

## **BOARD CHARTER**

### **1. Introduction**

The Board of Directors (“Board”) of RGT Berhad (“RGTBHD” or “the Company”) is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value.

### **2. Purpose of Charter**

The Board Charter sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, which include amongst others, the Board obligations and liabilities, Directors’ Code of Ethics, role of the Board, Chairman, Managing Director and Chief Executive Officer (“CEO”), appointment of new directors, the right balance and composition of the Board, remuneration policy and the establishment of Board Committees together with the required mandate and activities.

### **3. The Board**

#### ***Authority***

The Board derives its authority to act from the Memorandum and Articles of Association or Constitution (if applicable) of the Company and the law and regulations governing companies in Malaysia.

#### ***Board Composition***

The composition of the Board should comply with:-

- the relevant provisions of the Memorandum and Articles of Association or Constitution (if applicable) of the Company; and
- the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires that independent non-executive directors make up at least 2 members or 1/3 of the membership of the Board, whichever is higher.

Notwithstanding the recommendation of Malaysian Code on Corporate Governance (“the Code”):-

- The Board is presently of the view that there is no necessity to fix a specific gender diversity policy. However, the Board will endeavor to tap talent from human capital market from time to time with the aim to a right mix of female director in its Board in future.

#### ***Appointment***

The Company strives to have a Board member with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Code requires a formal and transparent procedure to be established for appointment of new Directors to the Board. The Code also endorses the establishment of a nomination committee (“NC”), comprised exclusively of Non-Executive Directors, a majority of whom are Independent to propose new nominees to the Board and to assess directors on an on-going basis.

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The NC is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision.

***Election and re-election***

In accordance with the Company's Articles of Association ("Articles") or Constitution (if applicable), one-third or a number nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire each year are the Directors who have been longest in office since their appointment or re-election.

The Articles or Constitution (if applicable) also provide that all Directors shall retire from their office and be eligible for re-election at least once in every three (3) years. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

The Articles or Constitution (if applicable) further provide that a managing director can be appointed for a fixed term which shall not exceed three (3) years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the AGM will be assessed by the NC whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next AGM.

***Independence of Director***

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of RGTBHD Group. They bring an external perspective, constructively challenge and assist the Company to develop corporate strategy, scrutinize the performance of Management in the meeting approved goals and objectives, and monitor the risk profile of the Company's business.

Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. Similarly, the Board does not set a time-frame on how long an Independent Director should serve on the Board, mainly for the following reasons:-

- The ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.
- NC would conduct an annual assessment of Independent Directors in respect of *inter alia* their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement. Furthermore, the NC also would review the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).

***New Directorship***

The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidates.

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***Role of Board***

The Board is responsible for oversight and overall management of the Company. The Board is delegating specific powers of the Board to relevant Board Committees, the CEO and the Senior Management of the Company. All approvals are supported by the Authority Limits, which clearly sets out relevant matters reserved for the Board's approval, as well as those which the Board may delegate to the Board Committees, the CEO and the Senior Management.

The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings

***Chairman, Managing Director and CEO***

The Company practices a division of responsibilities between the Independent Non-Executive Chairman, MD and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for Independent decision-making.

The Chairman is not related to the MD or the CEO. The Chairman is responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The MD's role is to exercise control over the quality, quantity and timeliness of information flow between the Board and Management.

The CEO, also an Executive Director is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.

***Board Committees***

The Board, in discharging its fiduciary duties, may from time to time establish Committees as it considers necessary to assist it in carrying out its responsibilities.

The Board has established the following Board Committees, namely:-

- a) Audit Committee;
- b) NC;
- c) Remuneration Committee ("RC"); and
- d) Risk Management Committee.

Each Board Committee would be entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The Chairman of the respective Committees would inform the Directors at Board meeting, of any salient findings deliberated at the respective Committee meetings and which require the Board's notice or direction.

The respective committees' terms of reference are available for reference at the Company's website.

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***Board Meetings***

The Board governs the operations of the Group. The Board meets regularly, at least once in a quarter, with additional meetings held as necessary to formulate and adopt strategic business plan for the Group, to evaluate the impact of risks affecting the operations of the Group and to formulate appropriate risk management system.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every year.

Agenda and documents relevant to the Board meetings are circulated in advance to the Directors for their review before the meetings to ensure the effectiveness of the Board meetings. Any additional information requested by the Directors will be provided in timely manners.

All proceedings of the Board meetings are minuted.

***Access to Information and Independent Professional Advice***

The Chairman ensures that all Directors have full and timely access to information with an agenda on matters requiring Board's consideration issued with appropriate notice and in advance of each meeting to enable Directors to obtain further explanations during the meeting, where necessary.

The Directors meet to review and approve all corporate announcements, including the announcement of the quarterly interim financial reports, before releasing them to the Bursa Securities.

All Directors will have full access to the information of the Company and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professionals on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes into account the long term interests of shareholders, employees, suppliers, customers and other stakeholders with which the Group conduct its business.

Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participate in management meeting of active subsidiaries to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

***Directors' Remuneration***

It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary calibre to manage its business. The Articles or Constitution (if applicable) provides that the remuneration of Directors shall not include a commission or percentage of turnover.

The determination of the remuneration of each Independent, Non-Executive Director is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

The RC is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Committee also ensures the level of remuneration for Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

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The RC will meet at least once in a financial year to formulate and review the remunerating policies and remuneration of members of the Board, Board Committee and the CEO and recommend the same to the Board for approval.

The current remuneration policy of the Group is summarised as follows:-

- a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.
- b) Directors' Fees are based on a standard fixed fee and are subject to approval by its shareholders at the AGM.
- c) Meeting Allowance – All the Non-Executive Directors are entitled to a fixed amount of allowance paid in accordance with the number of meetings attended during the year.
- d) Benefits-in-kind – only Executive Directors of the Group are entitled to benefits-in-kind provided by the Group.
- e) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

***Board Evaluation and Performance***

The NC evaluates the performance of the Board as a whole on an annual basis. The NC ensures that all assessments and evaluations carried out are properly documented.

The Board Committees shall also regularly be reviewed by the Board to ascertain their performance and effectiveness.

***Directors' Training & Continuing Education***

In addition to the mandatory programmes as required by the Bursa Securities, the Directors are mindful that they should continue to attend training programmes to enhance and update their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

**4. Company Secretaries**

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action. The Company Secretaries also keep the Board updated on new statutes and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Company Secretaries keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

**5. Investor Relations and Shareholder Communication**

The Company dispatches its notice of AGM to shareholders at least 21 days before the AGM, requirement under the Companies Act 2016 and LR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

In addition to the above, time will be allocated during AGM for dialogue with shareholders to address issues concerning the Group.

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In line with the requirement of the LR and the Code, material information is disseminated to shareholders and investors on a timely basis. The Group maintains a corporate website at [www.rgtberhad.com](http://www.rgtberhad.com) which provides information, include:

- i) Quarterly results
- ii) Annual reports
- iii) Announcements
- iv) Circular to shareholders
- v) Other important announcements

The above information can accessed through Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

The Articles or the Constitution (if applicable) of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company. In addition to the above, time will be allocated during AGM for dialogue with shareholders to address issues concerning the Group.

**6. Code of Ethics**

The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company's website.

The Company's Code of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Code.

**7. Review of The Board Charter**

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

The Board charter has been adopted and subsequently revised by the Board on 21 August 2019.