

**ARTRONIQ BERHAD**

**BOARD CHARTER**



ARTRONIQ BERHAD  
Registration No: 200201023414 (591077-X)

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## BOARD CHARTER

### ABBREVIATIONS

AC	-	Audit Committee
ARTRONIQ / the Company	-	Artroniq Berhad
The Group	-	ARTRONIQ and its subsidiary companies
AMLR	-	ACE Market Listing Requirements
BOD or the Board	-	Board of Directors
Bursa Securities	-	Bursa Malaysia Securities Berhad
CEO	-	Chief Executive Officer
ED	-	Executive Director
HRD	-	Human Resource Department
HOD	-	Head of Department
ACP / AC Policy	-	Anti-Corruption Policy
ACSOP	-	Anti-Corruption Standard Operating Procedures
PIC	-	Person-In-Charge
MACC	-	Malaysian Anti-Corruption Commission
MCCG	-	Malaysia Code on Corporate Governance
NC	-	Nomination Committee
RC	-	Remuneration Committee

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### 1. Purpose of this Board Charter

- 1.1 This Charter sets out the roles and responsibilities of the Board of the Company so as to ensure that the Board's practices are consistent with and reflect the Board's commitment to best practices as prescribed under the MCCG.
- 1.2 The Charter ensures that the Group has appropriate corporate governance structures aimed at enhancing and protecting shareholders' value.
- 1.3 This Charter is approved by the Board of ARTRONIQ and will be reviewed on an annual basis, or whenever the Board deems it appropriate so as to ensure it remains consistent with the Board's objectives and responsibilities.

### 2. Composition, Roles and Responsibilities of the Board

#### 2.1. Composition

##### 2.1.1. Size of the Board

In accordance with the Constitution, until otherwise determined by General Meeting, the number of Directors including Executive Directors shall not be less than three (3) but not more than twelve (12). Subject to the Listing Requirements at least two (2) Directors or one third (1/3) of the Board of Directors whichever is higher, shall be Independent Non- Executive Directors.

- 2.1.2. The size and balance of the Board is determined by the Board with the advice of the NC pursuant to its annual review and evaluation.

The MCCG recommends that at least half of the Board comprises Independent Non-Executive Directors. The Company will as far as practical be guided by this in achieving its board balance.

The Independent Non-Executive Directors are persons of calibre, credibility and have the necessary skills, competencies, commitment and experience to bring independent judgement to guide and advise on issues of strategy, performance and resources including key appointments and standards of conduct.

#### 2.2. New Appointment

New appointments to the Board are only made when it is considered necessary or appropriate to the Company's requirements after review and recommendation by the NC.

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### 2.3. Separation of Duties and Authority Between Chairman and CEO

The MCGG recommends that the positions of Chairman and CEO should be held by different individuals.

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with clear division of responsibility between the running of the Board and the management of the Company's day to day business respectively, where practicable.

### 2.4. Roles and Responsibilities

2.4.1. The powers and duties of the Directors are as set out in the Constitution and as prescribed by the Companies Act 2016.

2.4.2. The Board of Directors as prescribed under Section 211(2) of the Companies Act 2016, has the powers necessary for managing and for directing and supervising the business and affairs of ARTRONIQ, subject to any modification, exception or limitation as set out under the Companies Act 2016, or in the Constitution of ARTRONIQ.

2.4.3. Directors are required at all times to exercise their powers for a proper purpose and in good faith, in the best interest of ARTRONIQ with a view to ensure that the businesses and affairs of ARTRONIQ are properly managed under the leadership of the Board of Directors.

2.4.4. The Board assumes ultimate accountability and responsibility over the stewardship of ARTRONIQ, including those expounded under MCGG, as follows:

- Reviewing and approving of corporate strategies and plans which supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability as well as the monitoring of their implementations, including through the annual budget, business plans, etc.
- Overseeing and monitoring the conduct and performance of the Company's/Group's business.
- Overseeing the process for identifying principal risks and ensuring that appropriate risk management systems as well as monitoring and reporting mechanisms are in place to effectively monitor and manage such risks.
- Appointing and assessing the performance of the Executive Director, Group CEO and overseeing succession plans for the senior management team.
- Overseeing the development and implementation of a shareholders communication policy with the purpose of enhancing transparency and reputation of ARTRONIQ as a Group.

