

<b>BOARD CHARTER – AEON CREDIT SERVICE (M) BERHAD</b>
---

## **1. INTRODUCTION**

The Board Charter is a charter of the Board of Directors (Board) of AEON Credit Service (M) Berhad (“AEON Credit” or “the Company”).

The Board is accountable to shareholders and other stakeholders for the proper corporate governance and performance of the Company and is committed to strengthen the Company’s sustainability and organizational effectiveness.

This Board Charter incorporates the Principles and Practices of the Malaysian Code on Corporate Governance (“MCCG”) as considered appropriate, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) on corporate governance, certain aspects of the Company’s Constitution and relevant portions of the Companies Act 2016 in so far as the duties and responsibilities of Directors are concerned.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees. This Board Charter shall form an integral part of each Director’s duties, authority and responsibilities. To the extent of any conflict between the terms of this Board Charter and the Company’s Constitution, the Constitution prevails.

## **2. ROLE AND FUNCTION OF BOARD & BOARD COMMITTEES**

### **2.1 Board Composition**

#### **2.1.1 Number of Directors**

The Constitution specifies that the number of Directors shall not be less than two (2) nor more than twenty (20). The Board has power under the Constitution to appoint a Director to fill a casual vacancy or as an additional Director.

#### **2.1.2 Independence and Composition**

- (i) The Board should be of a size and composition with the benefit of diversity in skills, experience, age, cultural background and gender, perspectives and skills that are conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Company. The Board shall endeavour to have at least 30% composition of female Directors on the Board.
- (ii) In accordance with Paragraph 15.02 of the Listing Requirements, the number of Independent Directors should make up at least two (2) or one-third (1/3) whichever is higher, of the Board;
- (iii) Notwithstanding the minimum requirements of MMLR, majority of the Board shall comprise of Independent Directors in line with the Practice 4.1 of MCCG s to support

objective and independent deliberation, review and decision-making as well as effective oversight of management; and

(iv) The Chairman must be a non-executive member of the Board.

## **2.2 Roles of the Board**

The Board is the ultimate decision-making body of the Company, with the exception of matters requiring shareholders' approval. It sets the strategic direction and vision of the Company. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively and efficiently.

The Board has overall responsibility for putting in place a framework of good corporate governance within the Company, including the processes for financial reporting, risk management, internal control and compliance. Board members bring their independent judgment, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct.

The Board has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following:

- (i) Business strategy and annual business plan/budget;
- (ii) Enterprise-wide risk management framework ("ERMF") and risk strategy
- (iii) Raising or restructuring of equity or debt capital and bank borrowings;
- (iv) New investments, divestments, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires approval of shareholders;
- (v) Acquisition or disposal of significant assets outside the ordinary course of business;
- (vi) Acquisition of equipment or assets exceeding threshold under management approval;
- (vii) Conflict of interest issue relating to a substantial shareholder or a Director, including related party transactions;
- (viii) Unaudited quarterly financial results and audited annual financial statements;
- (ix) Appointment of new Directors, including setting the relevant terms of service and level of remuneration, subject to approval of shareholders where necessary;
- (x) Capital expenditure, financing and borrowing activities;
- (xi) Ensuring regulatory compliance;
- (xii) Declaration of dividends; and
- (xiii) Business plans and budget.

### **The principal responsibilities of the Board are as follows:**

- Develop, review and revise the Company's long-term strategic plans;
- Provide clear objectives and policies to senior management for operations;
- Oversee the conduct and proper management of the Company's businesses;
- Review and approve the Company's annual budget and business plan; and
- Ensure establishment of appropriate risk management framework and risk strategy

as well as adequate management information and internal control system of the Company;

- Ensure compliance by the Company with relevant laws and regulations.
- Approve transactions and activities outside the discretionary powers of senior management, subject to shareholders' approval where necessary.

The principal responsibilities as set out above are in line with the Board responsibilities as required under the Malaysian Code on Corporate Governance (MCCG) are as follows:

- Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on management's proposals for the Company, and monitor its implementation by Management;
- Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Supervise and assess management performance to determine whether the business is being properly managed;
- Ensure there is a sound framework for internal controls and risk management;
- Understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;
- Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Ensure that Senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- Ensure that the Group has in place procedures to enable effective communication with stakeholders; and
- Ensure the integrity of the Company's financial and non-financial reporting.

Certain principal responsibilities of the Board mentioned have been delegated by the Board to several Board Committees, in line with MCCG and best corporate governance practices. While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.

