

BOARD CHARTER

**REACH TEN
GROUP**

BOARD CHARTER

APPROVED BY,



DIRECTOR

1. INTRODUCTION

The Board of Directors (“Board”) of Reach Ten Holdings Berhad (the “Company”) regards Corporate Governance as vitally important to the success of the Company’s business. It is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practiced throughout the Company and its subsidiaries (“Group”) in all of its business dealings in respect of its shareholders and relevant stakeholders:

- a. 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.
- b. All Board members are expected to act professionally, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- c. All Board members are responsible to the Company for achieving a high level of good governance.
- d. This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

This Board Charter is not exhaustive and must be read together with the provisions of the Companies Act 2016, the Company’s Constitution, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the recommended principles of the Malaysian Code of Corporate Governance (“MCCG”), and any other applicable law or regulatory requirements. In case of any inconsistency between this Board Charter and the aforementioned requirements (as from time to time amended), the aforementioned requirements shall prevail.

2. OBJECTIVES

This Board Charter serves to ensure that all Board members, acting on behalf of the Company, are aware of their duties and responsibilities as Board members, as well as the various legislations and regulations affecting their conduct. Furthermore, it aims to ensure that the principles and practices of good Corporate Governance are consistently applied in all their dealings in respect, and on behalf of the Company.

3. DUTIES AND RESPONSIBILITIES OF THE BOARD

3.1 Role of The Board

The Board’s roles and responsibilities are governed by the Company’s Constitution and also in accordance with the Act, Listing Requirements of Bursa Securities, the MCCG, the Capital Markets and Services Act 2007, and any other prevailing regulatory corporate governance practices and laws or regulatory requirements.

The Board is responsible for the proper stewardship of the Group and is the ultimate decision-making body responsible for leading and managing the Group's business. The Directors, collectively and individually, have a legal and fiduciary duty to act in the best interest of the Group and to effectively represent and promote the interests of the shareholders and stakeholders to achieve its vision towards corporate sustainability.

The Board has the following major responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- a. Establish and review the strategic goals and direction of the Group;
- b. Review and adopt strategic plans to enhance long-term value creation by taking into account economic, environmental, social and governance factors;
- c. Review and approve budgets and financial results and ensure the integrity of financial and non-financial reporting;
- d. Oversee the conduct of the Company's businesses and to evaluate whether the business is being properly managed and sustained;
- e. Identify principal risks, establish risk appetite, and ensure implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;
- f. Ensuring the implementation of risk management frameworks and internal control systems to manage financial and non-financial risks;
- g. Assess the adequacy and integrity of the internal control systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines;
- h. Evaluate and assess management performance to ensure proper business management;
- i. Establish and oversee a succession planning programme for senior management and the Board;
- j. Promote a good governance culture, reinforcing ethical, prudent and professional behaviour;
- k. Develop and ensure effective corporate communication procedures with shareholders and stakeholders;
- l. Review, challenge, decide on management's proposals for the Group, monitor its implementation by management and approve any major corporate proposals, new business ventures or joint ventures of the Group;

- m. Review and approve the reports of Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) at the end of each financial year;
- n. Review and approve the Company’s annual report, which includes the Corporate Governance Overview Statement in compliance with the MCCG;
- o. Undertake a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director; and
- p. Review through the ARMC any conflict of interest or potential conflict of interest (collectively, “COI”) that has arisen, or may arise within the Group, including but not limited to transactions, procedures, or courses of conduct that raise concerns about the integrity of management, together with the measures taken to resolve, eliminate, or mitigate the COI, and disclose them in the ARMC report.

3.2 Matters Reserved for The Board

The Board reserves full decision-making powers to ensure the direction and control of the Group. The matters specifically reserved for the collective decision of the Board which may be varied from time to time as determined by the Board are set out below: –

- Annual business plan and budgets (including major capital commitments);
- Strategic issues and planning, including sustainability;
- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material investments in capital projects;
- New ventures/Overseas ventures;
- Material corporate or financial exercise/restructuring;
- Quarterly financial results and audited financial statements;
- Dividend policy or declaration of dividends;
- Material borrowings;
- Proposed appointment of external auditors and their audit fees;
- Key human resources issues;
- Directors’ Fees and allowances;

- Management approval authority limits;
- COI issues relating to substantial shareholders, directors or management;
- Corporate Governance issues and related policies.
- Any matters or transactions that fall within the ambit of the Board pursuant to the Act, Listing Requirements of Bursa Securities, the Company's Constitution or any other applicable laws and regulations (including related party transactions, recurrent related party transactions and conflict of interest situation).