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- Reviewing and overseeing the adequacy and integrity of the management information and control systems of the Group.
- Together with Senior Management, promote good corporate governance within the Group, which reinforces high standards of ethics, integrity and corporate/ professional behaviours.
- Directing the Company's material communications to the public and/or shareholders, including Press Releases, Announcements, Annual Reports, Letters, Circulars, and the Group's policies and commitments on anti-corruption.
- Ensuring matters requiring the Board's approval in accordance with the law or as specified in the AMLR, guidelines of the Securities Commission, the Companies Act 2016, MCCG, Malaysian Anti-Corruption Commission Act 2009 (Act 694) and any other relevant laws and legislations.
- The Group's general stance against corruption in relation to its business activities.
- The Group's anti-corruption compliances and the monitoring of anti-compliance initiatives throughout the Group.

### 2.4.5. Matters reserved for the Board

The following matters has been specifically reserved for decision by the Board:

- Acquisitions of business/investments.
- Divestments and/or disposals of business/investments.
- Overseas equity venture.
- Corporate proposals.
- Terms of key agreements that is not within the ordinary course of business.
- Bank borrowings and finance arrangements.
- Where any of the following transaction involving amounts of 5% and above of Net Tangible Asset (based on the latest Audited Financial Statement) per transaction:-
  - Acquisition and disposal of properties and motor vehicles
  - Acquisition and disposal of fixed assets, other than properties and motor vehicles
  - Disposal and write offs of current assets
  - Material expenditure other than capital expenditure which is not within the ordinary course of business

### 3. Chairman of the Board

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The Chairman is primarily responsible for:

- Leadership to the Board and to facilitate the effective contribution of all directors at Board meetings and ensuring that no member dominates discussions and appropriate contribution amongst Board members are forthcoming.
- Representing the Board, chairing General Meeting with shareholders and ensure effective communication with shareholders and all stakeholders.
- The efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings and chairing Board meetings.
- Ensuring the Board's decisions are implemented.
- Ensuring that the Directors receive accurate, timely and clear information in the form and of a quality appropriate to enable it to discharge their duties. All directors are entitled to request additional information where they consider such information necessary to make informed decisions.
- Ensuring that new directors receive a full, formal and tailored induction on joining the Board. The letter of appointment should set out the director's expected commitment of time.
- Ensuring that the directors continually update their skills, knowledge and familiarity with the Company in order for them to fulfil their role both on the Board and on the Board Committees.
- Promotion of constructive and respectful interactions between directors, and between the board and management.
- Ensuring the views of shareholders are communicated to the Board as a whole, and that governance and strategy issues are discussed with relevant major shareholders.
- Reviewing matters of concern to the Company.

#### 4. **CEO**

- 4.1. The CEO is appointed by the Board. The CEO is responsible for the day to day management of the Group with the appropriate powers delegated by the Board.
- 4.2. The CEO is the conduit between the Board and the management in ensuring the success of the Group's governance and management functions.
- 4.3. The CEO's primary responsibilities include:
  - 4.3.1. Overall responsibility over its businesses as well as the day to day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions.
  - 4.3.2. Development (in conjunction with the Board) and implementation of short, medium and long-term corporate strategies for the Group, preparation of business plans and reports to the Board on current and future initiatives.
  - 4.3.3. Providing leadership, supervision and control in managing a team of executives responsible for all functions contributing to the success of the Group.
  - 4.3.4. Ensuring that the Group has the appropriate risk management framework and policies in place.

