporting of any legitimate concerns over any wrongdoing in the Group
- q. review and acknowledge on the investigation outcome of whistleblowing issues, fraud, legal acts or suspected violations of the Group policies involving employees, management and directors;
- r. periodic review and approve Code of Ethics to align with changes in law, governance code coupled with changes in the Group's vision, mission and business plan.

3. DELEGATION TO COMMITTEES

The Board may from time to time establish committees as it considers necessary or appropriate to assist it in carrying out its duty and responsibilities. The Board shall, as a minimum, establish the following committees and shall adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of the following committees:-

- Audit Committee (AC)
- Nomination Committee (“**NC**”)
- Remuneration Committee (RC)
- Employees' Share Option Scheme (ESOS) Committee

The Board may also delegate specific functions to ad hoc committee(s) as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Board Committees as approved by the Board.

4. RELATIONSHIP WITH MANAGEMENT

- Directors may delegate their powers as they consider it appropriate through appropriate manual of delegations or manual of authorities. However, ultimate responsibility for strategies and controls rest with the Directors as guided by the Managing Director.
- The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- Every possible effort will be made to ensure that Board papers tabled at a Board meeting will be made available in good time to all Directors attending, regardless of location.
- Any abstention, due to any reason whatsoever including but not limited to conflict of interest, must be indicated to the Chairman at the time the matter is being considered and recorded in the Minutes.
- The Management may be invited from time to time to Board meetings, as the Directors deem necessary.
- The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board and by other officers to whom management function is properly delegated by the Managing Director.

5. MATTERS WHICH ARE SPECIFICALLY RESERVED FOR THE BOARD OR ITS COMMITTEES INCLUDE THE FOLLOWING:-

- Appointment of the Chairman.
- Appointment of Directors to fill a vacancy or as additional Directors.
- Establishment of Board Committees, their membership and delegated authorities.
- Approval of interim dividend and recommendation of final dividend for shareholders' approval.
- Review of corporate governance principles and policies.
- Approval of annual business plan and company scorecard.
- Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management.
- Calling of meetings of shareholders.
- Review of whistle blowing reports, any other specific matters nominated by the Board from time to time.
- Determination of the remuneration package of Directors, including Executive Chairman and Senior Management.

6. STRUCTURE

The Company's Constitution governs the regulations and proceedings of the Board. The Board, together with the NC, determines the size and composition of the Board subject to the terms of the Company's Constitution.

6.1 Board Composition

- The Board should comprise of at least two (2) or one-third (1/3), whichever is the higher, of Independent Non-Executive Directors according to Paragraph 15.02 of the Listing Requirements and comprise directors with a broad range of skills, diversity, expertise and experience from range of backgrounds.
- The Chairman is appointed from amongst the Directors as approved by the Board.
- The Board regularly reviews the independence of each Non-Executive Director in light of information relevant to this assessment as disclosed by each Non-Executive Director to the Board.
- A Director is considered to be independent for the purposes of service on the Board and Board Committees if the Director satisfies the standards adopted by the Board from time to time to assist it in its regular 'independence' determinations.
- The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgments.
- According to Practice 5.3 of the MCCG 2021, the tenure of an independent director shall not exceed a cumulative term limit of nine (9) years. The independent director may continue to serve on the Board beyond the nine (9)-year tenure provided the ID is re-designated as a Non-Independent Director. If the Board intends to retain the Director as an independent director, the Board shall undertake a rigorous review to determine whether the "independence" of such Director had been impaired. The findings from the review shall be disclosed to shareholders for them to make an informed decision, which is decided by way of two-tier voting process in seeking annual shareholders' approval to retain such an independent director beyond nine (9) years.

6.2 Chairman and Managing Director

The Company aims to promote accountability and ensure a balance of power and authority between the Chairman and the Managing Director.

The positions of Chairman and Managing Director are held by two (2) different individuals with a clear division of responsibilities between the running of the Board focusing on governance and compliance, and the Company's business and operations, respectively.

As such, no one individual has unfettered power of decision-making.

6.2.1 Chairman of the Board

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role and his key responsibilities include, inter alia:-

- leads the Board in adoption and implementation of good corporate governance practices in the Company;
- leads the Board and ensure effectiveness in all aspects of its role;
- sets the Board agenda and ensuring that Directors receive complete and accurate information in a timely manner;
- ensure an efficient organisation and conduct of the Board's function and meetings;
- facilitate the effective contribution of all Directors at Board Meetings;
- chairs Board meetings and encourages active participation and allowing dissenting views to be freely expressed and discussed;
- Manages the interface between Board and Management;
- chairs general meetings of the Company and provides clarification on issues that may be raised by the shareholders;
- ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

6.2.2 Managing Director

The Managing Director is the conduit between the Board and the Management in ensuring that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations. His key responsibilities include, inter alia:-

- managing day-to-day operations of the Company's business;
- held accountable and responsible for the Group's operations, financial and sustainability performance; and
- implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board.

