



Mi TECHNOVATION BERHAD

(Company No. 201701021661 (1235827 – D))

(Incorporated in Malaysia)

BOARD CHARTER

Doc. No.: MiTB-PP-001-06

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1. INTRODUCTION

1.1 The Directors of Mi Technovation Berhad (“Company”) regard Corporate Governance as vitally important to the success of Company's business and are unreservedly committed to apply the principles necessary to ensure that the following principle of good governance is practiced in all of its business dealings in respect of its shareholders and relevant stakeholders:

1.1.1 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.

1.1.2 All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

1.1.3 All Board members are responsible to the Company for achieving a high level of good governance.

1.1.4 This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

2. OBJECTIVES

2.1 The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and its subsidiaries (“Group”) and the various laws and legislations governing them and the Group.

3. BOARD OF DIRECTORS

3.1 Board Responsibilities

3.1.1 The Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value.

3.1.2 To fulfill this role, the Board is responsible for the following duties:

- To review and adopt strategic plans for the Group including setting performance objectives and approving operating budgets for the Group and to ensure that the strategies promote sustainability within the aspects of environment, social and economy and necessary resources are in place for the Company to meet its objectives. The Board is also responsible for monitoring the implementation of strategic plans by management personnel;
- To set the Company's sustainability strategies, priorities and targets, including among others the development and implementation of Company's strategies, business plans, major plans of action and risk management. Designated personnel may be assigned and managed sustainability with integration of sustainability considerations in the operations of the Company;
- To set the strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies support long-term value creation and promote sustainability within the aspects of environment, social, governance and economy and necessary resources are in place for the Company to meet its objectives. The Board is also responsible for monitoring the implementation of the strategic plan by Management as well as supervise and assess management performance to determine whether the business is being properly managed;
- To review the performance of the Board and senior Management on addressing the company's material sustainability risks and opportunities;
- To oversee the conduct of the Group's business which include managing conflict of interest of situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts, preventing the abuse of power, fraud, bribe and corruption, insider trading and money laundering as well as build sustainable value for the shareholders;
- It is mandatory for Directors to declare to the Group on actual, potential or perceived conflict of interest between the Group and a Director, or an associate of a Director such as a spouse, other family member, or a related company, the Director involved shall make full disclosure twice a year basis via Conflict of Interest Declaration Form.

- Directors must promptly declare any new and potential conflicts of interest that arise by completing the necessary conflict of interest declaration.
- To identify principal risks on a continuous basis and to ensure the implementation of appropriate internal controls, risk management framework and implementation of effective mitigation measures;
- To oversee the development and implementation of a corporate disclosure policy (including an investor relations program or shareholder communications policy) for the Group;
- To oversee succession planning, including to appoint, assess, train, determine the compensation of and where appropriate, to replace Executive Directors and management personnel;
- To review the adequacy and the integrity of our Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Provide assurance to its internal and external stakeholders that the Group is operating in compliance with its policies and any other applicable regulatory requirements. This includes establishing a “tone from the top” and spearheading the Group’s efforts to improve on its corruption risk management framework, internal control system, review and monitoring as well as training and communication;
- Direct and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately addresses corruption risk;
- To review the development and dissemination of internal and external trainings relevant to its anti-corruption management system, covering areas such as policy, training, reporting channel and consequences of non-compliance;
- To approve the Whistleblowing Policy and Procedure to encourage employees to report any legitimate concerns over any wrongdoing of the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment within as well as any suspected and/or real corruption incidents; and
- To review and/or acknowledge on the investigation outcome of whistleblowing issues, results of fraud, illegal acts or suspected violations of Group policies involving all employees, Management and Directors.

3.1.3 The Board reserves full decision-making powers on the following matters:

- Conflict of interest issues relating to a substantial shareholder or a Director;
- Material acquisitions and disposition of assets not in the ordinary course of business;
- Investments in capital projects;
- Authority levels; and
- Financing facility required by the Group.

3.1.4 In order to fulfill its responsibilities, the Board meets at least five (5) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings.

3.2 Composition and Board Balance

3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

3.2.3 The Board comprises at least 30% of women Directors.

3.2.4 Appointment of Board Member(s) are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender (Practice 5.5 of MCCG). In support of the gender boardroom diversity recommended by MCCG, the Board shall review the proportion of the female and male board members during the annual assessment of the Directors' performance.

3.2.5 Profiles of Board members are included in the Annual Report of the Company.

3.2.6 The Chief Executive Officer (CEO) and the Executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.

3.2.7 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

- 3.2.8 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.9 The Chairman of the Board should not hold any membership of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, and any other committee which may be formed from time to time by the Board.