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- 4.3.5. Assessment of business opportunities which may be potential benefits to the Group.
- 4.3.6. Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.
- 4.3.7. Oversee shareholders' communications.
- 4.3.8. Appointing and, where appropriate, remove senior executives, including the Chief Financial Officer designate and the Company Secretary, with the approval of the Board.
- 4.3.9. Evaluate the performance of senior executives.
- 4.3.10. Ensure the objectives and standards of performance are understood by the Management and employees.
- 4.3.11. Ensures the operational planning and control systems are in place.
- 4.3.12. Monitoring performance results against plan/forecast and take remedial actions, where necessary.
- 4.3.13. Ensures that the Group's complies with the relevant requirements of the AMLR of Bursa Securities.
- 4.3.14. Direct and monitor all aspects of the business operations in a cost efficient and effective manner.
- 4.3.15. Effectively oversee the human resources of the Group to ensure that key positions in the Group's management structures have adequate succession planning and talent retention activities are adequately addressed.
- 4.3.16. Ensures the Group's corporate identity, products and services are of acceptable standards and is reflective of the market environment in which the Group operates in.
- 4.3.17. Ensure accurate quality and timely information flows to the Board for establishing the agenda for Board and Committee meetings.

### **5. Independent Directors**

- 5.1. Independent Directors are those who have no direct or indirect pecuniary interest in the Company other than the remuneration for their services as members of the Board of Directors and Board committees of the Company and the Group as defined under Paragraph 1.01 of the AMLR.
- 5.2. The role of Independent Directors is to constructively challenge and help develop proposals on strategy include, inter alia:
  - to make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings;
  - to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations.
  
- act as a channel of communication between Management, shareholders and

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other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

- where executive directors form part of the Board, the non-executive directors are encouraged to meet among themselves at least annually to discuss among others strategic, governance and operational issues, if necessary.
- the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as non-independent director.
- in the event the Board intends to retain an Independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval.

5.3. The Board will undertake a rigorous review to determine whether the "independence" of the director has been impaired to justify retaining an Independent Director beyond the cumulative term limit of nine (9) years. Findings from the review shall be disclosed to the shareholders for them to make an informed decision.

5.4. The Group is governed by and operates in accordance with the provisions of the AMLR and the MCCG. Accordingly, the Board and the NC takes into consideration the provisions set out therein in assessing independence of the Independent Director.

5.5. The Independent Director must be independent of management and free from any business or other relationship which could interfere with the exercise of business judgment or the ability to act in the best interests of the Group.

### 6. **Board Committees**

The Board delegates certain responsibilities to the various Board Committees with defined terms of reference, which are published on the Company's website to assist the Board in discharging its responsibilities.

#### 6.1. AC

The AC is established to provide assistance to the Board in relation to fulfilment of the Board's statutory as well as fiduciary responsibilities and to ensure that the internal and external audit on the Group are being carried out adequately and effectively. The AC also assist the Board in identifying the Group's principal risks and ensure the implementation of appropriate systems to manage these risks using an established risk management framework.

#### 6.2. NC



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The NC is established to provide assistance to the Board to oversee matters relating to the nomination of new directors, the mix of skills, experience and independence of board members as well as the annual assessment of the effectiveness of the Board as a whole, the Board Committees and each director the contribution of each individual Director, the Independence of the Independent Directors as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

### 6.3. RC

The RC is established to provide assistance to the Board primarily on the areas of remuneration and benefits. The RC is responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from external professional advice where necessary.

## 7. Access to Information, Independent Advice and Continuing Development

- 7.1. The Board and Committees have access to all information pertaining to the Group and the Company. All Board members have direct access to the advices and services of the Company Secretary.

Board papers and list of matters that are to be considered and deliberated at meetings are to be furnished to Board/Committee members should be circulated at least 5 days in advance prior to meetings.

The Executive Directors/Group CEO, senior management personnel and appropriate external advisers/consultants may be invited to brief, report and advise the Board and/or Board Committees at their meetings.

- 7.2. Board members are entitled to request and receive information as they consider necessary to support their understanding on the affairs of the Group and to assist in their decision-making process. Board member has the authority to seek any information he/she requires from any employee of the Group and the identified employee must comply with such request.
- 7.3. Any Board member may engage professional and independent advice as they deem necessary at the expense of the Group or Company. The Board as a whole may also engage any third-party consultants, advisers or experts as and when it considers it necessary from time to time in the performance and the discharge of its duties.

