

**ANCOM BERHAD (Company No. 8440-M)**  
**(Incorporated In Malaysia)**

## **BOARD CHARTER**

### **1. INTRODUCTION**

This Board Charter is designed to provide the Board of Directors of the Company (collectively the “Board” and individually the “Director/s”) with greater clarity regarding the roles of the Board and the responsibilities of Directors of the Company in carrying out their roles and discharging their duties to the Company and its subsidiaries (Group”), and the Board’s operating practices.

All Directors are expected to show good stewardship and act in a professional manner in accordance with the appropriate standards of good corporate governance.

The Board is committed towards adopting a Corporate Governance Framework which complies with the principles of the Malaysian Code of Corporate Governance (“Code”), where applicable to the Group’s unique operational and business environment.

### **2. PURPOSE**

The Board Charter sets out the authorities, roles, functions, compositions and responsibilities of the Board to assist the Directors to be aware of their duties and responsibilities to effectively discharge their fiduciary duty in managing the affairs of the Group.

### **3. THE BOARD**

#### **3.1 Composition**

The Articles of Association of the Company provide that the Board shall consist of a minimum of two (2) and a maximum of eleven (11) Directors. The Listing Requirements (“Listing Requirements”) of the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) stipulates that at least two (2) or one-third (1/3) of the Directors, whichever is higher, shall be Independent Directors.

The Board currently comprises four (4) Independent Directors where the Chairman of the Board is not an Independent Director. The independence of directors is to be assessed by the Remuneration and Nomination Committee of the Company in accordance with the Listing Requirements.

The Board shall comprise of Directors who are persons of caliber with a wide range of experience, business acumen, skill and functional knowledge in business and public services with a diverse academic background in legal, accounting, economics, corporate finance and marketing.

A majority of Non-Executive Directors should be present on the Board to provide the necessary check and balances on the conduct of the Group Managing Director in managing the business of the Company and the Group. In particular, the Independent Non-Executive Directors shall be persons independent of management and free from any business or other relationship so as to bring an independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct and to provide independent views in the Board’s discussion. Independent Non-Executive Directors should involve actively in the Board Committees of the Company.

The current Non-Executive Chairman of the Board is not an Independent Director. The current composition of the Board is not in line with recommendation of the Code which provides that

the Board shall comprise of a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Notwithstanding the current position, the Board is satisfied that it is in the interest of the Company to retain Dato Johari Razak as the Chairman of the Board as he is an experienced corporate director capable of providing strong leadership to the Board by marshalling the Board's priority more objectively.

All board members shall notify the Chairman of the Board before accepting any new directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

The Board recognizes the importance of assessing the effectiveness of individual directors, the Board as a whole and its committees. The Remuneration and Nomination Committee is given the task to review and determine the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors annually. In assessing suitability of candidates, consideration will be given to the competencies, commitment, contribution and performance.

### 3.2 Roles of Chairman and Group Managing Director

The roles of the Chairman and the Group Managing Director are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman carries out a leadership role and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The Group Managing Director has overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the management team and the various divisional heads.

### 3.3 Duties and Responsibilities

The Board is responsible for the Group's overall strategic direction, business and financial performance, risk management, internal control and management information systems and investors' relations. The principal duties and responsibilities of the Board are as follows:

- Safeguarding the assets of the Group and shareholders' interests;
- Formulating the business direction and objectives of the Group;
- Reviewing, adopting and approving the Group's annual budgets, strategic plan, key operational initiatives, major investment and funding decisions;
- Overseeing the conduct of business of the Group by reviewing its performance against budgets and ensure operational results are closely monitored and substantial variances are promptly explained;
- Reviewing the risk management framework and adequacy and integrity of the Group's internal control system and management information system, to identify and manage risks affecting the Group and to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group;
- Establishing a succession plan for senior management of the Company;
- Overseeing the development and implementation of a shareholders communication policy for the Company; and
- Promoting ethical and the best corporate governance cultures within the Group.

### 3.4 Board Committees

The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities.

The Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board with authority to act on behalf of the Board in accordance with its respective terms of reference.

### 3.5 Board Meetings

The Board holds its Board meetings quarterly and additional meetings are convened as and when necessary as determined by the Chairman.

At the end of each calendar year, the Company Secretaries would draw up a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year, to ease the Directors in planning their attendances at the Board/Committee meetings.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly Interim Financial Reports or the annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings.

Senior management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals are invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate the Board in making an informed decision.

The decisions of the Board are decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote except where only two (2) Directors are present or only two (2) Directors are competent to vote on the question at issue.

In the intervals between Board meetings, the Board decisions are obtained via circular resolutions which are supported with Board papers to provide the necessary information for an informed decision by the Board.

### 3.6 Re-election

In accordance with the Company's Articles of Association, a Director is subject to retirement and be eligible for re-election at the next annual general meeting of the Company after his appointment.

The Articles also provide that at least one-third (1/3) of the Board members who have served the longest in office since their last election, shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The Group Managing Director is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

The motions to re-elect Directors is voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the annual general meeting without any vote against it.

### 3.7 Familiarisation with Business and On-Going Training

New members of the Board are provided with background material and are offered management briefings on strategic and other issues affecting the Company and the Group. Directors are expected to acquire and maintain sufficiently detailed knowledge of the Company's and the Group's business and their on-going performance to enable the Board to make informed decisions on the issues before the Board.

Directors are encouraged to undertake appropriate course and training at the Company's expense so as to ensure that they are able to perform their duties as Directors of the Company to the best possible standards.

### 3.8 Tenure Of Independent Directors

The Board had adopted the criteria set out under the definitions of "independent director" in the Listing Requirements to assess independence of directors. The Board noted recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

From the date the Independent Directors were appointed, they had provided an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Rule 1.01 of the Listing Requirements.

The Board is of the view that the length of service of the Independent Directors should not affect a directors' independence but rather the important criteria that must be possessed by the Independent Directors are their independence from management and they are free from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

## 4. **ACCESS TO INFORMATION AND ADVICE**

All Directors have unrestricted access to information of the Company and the Group and on an on-going basis, the Directors interact with the management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. The Directors have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matters connected with the discharge of their responsibilities as they may deem necessary and appropriate at the Company's expense.

## 5. **CODE OF ETHICS**

The Board continues to adhere to the Code of Ethics established by the Companies Commission of Malaysia.

## 6. **REVIEW OF THE BOARD CHARTER**

The Board will review and update the Board Charter periodically to take into consideration the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

*(Reviewed by the Board of Directors on 27 July 2017)*