



MALAYSIAN GENOMICS RESOURCE CENTRE BERHAD

(Company No. 652790-V)
(Incorporated in Malaysia)

POLICIES GOVERNING THE BOARD OF DIRECTORS

**MALAYSIAN GENOMICS RESOURCE CENTRE BERHAD
("COMPANY")**

POLICIES GOVERNING THE BOARD OF DIRECTORS

Introduction

In formulating these policies, reference has been made to the Board Charter, Code of Conduct & Ethics, and the relevant provisions of the Malaysian Code on Corporate Governance and any later revisions thereto which may be issued from time to time ("the Code").

1. SELECTION AND APPOINTMENT PROCESS FOR NEW DIRECTORS

i) The relevant provisions of the Code are as follows:

Practice 4.4

Appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Practice 4.6

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates.

ii) Upon the existence of a casual vacancy or upon the decision of the Board to invite an additional director to the Board, the following process shall be followed:

- a) The existing directors shall examine the current composition of the Board and pre-define the desired characteristics/profile of the new director.
- b) In so doing, the Board shall:
 - uphold and implement best practices relating to gender diversity in the boardroom, targeting for at least 30% of the Board to comprise women directors;
 - uphold and implement best practices relating to ethnic diversity, in ensuring that at least two (2) of the three (3) main ethnic groups in Malaysia, are represented on the board at all times;
 - consider the kinds of professional qualification, skillsets, industry experience and profile that the new director should have, in order to preserve an all-rounded and balanced board ; and
 - consider and discuss other pertinent or relevant factors that may arise.

- c) The existing directors may then propose the name of any potential candidate to the Chairman of the Board, from:
- their own personal contacts; and/or
 - a registry of directors, such as that maintained by the NAM Institute for the Empowerment of Women Malaysia (NIEW) at <http://www.wcdregistry.com>, or the Malaysian Alliance of Corporate Directors at <http://www.macd.org.my>.
- d) The Chairman of the Board shall, within a specified timeframe, disclose the names of the potential candidates that have been nominated, to all Board members.
- e) The board members shall then decide to whom the invitation should be issued, based on its consideration of the relevant factors.
- f) The Chairman of the Board or any individual director may approach the potential candidate to gauge his/her interest in being appointed to the Board of the Company.
- g) If the potential candidate indicates his agreement to be appointed to the Board of the Company, the Chairman of the Board or any individual director shall communicate the same to the other directors and the Company Secretary.
- h) The Company Secretary shall then prepare the necessary documentation which shall include:
- a letter of appointment addressed to the new director setting out the terms of the appointment and the expected time commitment required from him/her;
 - the relevant company forms; and
 - announcement templates to enable the Company to make the necessary announcements to Bursa.

2. ASSESSMENT OF INDEPENDENCE

- i) The relevant provisions of the Code are as follows:

Practice 4.2

The board should undertake an assessment of its independent directors annually.

The tenure of an Independent Director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

- i) The Board has developed the following criteria for the assessment of initial and ongoing independence, based on the definition set out pursuant to the ACE Market Listing Requirements (“AMLR”):

Criteria

- An Independent Director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer.

 - An independent director is one who -
 - is not an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as “said Corporation”);
 - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation;
 - is not a major shareholder the said Corporation;
 - is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
 - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.
- ii) The aforesaid criteria shall be applied by the Board in the following instances:
- admission of a new independent director
 - annually

- as and when a new interest or relationship develops.
- iii) In applying the above criteria, the Board must give effect to the spirit, intention and purpose of the said definitions. If a person does not fall within any of the said definition, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the applicant or listed corporation must still apply the test of whether the said director is able to exercise independent judgment and act in the best interests of the applicant or listed corporation as set out in the said definition.
- iv) On an annual basis, each individual director shall submit to the Board, a declaration of ongoing independence based on the provisions of the AMLR. See Appendix A for the sample declaration form.

3. INDUCTION PROGRAMMES FOR NEW DIRECTORS

- i) The relevant provisions of the Code are as follows:

A new director shall, upon acceptance of his appointment to the Board, be enrolled in an induction programme whereby:

- i. The **Chairman of the Board** briefs him/her on his/her responsibilities as a whole;
- ii. The **Managing Director and Executive Directors** brief him/her on the Company's:
- a) mission and vision;
 - b) business;
 - c) operations;
 - d) financial position; and
 - e) organizational structure.
- iii. The **Company Secretary** briefs him/her on the relevant regulatory and company secretarial matters, and furnishes him/her with a copy of the Board Charter and the Code of Conduct.

