

BOARD CHARTER

A. OVERVIEW

The Board Charter sets out the principal functions, composition, roles and responsibilities of Board of Directors (“Board”) of Theta Edge Berhad (“Theta” or “the Company”) and also the functions and responsibilities delegated to the Board Committees as well as to the Management of Theta and its Group. The Board is primarily responsible for ensuring that the principles of good Corporate Governance are practiced and appropriate corporate governance structure is in place in Theta and its group in creating, protecting and enhancing shareholders’ and stakeholders’ values and in promoting sustainability.

The Board has a duty of being effective steward and guardian of the Company in setting strategic directions and in overseeing the conduct of business and also in ensuring that the Company is in compliance with laws and ethical values and maintains an effective governance structure to ensure the appropriate management of risks and levels of internal controls.

B. OBJECTIVES

The objectives of the Board Charter are to ensure that all Board members are aware of their roles, duties and responsibilities and the application of principles and practices of good Corporate Governance in the business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

C. ROLES AND RESPONSIBILITIES

C.1 ROLE OF BOARD

In discharging its responsibilities and facilitating its ongoing oversight of the Group, the Board has agreed its role includes, but not limited to the following matters:-

C.1.1 ETHICS AND COMPLIANCE

1. The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. 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.
2. The Board observes the Company Directors’ Code of Ethics established by the Companies Commission of Malaysia.
3. 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 Malaysian Code on Corporate Governance (“MCCG”). The Board includes a statement in its Company’s Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to the Listing Requirements (“LR”).

4. The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
5. The principal duties and responsibilities of the Board are:
 - a) reviewing, adopting and monitoring the Group's strategic direction, annual business and operating plans and financial budgets;
 - b) identifying and managing principal risks affecting the Group;
 - c) reviewing the adequacy and integrity of the Group's management information systems, risk management and internal controls;
 - d) reviewing and approving the quarterly and yearly financial results to ensure that they are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
 - e) reviewing and approving material investment, acquisition or disposal of assets;
 - f) reviewing and approving the appointment, remuneration and succession planning for senior management;
 - g) developing and implementing shareholders' communication policy;
 - h) together with senior management, promote good corporate governance culture within the Company which reinforce ethical, prudent and professional behaviour;
 - i) ensure the integrity of the Company's financial and non-financial reporting;
 - j) attend substantially all the meetings of the Board and substantially all the meetings of each Committee on which the Director serves; and
 - k) review, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings.
6. The Board assumes the following specific duties where appropriate, in accordance to the Discretionary Authority Limit ("DAL"):
 - a) providing input into and final approval of the annual operating budget;
 - b) approving major capital expenditure, capital management and acquisitions/divestitures; and
 - c) reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies.

C.1.2 POLICIES AND STRATEGIES

1. The Board has established written procedures (such as the DAL, Constitution of the Company and other documents) determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
2. The Board reserves full decision-making powers on the following matters:
 - a) Conflict of interest issues relating to a substantial shareholder or a Director;
 - b) Material acquisitions and disposition of assets not in the ordinary course of business in excess of RM1,000,000.00 in book value;
 - c) Strategic investments and investments in capital projects, mergers and acquisitions and corporate exercises;

- d) Authority levels in accordance with the Discretionary Authority Limit (“DAL”) to determine the matters reserved for the Board, Board Committees or the Management;
- e) Treasury policies;
- f) Risk management policies; and
- g) Key human resource issues.

C.1.3 INTERNAL CONTROLS AND RISK MANAGEMENT

1. The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group’s system of internal controls.
2. The Board defines the risk appetite, approving and overseeing the operation of the Group’s Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group.
3. The Group has an 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 Group Internal Auditor and/or outsourced Internal Auditor has direct access to the Board through the Chairman of the Audit and Risk Management Committee.

C.2 ROLE OF DIRECTORS

1. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:
 - a) acting in good faith and in the best interests of the Company as a whole;
 - b) acting with care and diligence and for proper purpose;
 - c) avoiding conflicts of interest with the Company in a personal or professional capacity; and
 - d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
2. Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers’ interest.

C.3 ROLE OF CHAIRMAN

1. The Chairman leads the Board and is responsible for the effective performance of the Board.
2. The Chairman of the Board shall be a Non-Executive Member of the Board.
3. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
 - a) leading the Board in setting the values, standards, key policies and direction of the Group;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c) ensuring the provision of accurate, timely and clear information to Directors;
 - d) ensuring effective communication with shareholders and relevant stakeholders;

- e) arranging evaluation of the performance of the Board, its Committees and individual Directors;
 - f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
 - g) facilitating the ongoing development of all Directors.
4. The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
- a) all Directors are properly briefed on issues arising at Board meetings.
 - b) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
 - c) the issues discussed are forward looking and concentrates on strategy.
5. Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

C.4 ROLES OF GROUP MANAGING DIRECTOR (“GMD”) AND CHIEF EXECUTIVE OFFICER (“CEO”)

- 1. The GMD and CEO is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group.
- 2. The GMD and CEO is responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group’s business operations based on effective risk management controls.
- 3. The GMD and CEO ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- 4. The GMD and CEO provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- 5. The GMD and CEO is the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions.
- 6. The GMD and CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GMD and CEO, and this will be considered as the GMD and CEO’s authority and accountability as far as the Board is concerned.