3.3 Appointments

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 The appointment of new Director includes the following criteria:
- skills, knowledge, expertise and experience;
 - character, professionalism and integrity;
 - number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution; and
 - evaluate ability of discharging responsibilities/functions as expected by Independent Directors.
- 3.3.3 The sourcing on suitable candidates for the appointment of new Directors shall not be solely rely on existing Directors, management or major shareholder but also from professional recruitment firm.
- 3.3.4 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.3.5 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.3.6 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

- 3.3.7 Upon the appointment of a new Director, the new Director shall declare his conflict of interest via Conflict of Interest Declaration Form for all actual, potential or perceived conflict of interest between the Company and a Director, or an associate of a Director such as a spouse, other family member, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Group.
- 3.3.8 The Company has adopted educational/training programs to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board, the Company and/or the Group.
- 3.3.9 In addition to the Mandatory Accredited Program (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programs conducted by highly competent professionals and which are relevant to the Group's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.3.10 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies.
- 3.3.11 Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a major company, and no individual should chair the Board of more than one (1) major company.
- 3.3.12 The Board should use a variety of approaches and independent sources to ensure that it is able to identify the most suitable candidates. This may include sources like directors' registry, industry and professional associations, open advertisements and independent search firms.
- 3.3.13 The information on the appointment and re-appointment of Directors should be included in the notes accompanying the notice of the general meeting where the Board shall provide statement on whether the Board supported the appointment or reappointment of the candidate and the reasons for the decision made.

3.4 Re-election

- 3.4.1 The Constitution provides that all Directors of the Company are subject to retirement.

- 3.4.2 At least one-third of the Directors for the time being, of if their number is not three (3) or a multiple of three (3), then the number nearest to, but not more than one-third (1/3) of the total shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years.
- 3.4.3 A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.
- 3.4.4 The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the Annual General Meeting.
- 3.4.5 The Company Secretary ensures that all the necessary information is obtained and that all legal and regulatory obligations are met before the appointments are made.

3.5 Supply of Information

- 3.5.1 The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director also has unhindered access to the advice and services of the Company Secretary.
- 3.5.2 Prior to the meetings of the Board and the Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting.
- 3.5.3 Circulation of the general meeting minutes to shareholders shall be made within 30 business days after general meeting adjourned.
- 3.5.4 The Directors collectively determine, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

- 3.5.5 Amongst others, the Board papers include the following:
- Quarterly financial report and report on the Group's cash and borrowing positions;
 - Minutes of meetings of all Committees of the Board;
 - A current review of the operations of the Group;
 - Reports on Related Party Transactions and Recurrent Related Party Transactions; and
 - Directors' share-dealings, including public shareholdings spread.
- 3.5.6 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4. CHAIRMAN

- 4.1 The Chairman is responsible for the following:
- 4.1.1 To lead the Board effectively on all aspects of its role and setting the agenda;
- 4.1.2 To set the agenda for the Board meetings in consultation with the Executive Director;
- 4.1.3 To chair the Board meetings;
- 4.1.4 To chair the meetings of the shareholders;
- 4.1.5 To ensure the Board receives accurate, timely and clear information and if need, to provide additional information to make informed decisions;
- 4.1.6 To promote good corporate governance standards within the Group;
- 4.1.7 To ensure the Board behaves in line with the Code of Conduct;
- 4.1.8 To ensure the Board members continuously update their skills and knowledge to effectively discharge their duties;
- 4.1.9 To promote constructive and respectful relations of all Board members and also amongst management; and
- 4.1.10 To seek appropriate professional advice at the expense of the Company when he or she considers this necessary in the furtherance of his/her duties.

5. CHIEF EXECUTIVE OFFICER (CEO)

- 5.1 The CEO is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies.
- 5.2 The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 5.3 The CEO is assisted by Executive Directors to implement the policies, strategies and decisions adopted by the Board.
- 5.4 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

6 NON-EXECUTIVE DIRECTORS

- 6.1 The role of Non-Executive Directors is as follows:
 - 6.1.1 To act in good faith and in the best interests of the Company at all times;
 - 6.1.2 To regularly update and refresh skills, knowledge and familiarity with the Group;
 - 6.1.3 To advise, support and challenge Management;
 - 6.1.4 To ensure necessary activities are undertaken to review the effectiveness of the risk management and internal control systems;
 - 6.1.5 To avoid any conflict of interest;
 - 6.1.6 To determine the appropriate levels of remuneration of Executive Directors; and
 - 6.1.7 To appoint Executive Directors and to participate in the succession planning.
- 6.2 Tenure of Independent Directors is as follows:
 - 6.2.1 The tenure for an Independent Director generally shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