4. TRAINING & CONTINUING EDUCATION PROGRAMMES FOR DIRECTORS

Introduction:

The Company shall facilitate the attendance of any training programme, course or seminar by any director, for the purposes of continuing education and training. There are two (2) mechanisms shall be applicable in the above connection:

-On the recommendation of the Nomination & Remuneration Committee (“NRC”)

- The NRC shall periodically conduct a training needs analysis on behalf of the Board.
- In so doing, the NRC shall have regard to the results of performance appraisals and other relevant considerations, in assessing whether any of the directors should undergo any specific type of training and if so, in what areas.
- In the event the NRC wishes to recommend a particular area of training for a particular director, the NRC shall communicate with the director concerned.
- A suitable training programme/course/seminar for the above purposes may then be identified, either by the NRC or by the director concerned.
- The Company shall make the necessary arrangements for the director to attend the training, including payment of registration fees and other matters.

-At the request of any director

- Any director may identify a training programme/course/seminar which he/she believes would be relevant to his/her continuing education and professional development, and notify the Company accordingly.
- The Company shall make the necessary arrangements for the director to attend the training, including payment of registration fees and other matters.

5. ACCEPTANCE OF NEW DIRECTORSHIPS

1. Prior to the acceptance of a Proposed Directorship, a director shall notify the Chairman of the Board of Directors of the Company, of the following matters:

- a) his/her intention to accept the Proposed Directorship;
- b) an indication of time that will be spent on the Proposed Directorship;
- c) his/her confirmation that he/she does not already sit on the Boards of five (5) public listed companies.

2. The Chairman of the Board shall consider the notification, and, taking into account;

- a) the existing number of boards of public and private limited companies on which the Director currently sits;
- b) the Director's current workload in relation to the number of Board committees of the Company on which he/she sits; and
- c) any other factor that the Chairman of the Board may deem relevant;

the Chairman of the Board may agree or disagree to the Proposed Directorship.

3. In the event the Chairman of the Board agrees to the Proposed Directorship, the Director shall immediately notify the Company Secretary of the necessary details, and the Company Secretary shall prepare the necessary documentation including the requisite company forms.

4. In the event the Chairman of the Board does not agree to the Proposed Directorship for any reason, the matter shall be tabled before the Board as a whole for further discussion at the next meeting of the Board of Directors.

6. REMUNERATION OF NON-EXECUTIVE & INDEPENDENT DIRECTORS

Introduction

In accordance with Practice 6.1 and 6.2 of Principle A of the Malaysian Code on Corporate Governance:

The Board has in place policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and senior management. The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

A. Policies governing the assessment and remuneration of Non-Executive Directors

- Each director undertakes a performance appraisal on himself individually, and on the Board as a whole.
- Once completed, the appraisal forms are forwarded to the Company Secretary and the results are tabulated. The tabulated results are then forwarded to the Chairman of the Board.
- The performance appraisal covers, *inter alia*, the following:

- a) The director's will and ability to critically challenge board decisions and to ask the right questions, where needed;
 - b) The director's character, and integrity levels when dealing with potential conflict of interest situations;
 - c) The director's level of commitment and willingness to carry out due diligence activities where needed; and
 - d) The director's confidence and ability to stand up and defend a position that he/she believes in.
- At the point of appointment to the Board or on a yearly basis once the director has been appointed, a recommendation pertaining to the Directors' fee is made by the Senior Management of the Company, to the NRC.
 - The recommendation is made based on (i) the amount of time commitment the Director concerned channels towards the Company; (ii) the expertise and skills that the Director concerned brings to the Board; (iii) the business strategy and long-term objectives of the Company, and (iv) the number of Board Committees that the Director in question sits on, as well as in what capacity (ie. Chairman, or ordinary member).
 - The NRC then considers the proposed figure, against its own independent re-assessment of the factors listed above.
 - In the event the NRC is in agreement with Senior Management on the proposed figure, the NRC recommends the figure to the Board for approval.
 - The Chairman of the Board will also take into consideration, the performance of the said Director as reflected in the individual and collective performance appraisals undertaken by the Board as a whole and each director respectively.
 - Once approved by the Board, the figure is recorded, and the approval of shareholders is obtained at the next AGM of the Company.
 - Allowable claims and allowances for Independent Directors shall include all transportation and accommodation costs incurred in connection with attending Board and Board Committee meetings.

B. Policies governing the assessment and remuneration of Executive Directors

- The Executive Directors undertake a self-appraisal on an individual basis, once every two (2) years. The results are forwarded to the Managing Director, who reviews and comments on the same. The results and the Managing Director's comments, are then forwarded to the Chairman of the Board.