Any director seeking such independent advice should notify the Chairman, who may coordinate the access to such advice similarly for the other directors.

- 7.4. The Board has the authority to conduct or direct any investigation required to fulfil

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its responsibilities at the Group or Company's expense.

- 7.5. The Board has adopted a Continuing Education Policy to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations as directors. The Continuing Education Policy is set out as a separate document and is accessible on the Company's website: [www.artroniq.com](http://www.artroniq.com)

### **8. Procedures for Appointment of Directors**

The Board's procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance competencies and ultimately the quality of the Board. ARTRONIQ has a formal and transparent procedure established for the appointment of new Directors to the Board.

The NC is responsible for reviewing, proposing and recommending potential new directors after taking into consideration its current status and the future needs of the Group and Company.

### **9. Quorum at Board Meetings**

In accordance with the Constitution, the quorum necessary for the transaction of the business of the Directors shall be two (2).

### **10. Induction**

- 10.1. The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 10.2. Induction of Directors may include, but not limited to, the following:
- 10.2.1. Furnishing of a copy of the previous board minutes for at least the past six (6) months; the business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities;
  - 10.2.2. Visits to key operational sites; and
  - 10.2.3. A formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

### **11. Evaluation of Board Performance**

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The Board through the NC evaluates the performance of the Board as a whole, the Board Committees, the Individual Directors and the Independence of the Independent Directors on an annual basis.

The evaluation criteria and process are in accordance with the procedure that has been established, endorsed and approved by the Board following the recommendation made by the NC.

The Board evaluation process is carried out by way of peer assessment, in the form of evaluation questionnaires completed, reviewed and deliberated by the NC before its findings and recommendations tabled to the Board.

The Evaluation process in respect of the Independence of the Independent Directors is carried out by way of peer assessment in the form of evaluation questionnaires and supported by an annual declaration by the respective Independent Director on his/her independence.

The completed evaluation questionnaires are then reviewed and deliberated by the NC before its findings and recommendations tabled to the Board for decision.

### **12. Corporate Disclosure Policy**

The Board is guided and takes into consideration the Guidance set out under Bursa Malaysia Securities Berhad's Corporate Disclosure Guide issued in September 2011 in respect of Corporate Disclosures.

The Board is committed to good corporate governance and will ensure that all stakeholders are provided with comprehensive, accurate and quality information on a timely and even basis.

The Board has adopted a Corporate Disclosure Policy which takes into consideration the Guidance set out under Bursa Malaysia Securities Berhad's Corporate Disclosure Guide issued in September 2011. The Corporate Disclosure Policy is set out as a separate document and is accessible on the Company's website: [www.artroniq.com](http://www.artroniq.com)

### **13. Secretary**

13.1. The Company Secretary will be the Secretary of the Board.

13.2. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, and between senior management and non-executive directors, as well as facilitating the induction of new directors and assisting with each director's professional development, as required.

13.3. Responsibilities of the Company Secretary includes the following:

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- 13.3.1. Ensure that Board procedures and applicable rules are observed;
- 13.3.2. Advise the Board on corporate disclosures and compliance with the relevant rules and regulations, and timely dissemination of information relevant to Directors' roles and functions and keep them updated on new or evolving regulatory requirements; and
- 13.3.3. Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

13.4. All directors have access to the advices and services of the Company Secretary.

13.5. Appointment and removal of the Company Secretary is a matter for the Board as a whole.

### **14. Shareholders Communication Policy**

The Board has adopted a Shareholders Communication Policy in respect of communicating with its shareholders.

The Shareholders Communication Policy is set out as a separate document and is accessible on the Company's website: [www.artroniq.com](http://www.artroniq.com)

### **15. Code of Business Conduct & Ethics**

The Board has adopted a Code of Business Conduct & Ethics based on the Director's Code of Ethics to enhance the standards of Corporate Governance and behaviour as a guide for the Directors.

### **16. Publication/Availability**

A copy of this Charter is available from the Company's website: [www.artroniq.com](http://www.artroniq.com)

- END OF POLICY -