

**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.

The Board has established this Board Charter based on the key values, principles and ethos of the Company, and the policies and strategy development are based on these considerations.

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 2017 (“MCCG 2017”), 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 Constitution/Articles of Association of the Company provide that the Board of the Company shall consist of a minimum of two (2) and a maximum of eleven (11) Directors. The Main Market Listing Requirement (“Listing Requirements”) 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 is led by an Executive Chairman (“EC”). A Group Chief Executive Officer (“GCEO”) who is not a Board member, has also been appointed in place of the Group Managing Director

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 EC, the Executive Director and the GCEO 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.

All board members shall notify the Chairman of the Board before accepting any new directorship in other companies. In addition, all board members shall remain mindful of the limits of directorship in public listed companies specified by the Listing Requirements when accepting

new directorship roles. 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 EC and GCEO**

The roles of the EC and GCEO are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The EC carries out a leadership role and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The GCEO 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.

The principal duties and responsibilities of the EC of the Board are as follows:

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between Board and Management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

### **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:

- Formulating and charting the strategic direction and setting out the Group's short-term and long-term plans and objectives. This will then be the basis for the GMD/GCEO and Management team to formulate a detailed business plan;
- Reviewing and approving the Group's key operational policies and initiatives and major investment and funding decisions of the Group, new business/ projects and reviewing the same with the GMD/GCEO;
- Overseeing and reviewing the Group's business operations and financial performances to evaluate whether the business is being properly managed and sustained;
- Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Overseeing the development, implementation and review of the succession plan for the Directors and the key senior management;
- Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- Overseeing the development, implementation and reviewing/ monitoring of the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group;

- Ensure that the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company's financial and non-financial reporting; and
- Formulating and promoting ethical and good corporate governance 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 in accordance with its respective terms of reference.

There should clearly be an accepted division of responsibilities at the head of the Company, which will ensure a balance of power and authority such that no one individual has unfettered powers of decision. The division of responsibilities is to be regularly reviewed taking into consideration the operational, financial and business development aspects of the Company to ensure the Company's needs are consistently met.

Where the Board appoints a committee, it should spell out the authority of the committee and in particular whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation which is subject to the Board's approval.

### **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. The Company Secretary should ensure that notice to convene a Board meeting is to be served not less than seven (7) days before the meeting. A Board meeting however, may be convened by a shorter notice than seven (7) days provided that the issue to be deliberated is a matter of urgency.

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. The Company Secretary should ensure that meeting materials are circulated to the Directors at least five (5) business days prior to the Board meetings and the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the board, including whether any director abstained from voting or deliberating on a particular matter. The Company Secretaries would ensure that the minutes were kept to record all proceedings at the Board/Committee meetings, the deliberations on the matters at hand and the decisions made thereto.

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 event there are personal interests/conflict of interests in respect of any matter, the Director concerned must declare his/her interests and the Director involved is to excuse himself from the discussion and the meeting and abstain from voting on the matter.

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 Constitution/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 Constitution/Articles of Association 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 EC and Managing Director of the Company (if any) 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. In the event of any vacancy in the Board, resulting in non-compliance with the Listing Requirements and/or the MCGG 2017, the vacancy must be filled within three (3) months, from the date of non-compliance.

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.

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.

Notwithstanding the above, the Board noted recommendation of Practice 4.2 of MCCG 2017 that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. After a cumulative term of 9 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 9 years, it should provide justification and seek annual shareholders' approval.

The Board has decided not to adopt the 2-tier voting process for the approval to retain Independent Directors who have served for more than 12<sup>th</sup> years in the Company.

The Board has received legal opinion that the 2-tier voting may not be compatible with the Company's Constitution/Articles of Association read together with the Companies Act 2016. As such, the Board has chosen not to adopt the 2-tier voting as a precautionary measure.

#### **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. COMPANY SECRETARIES**

The Company Secretaries play an advisory role to the Board in formulating the Company's constitution and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's constitution, the Board policies and procedures, the statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities.

The Companies Secretaries are also involved in managing all Board and Committee meeting, attending and recording minutes of all Board and Committee meetings and facilitating Board communication and orientation of new Directors and assisting in Director training and development. They are also involved in managing processes pertaining to the annual general meetings; monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's need and stakeholders' expectation.

They are also to serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

#### **6. CODE OF CONDUCT AND ETHICS**

The Board will continue to adhere to the Code of Conduct and Ethics of the Company, which has been adopted by the Board on 26 July 2018.

#### **7. 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.

This Board Charter was reviewed by the Board of Directors on 26 July 2018.