6.2.2 If the Board intends to retain an Independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval.

6.2.3 In the event the Board wishes to continue to retain an Independent Director beyond nine (9) years, the Board should seek annual shareholders' approval through a two-tier voting process as guided by the Guidance 5.3 MCCG, as follows:

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

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

7 SENIOR INDEPENDENT DIRECTORS

7.1 The Senior Independent Director should be a Non-Executive Director who is determined by the Board to be independent.

7.2 To be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors.

8 COMPANY SECRETARY

8.1 The board shall ensure it is supported by suitably qualified and competent Company Secretary, who shall, at minimum, meet the requirements of the CA 2016.

8.2 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.

8.3 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

8.4 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, as well as the adoption of corporate governance best practices.

8.5 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:

- disclosure of interest in securities;
- disclosure of any conflict of interest of situation that arose, persist or may arise in a transaction involving the Company;
- prohibition on dealing in securities;

- restrictions on disclosure of price-sensitive information;
- keep abreast of, and inform, the Board of current governance practices.

8.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

9 BOARD COMMITTEES

9.1 The Board has delegated certain functions to the Committees it established to assist and complement the Board in the execution of its fiduciary duties and responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority.

9.2 The Board has established and maintained the following Board Committees with specific terms of reference:

- Audit & Risk Management Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of all current Board Committees are available on the Company's website at <https://mi-technovation.com>.

9.3 The Board may from time to time establish any other board committees as it considers necessary.

9.4 Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

10 BOARD MEETINGS

10.1 The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings.

10.2 The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.

10.3 During the meetings, the Board is briefed by the Chief Executive Officer and/or Executive Directors on the performance of the Group. All proceedings from Board meetings are recorded and the minutes thereof signed by Chairman of the meeting.

- 10.4 The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

11 DIRECTORS' REMUNERATION

- 11.1 The Remuneration Committee shall be responsible for developing the remuneration policy and determining the remuneration packages for Executive Directors of the Company.
- 11.2 The Company's policy on Directors' remuneration is to attract and retain the Directors of calibre needed to manage the business of the Company and to align the interest of the Directors to those of the shareholders.
- 11.3 The determination of the remuneration of each Non-Executive Director is decided by the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.
- 11.4 The Company pays each Non-Executive Directors an annual fee, which is approved by the shareholders at the Annual General Meeting. The Board, as a whole, determines the remuneration of the Executive Directors, with the individual Directors concerned abstaining from decision in respect of their individual remuneration.

12 FINANCIAL REPORTING

12.1 Transparency

- 12.1.1 The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders in the Annual Report.
- 12.1.2 The Board is assisted by the Audit & Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.
- 12.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

12.2 Company Auditors

- 12.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit & Risk Management Committee.
- 12.2.2 The Audit & Risk Management Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 12.2.3 Appointment of the Company Auditors is subject to approval of shareholders of the Company at its General Meetings. The Company Auditors have to retire during the Annual General Meeting (AGM) every year and be re-appointed by shareholders for the ensuing year.

12.3 Internal Controls and Risk Management

- 12.3.1 The Group has a well-resourced internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit & Risk Management Committee.
- 12.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.
- 12.3.3 The Audit & Risk Management Committee receives reports regarding the outcome of such reviews on a regular basis.

13 COMMUNICATION WITH SHAREHOLDERS

- 13.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 13.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

- 13.3 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 13.4 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group’s performance and operations in addition to the various announcements made during the year.

14 CODE OF CONDUCT

- 14.1 The Board shall maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions. The Group has in place “Code of Conduct for Directors” to enhance the standard of corporate governance and behaviour.
- 14.2 The Board observes the Code of Conduct and it comprises the guidelines such as handling of conflict of interest. It further provides that a Director with any interest, direct or indirect, must declare the related party transaction.

15 WHISTLEBLOWING

- 15.1 The Group has in place Whistleblowing Policy to manage improper conduct on the part of the Directors, if any. This policy covers areas from lodging of reports to investigation and corrective actions that are required to be taken.
- 15.2 The Board has overall responsibility for this policy and shall oversee the implementation of this policy.

16 REVIEW OF THE BOARD CHARTER

The Board shall review and update the Board Charter at least once a year taking into consideration the needs of the Group and in accordance with any new legislative promulgations that may have an impact in discharging the Board’s duties and responsibilities.