3.3 Division of Roles Between the Chairman of the Board and the Group Managing Director

- a. The Company aims to ensure a balance of power and authority between the Chairman and the Group Managing Director ("GMD") with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and GMD are separated and clearly defined.
- b. The Chairman of the Board may be an Executive or Non-Executive Director. In cases where the Chairman of the Board is not an Independent Director, the Board is supportive of the recommendation set forth by the MCCG, where the Board shall comprise a majority of Independent Directors.
- c. The Chairman of the Board shall not be a member of the ARMC, RC and NC to maintain a system of checks and balances as well as ensure an objective review by the Board.
- d. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at meetings of the Board and shareholders.
- e. The GMD leads the executive management and is responsible for the effective implementation of the Group's policies and strategies. The GMD holds the overall responsibility for overseeing and managing the day-to-day operations of the Group.

3.4 Role of The Chairman

The Chairman will act independently in the best interest of the Group and is responsible for ensuring Board effectiveness and promoting the highest standards of integrity, probity, and corporate governance throughout the Group.

The Chairman is primarily responsible for the following:

- a. Providing leadership for the Board so that the Board can perform its responsibilities effectively;

- b. Setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- c. Leading Board meetings and acting as a facilitator at the Board and ensuring appropriate level of interaction among Board members;
- d. Encouraging active participation and allowing dissenting views to be freely expressed;
- e. Managing the interface between Board and Management;
- f. Ensuring that appropriate steps are taken to provide effective, transparent and regular communication with stakeholders and that their views are communicated to the Board as a whole; and
- g. Leading the Board in the adoption and implementation of good corporate governance practices in the Company.

3.5 Role of the Group Managing Director

The GMD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

The GMD is responsible for implementing the policies, strategies and decisions approved by the Board. In cases where these directives are not implemented, the GMD must promptly report to the Board, providing explanations for the reasons behind non-implementation.

The GMD is primarily responsible to the Board for the following:

- a. Providing strong leadership and ensuring that the business objectives, strategies and policies are communicated across all levels in the Group;
- b. Spearhead the business direction of the Group and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group;
- c. Ensure that the Group's policies, strategies and decisions approved by the Board are effectively implemented; and
- d. Ensure that the senior management has the necessary skills and experience to manage the Group.

The Board delegates day-to-day powers and duties to the GMD, who may further delegate functions to the Management.

All matters exceeding the delegated authority of the GMD must be referred to the Board for approval.

3.6 Role of The Senior Independent Non-Executive Director

The Board shall appoint a Senior Independent Non-Executive Director from among the Independent Non-Executive Directors.

The Senior Independent Non-Executive Directors are primarily responsible for the following: –

- a. Serve as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders and other stakeholders on areas that cannot be resolved through normal channels of contact with the Chairman, GMD or management;
- b. Ensure all Independent Non-Executive Directors have the opportunity to give 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 Non-Executive Directors to perform their duties effectively; and
- c. Serve as the principal conduit between the Independent Non-Executive Directors and the Chairman of the Board on sensitive issues.

3.7 Role of the Independent Non-Executive Director

Independent Non-Executive Directors are not involved in day-to-day operations and running of the Company, they should bring objectivity and independent perspective of the business in board deliberations.

The responsibilities of Independent Non-Executive Directors include the following:

- a. To ensure there is a proper check and balance on the Board by providing unbiased and independent views in Board deliberations and decision-making, focusing on the interests of shareholders and other stakeholders, and not solely on the interests of a particular faction or group, including minority shareholders;
- b. Bring impartial views to the Board when the interests of Management, the Company, and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit;
- c. Review the risk management and internal control systems to ensure that they are adequate and effective; and

- d. Devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, to stay abreast of industry issues, market developments, and trends, enabling them to sustain active participation in Board deliberations.