- The Managing Director also undertakes a self-appraisal, once every two (2) years. Once completed, the appraisal forms are forwarded to the Company Secretary and the results are tabulated. The tabulated results are then forwarded to the Chairman of the Board.
- The Chairman of the Board then reviews the results and considers whether the current remuneration package of the Executive Directors (whether under a Service Contract or an Employment Contract) should be revised or retained at status quo.
- The remuneration package of the Executive Director concerned is then tabled for approval of the NRC and subsequently, the Board. At Board level, the Chairman of the Board makes such observations or comments as he/she may deem fit.

Note : No Director shall participate in any discussion on his/her own remuneration.

7. APPOINTMENT AND REMUNERATION OF SENIOR MANAGERS

a). Definition of Senior Manager

In accordance with the guidelines pursuant to Item 3.11 of the Frequently Asked Questions on the Malaysian Code on Corporate Governance (Revised February 2018) issued by the Securities Commission at https://www.sc.com.my/wp-content/uploads/eng/html/cg/mccg_faq_180214.pdf, the Board has adopted the definition of a Senior Manager as follows:

3.11 The top 5 senior management should refer to the top 5 highest paid senior management members. This means that there are 2 criteria to be fulfilled for purposes of determining the top 5 senior management in Practice 7.2 as follows:

*a) First, the person must be a senior management member ie. one who generally **holds the highest level of management responsibility and decision-making authority within the listed company**. This would typically include the CEO (who is not a director) the other C-suites or persons directly reporting to the CEO; **and***

*b) **Such person must be the highest paid**. This criterion is useful as it provides the listed company with some objectivity and certainty in determining who the affected senior management members are for purposes of applying the Practice.*

b). Appointment of Senior Managers

1) Senior Managers shall be appointed according to, *inter alia*, the following criteria:

- a) Number of years' working experience;
- b) Number of years' working experience in the Company/Group;
- c) Qualifications;

- d) Specific skillsets and areas of expertise, especially in the areas of the Company's specific business operations;
- e) Work ethic;
- f) Aptitude;
- g) Leadership skills;
- h) Ability to lead and motivate teams; and
- i) Other ad-hoc criteria to be determined by the Management and the Board of Directors on a case-by-case basis.

2) In selecting and appointing Senior Managers, due regard shall be had to the following criteria:

- a) gender diversity; and
- b) ethnic diversity.

c). Remuneration of Senior Managers

i) The remuneration of Senior Managers shall be determined by the Board of Directors upon the recommendations of the Management.

ii) Factors and criteria to be taken into account when determining the remuneration of Senior Managers, or any change to their existing remuneration, by the Board of Directors upon the recommendations of the Management, are, *inter alia*, as follows:

- a) Number of years' working experience;
- b) Number of years' working experience in the Company/Group;
- c) Qualifications;
- d) Specific skillsets and areas of expertise, especially in the areas of the Company's specific business operations;
- e) Work ethic;
- f) Aptitude;
- g) Leadership skills;
- h) Ability to lead and motivate teams;
- i) The average salary of a similarly-qualified manager in other companies of the same size and in the same industry; and
- j) Other ad-hoc criteria to be determined by the Management and the Board of Directors on a case-by-case basis.

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ANNUAL DECLARATION OF CONTINUING INDEPENDENCE

I, the undersigned, hereby declare to the Board of Directors of Malaysian Genomics Resource Centre Berhad (“the Company”) that at all times during the financial year commencing 1 July [],.....and ending 30 June [], I was and remain to date, an independent director pursuant to the definitions and provisions of the ACE Market Listing Requirements and all amendments thereto valid and in effect as at the date of this declaration.

I hereby declare that :

- a) I am not an executive director of the applicant, listed issuer or any related corporation of the Company ;
- b) I have not been within the last 2 years and am not an officer (except as a non-executive director) of the Company;
- c) I am not a major shareholder the Company;
- d) I am not a family member of any executive director, officer or major shareholder of the Company;
- e) I am not acting as a nominee or representative of any executive director or major shareholder of the Company;

- f) I have not been engaged as an adviser by the Company under such circumstances as prescribed by the Exchange or am not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; and/or

- g) I have not engaged in any transaction with the Company under such circumstances as prescribed by the Exchange or am not presently a partner, director or major shareholder, as the case may be, of a firm or corporation which has engaged in any transaction with the Company under such circumstances as prescribed by the Exchange.

Signed by:

(Signature)

(Name in block letters)

(NRIC No.)