All Board authorities conferred on the management is delegated through the Managing Director and this will be considered as the Managing Director's authority and accountability as far as the Board is concerned.

6.3 Company Secretary(ies)

The appointment and removal of the Company Secretary(ies) is a matter for the Board. The Company Secretary(ies) shall be a qualified company secretary under Section 235(2)(a) of the Act. The Company Secretary(ies) provide(s) support to the Board and Board Committees that includes, but not limited to the following areas:-

- Advisory role to the Board on its roles and responsibilities in reference to the MCGG 2021, Listing Requirements, the Act, Terms of References of the Board Committees, Board Charter and the consequential application, disclosure and compliance requirements;
- Manage the logistics of Board and Board Committee Meetings. Attendance and minutes are properly recorded and kept by the Company Secretary(ies). The Company secretary(ies) ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions;
- facilitates the orientation of new Directors and assist in Directors' training and development;
- monitor the corporate governance developments and assist the Board in applying governance practices to meet the Board's need and stakeholders' expectations;
- Management of the Annual General Meeting thus ensuring the due processes and proceedings are in place and properly managed. The Company Secretary(ies) will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders;
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues;
- It is also the responsibility of the Company Secretary(ies) to keep abreast of current governance practices and update the same to the Board. The Company Secretary(ies) attends relevant continuous professional development programmes mandated by Companies Commission of Malaysia and keeps the Board updated on relevant developments, either in writing or briefing at the Board meeting. All Board members are entitled to unlimited and unrestricted access to the professional advice and services of the Company Secretary(ies); and
- carrying out other functions as deemed appropriate by the Board from time to time.

6.4 Election, Retirement, Re-election and Re-appointment

The Company complies with the laws and regulations governing the election, retirement, re-election and re-appointment of Directors in addition to the provisions of its Constitution.

7. PROCEDURE OF BOARD MEETINGS

7.1 Frequency of Meetings

The Board shall meet at least four (4) times a year and such additional meetings as may be required for the Board to fulfil its duties. In addition, the Chairman may call a meeting if a request is made by any Board member.

7.2 Quorum

The quorum for Board meetings shall be two (2) Directors.

7.3 Notice of Meetings

Reasonable notice of Board meetings shall be given in writing sent through the post, facsimile, electronic mail and by any means of telecommunication in permanent written form to all Board members, except in the case of emergency, where the Board may waive such requirement.

7.4 Voting and Proceedings of Meetings

The Board members may participate in a meeting by way of telephone and video conferencing or by means of other communications equipment whereby all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.

Questions arising at any meeting of the Board shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Board shall have a second or casting vote. The Board member shall abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7.5 Circular Resolution

A resolution in writing signed by a majority of the Board members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one (1) or more Board members. Any such document may be accepted as sufficiently signed by a Board member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Board member.

7.6 Minutes of Meetings

Minutes of the Board meeting shall be circulated promptly to all members of the Board. The Secretary(ies) shall keep record of all conclusions and resolutions passed at all meetings of the Board, including the names and signatures of the attendees.

The Minutes of the Board meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

Full minutes of the Board meetings shall be kept by the Secretary(ies) at the registered office.

8. REMUNERATION

The Board will consider for adoption a remuneration policy established by the Remuneration Committee designed to enhance corporate and individual performance. The level of remuneration will be designed to attract and maintain talented and motivated Directors and employees. Executive Directors are remunerated based on the Group' s performance whilst the remuneration of the non-executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

The maximum amount of Directors' fees and benefits to be paid to non-executive directors will be recommended by the Board and subject to ordinary resolution of the shareholders.

9. PERFORMANCE EVALUATION

The Board reviews and evaluates individual directors' performance, its own performance and the performance of its Committees at least annually based on the report of the NC.

10. DISCLOSURE AND CONFLICT OF INTEREST

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Group' s interest.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company or any of its subsidiaries shall declare the Director's interest in accordance with the Companies Act 2016.

Should there be actual, potential or perceived conflict of interest between a Company and a director, or a person connected with Director such as a spouse, other family member, or a related company, the interested Director shall make full disclosure in bona fide and act honestly in the best interest of the Group and shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising there from.

11. REVIEW OF BOARD CHARTER

This Board Charter is to be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities. Any of the updated Board Charter shall be made available on corporate website.

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