3.8 Board Committees

- a. The Board may, from time to time, establish appropriate Committees and delegate specified matters to individual members or Committees of the Board to oversee critical or major functional areas and address matters that require detailed review or in-depth consideration.
- b. All such committees shall be provided with written Terms of Reference that clearly state the extent and limits of their responsibilities and authority, specifically whether they have the authority to decide on behalf of the Board or are required to report back to the Board.
- c. The following standing committees have been established by the Board with their respective Terms of Reference:
 - i. The ARMC assists and supports the Board primarily in the area of governance structure, financial reporting process by liaising with the external auditors, reviewing and monitoring the Group's system of risk management and internal control by liaising with the internal auditors.
 - ii. The NC assists the Board in overseeing matters relating to the nomination and selection of new directors, the annual assessment of the performance and effectiveness of the Board and Board Committees, ensuring measures are in place for succession planning of Directors, Board Committees and Senior Management.
 - iii. The RC assists the Board on matters relating to the remuneration of Directors and senior management.
- d. The Board is collectively responsible for any decision made by any Board Committee. The Board Committees may only perform the tasks delegated to them by the Board and should not exceed the authority conferred on them. Decisions which by law must be made by the Board shall not be delegated to the Board Committees.
- e. The evaluation of the Committees and their members, including the Chairman thereof, will be performed annually. The Terms of Reference of the Board Committees are available on the Company's website at www.reach10.com.

4. BOARD MEMBERSHIP

4.1 Composition and Board Balance

- a. The Board shall comprise a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) such that no individual or a group of individuals can dominate the Board's decision making.
- b. The Board shall consist of qualified individuals who possess a diverse set of skills, knowledge, experiences, cultural backgrounds, gender and the necessary time commitment to effectively discharge their roles.
- c. As prescribed by the Company's Constitution, the number of Board members shall not be less than two (2) and not more than nine (9) Directors. The Board is responsible for determining the appropriate size, composition and diversity of its members to facilitate effective deliberation, review and decision-making.
- d. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors to provide unbiased independent judgement and to promote good corporate governance. The composition and size of the Board will be reviewed from time to time to ensure its effectiveness with the assistance of the NC.
- e. Any dissenting views by a Director on matters discussed at a Board meeting will be reflected in the Board minutes.
- f. The Board is supportive of gender boardroom diversity. The Board shall strive to have 30% female directors as the MCCG recommends. In any event, the Board shall comprise at least one (1) female director as required by the Listing Requirements.
- g. In the event of any vacancy in the Board of Directors, resulting in non-compliance with paragraph 15.02(3) of the Listing Requirements of Bursa Securities, the Company must fill the vacancy within three (3) months of the event.

4.2 Appointment, Retirement and Re-election

- a. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NC.
- b. The NC is delegated by the Board to assess the suitability of candidates to ensure that they are capable of adding value to the Board and are fit and proper to act as Directors of the Company. In this regard, the NC is responsible for ensuring that the selection of potential candidates is conducted without any form of discrimination.

- c. To enhance Board effectiveness, the NC is guided by the Terms of Reference of the NC and the Company's Fit and Proper Policy in assessing all members of the Board for the appointment of new Directors and re-election of Directors who retire and offer themselves for re-election, before recommending to the Board.
- d. No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an "active politician" if he/she is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.
- e. In accordance with the Company's Constitution, at least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election in the Annual General Meeting ("AGM"). Any new Director appointed during the year shall be in office until the next AGM of the Company and shall be eligible for re-election.
- f. Independent Directors who have served the Board for a term exceeding nine (9) years may continue to serve on the Board subject to being re-designated as a Non-Independent Director. To retain an Independent Director who has served for a cumulative term of nine (9) years, the Board shall make recommendations and provide justification to seek shareholders' approval at the AGM through a two-tier voting process as follows:

Tier 1: Only the Large Shareholder(s) of the Company votes

Tier 2: Shareholders other than Large Shareholder(s) votes

The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

- g. According to the Listing Requirements, an Independent Director shall not serve for a cumulative period of more than twelve (12) years from the date of first appointment as an Independent Director. Beyond this threshold, such an Independent Director must resign or be re-designated as a Non-Independent Director.
- h. A candidate shall not be considered fit for directorship if he or she: –

- i. has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
 - ii. has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
 - iii. has been convicted by a court of law of an offence under the securities laws of Malaysia or the Act, within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.
- i. The office of a Director shall become vacant if the Director: –
 - i. resigns by giving a written notice to the Company at its registered office;
 - ii. retires in accordance with the Act or the Constitution of the Company but is not re-elected;
 - iii. is removed from office in accordance with the Act or the Constitution of the Company;
 - iv. ceases to be a Director under Section 198 or 199 of the Act;
 - v. becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
 - vi. dies;
 - vii. otherwise vacates office in accordance with the Constitution of the Company;
 - viii. is absent from more than 50% of the total Board meetings held during a financial year; or
 - ix. is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences listed in 4.2(h) above.