C.5 ROLES OF BOARD COMMITTEES

- 1. The Board appoints the following Board Committees with specific Terms of Reference (“TOR”):
 - a) Audit and Risk Management Committee;
 - b) Nomination Committee;
 - c) Remuneration Committee;

- d) ESOS Committee (if applicable); and
 - e) Tender Committee (if applicable).
2. Independent and Non-Executive Directors play a leading role in these Committees. Management and third parties are co-opted to the Committees as and when required.
 3. The committees are responsible for particular aspects of the operation of the Company. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendation thereon to the Board.

D. COMPOSITION AND BOARD BALANCE

D.1 SIZE AND COMPOSITION

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. The Constitution of the Company provides that there will be a minimum of two (2) directors and a maximum of fifteen (15) Directors.
2. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent members of which one (1) will be designated as Senior Independent Director.
3. Profiles of Board members are included in the annual report of the Company.

D.2 NOMINATION AND APPOINTMENTS

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.
2. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

D.3 RE-ELECTION

1. In accordance with the provisions of the Constitution of the Company, at least one-third (1/3) of the Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office and shall be eligible for re-election at each Annual General Meeting ("AGM").
2. Consequently, each Director shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are appointed to the Board during the year shall retire and seek re-election at the next AGM to be held following their appointments.

D.4 INDEPENDENCE

1. An Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.

2. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
3. 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.
4. The views of the Independent Directors should carry significant weight in the Board's decision making process.
5. The Board undertakes to assess the independence of the Independent Directors on an annual basis upon readmission or when any new interest or relationship develops.

D.5 TENURE OF INDEPENDENT DIRECTOR

1. The tenure of an Independent Director should not exceed a consecutive or cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board may, subject to the assessment of the Nomination Committee on an annual basis, recommend and subject to valid justifications and obtaining the approval of the Company's shareholders, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years as an Independent Director of the Company.
2. If the Board continues to retain the Independent Director after year twelfth (12th), the Board should provide justification and seek shareholders' approval through a two-tier voting process.

E. PERFORMANCE

E.1 DIRECTORS' ASSESSMENT / BOARD EVALUATION

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees.

F. MEETINGS

F.1 BOARD MEETINGS

1. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries, where necessary to which the persons responsible will respond as fully and promptly as possible.
2. Meetings of the Board will be held as frequently as the Board considers appropriate, but it will normally meet not less than four (4) times a year.

3. The Directors may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all person participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
4. Notice of meeting, a full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board meeting.
5. When arriving at decision, the Chairman shall seek a consensus in the Board but may, where considered necessary, call for a vote. The decision of the Board shall be by majority votes. In the case of equality of votes, the Chairman shall not have a second or casting vote.
6. The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his or her responsibilities as a Director, subject to Paragraph 7 below.
7. If a Director considers such advice necessary for the discharge of his or her duties and responsibilities as Director and for the benefit of the Company, such Director shall obtain the Board's prior approval, shall be required to comply with the following procedures:
 - a) The request shall be made in writing to the Board;
 - b) The Director concerned shall prepare a detailed paper to be submitted to the Board, highlighting inter alia the purpose behind the request and the estimated costs for the advice; and
 - c) The Board shall deliberate on the said paper and it its absolute discretion determine if the Director concerned shall be permitted to seek independent professional advice. Should a request be denied, the Director concerned is entitled to have his or her views duly recorded.
8. The cost of the advice shall be reimbursed by the Company. The Board or the Director, as the case may be, shall ensure that so far as is practicable, the cost is reasonable.
9. The Company Secretary shall take minutes of the meetings. These shall be reviewed and approved by the Chairman and Management before being tabled to the Board at the next meeting.

F.2 ANNUAL GENERAL MEETING ("AGM")

1. The Board regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
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.
3. The Chairman encourages active participation by the shareholders during the AGM. To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
4. The Chairman and, where appropriate, the GMD responds to shareholders' queries during the meeting.

F.3 MEETING OF MEMBERS

The Board will consider requisitions by shareholders to convene a Meeting of Members or any other urgent matters requiring immediate attention of the Company.

G. CIRCULAR RESOLUTION

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

H. WEBSITE

The Board Charter is made available on the website of the Company at www.theta-edge.com.

This Board Charter is dated 14 March 2019.