### **2.3 Role of Individual Directors**

The principal roles of individual Directors include, amongst others:

- (i) Review and adopt a strategic plan for the Company;
- (ii) Oversee the conduct of the company's business to evaluate whether the business is being properly managed;

- (iii) Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- (iv) Develop and implement an investor relations programme or shareholder communication policy for the Company; and
- (v) Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

## **2.4 Role of Independent Directors and Non-Executive Directors**

The Independent Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgment. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business transaction or other relationships with the Company so as to ensure that they exercise their independent judgment and act in the best interest of the Company.

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; and
- act as a channel of communication between Management, shareholders and 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.

## **2.5 Separation of position of Chairman and Managing Director /CEO**

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairperson and MD/CEO are distinct and separate with a clear division of responsibilities between the Chairman and the MD/CEO, so that no individual dominates the decision-making process.

## **2.6 Role of Chairperson**

The Board is led by a Chairperson who is responsible for the leadership and management of the Board and ensuring the Board and its Committees function effectively. The

Chairperson assumes the formal role of a leader and chairs all Board meetings, leads discussions among Directors and provides leadership to the Board in its oversight of management.

The Chairperson facilitates the flow of information between Management and the Board, and in consultation with Management, sets the agenda for each Board meeting. Other key roles of a Chairperson are to ensure, among others:

- (i) The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
- (ii) Guidelines and procedures are in place to govern the Board's operations and conduct;
- (iii) The training and development needs of the Board members are reviewed and addressed; and
- (iv) Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- (v) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- (vi) Leading Board meetings and discussions;
- (vii) Encouraging active participation and allowing dissenting views to be freely expressed;
- (viii) Managing the interface between Board and management;
- (ix) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (x) Leading the Board in establishing and monitoring good corporate governance practices in the Company.

## **2.7 Role of Company Managing Director (MD)/Chief Executive Officer (CEO)**

The MD/CEO assumes the overall responsibility for the implementation of the Company's strategy and in carrying out the Board's directions, managing the businesses of the Company and driving performance within strategic goals and commercial objectives. The MD/CEO leads the management team in carrying out the corporate strategy and vision of the Company. The MD/CEO is accountable to the Board for the day-to-day management and operations of the Company's business.

The key roles of MD/CEO include, among others:-

- (i) Developing objective, vision, strategic direction and business targets;
- (ii) Ensuring strategies and corporate policies are effectively implemented;
- (iii) Ensuring Board decisions and directions are implemented;
- (iv) Establishing appropriate organization structure of the Company to implement short and long term business plans;
- (v) Providing strong leadership to the management team and employees of the Company;
- (vi) Keeping the Board fully informed of all important aspects of the Company's operations and ensuring sufficient information is distributed to Board members; and
- (vii) Ensuring the day-to-day business affairs of the Company are effectively and

## **2.8 Senior Independent Non-Executive Director**

The Board has appointed a Senior Independent Director who serves as the designated point of contact between shareholders and other stakeholders with the Independent Directors/Chairman, to whom shareholders and other stakeholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders and other stakeholders, especially on sensitive issues.

The role of Senior Independent Director include, amongst others:

- Act as a sounding board for the Chairperson;
- Ensure all independent directors have opportunity to input on the agenda, and advise the Chairperson on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- Consult the Chairperson regarding Board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items; and
- Serve as the principal conduit between the Independent Directors and the Chairperson; and
- Serve as a designated contact for consultation and direct communication with shareholders and other stakeholders on areas that cannot be resolved through the normal channels of contact with the Chairperson.

The Board has provided an avenue for shareholders' queries to be sent directly to the Senior Independent Director named in the Company's Annual Report at [<SID@aeoncredit.com.my>](mailto:<SID@aeoncredit.com.my>), or by mail to Level 18, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

## **2.9 Roles of Board Committees**

The Board delegates specific responsibilities to the Board Committees comprised of:-

- (i) Audit Committee (AC)
- (ii) Nominating Committee (NC)
- (iii) Remuneration Committee (RC)
- (iv) Risk Committee (BRC)

The said Committees operate within clearly defined roles and responsibilities as set out in the terms of reference of each of the Committees. The Board Committees report to the Board on their deliberations, findings and recommendations.

The Chairmen of the AC, NC, RC and BRC report to the Board on matters dealt with at their respective Board Committee Meetings. Minutes of the AC, NC, RC and BRC are presented at the Board meetings for further discussion and direction. While these Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees will be brought to the attention of the Board, which is collectively responsible for the decisions made.

### **2.9.1 Audit Committee (AC)**

The key responsibilities of AC are to ensure reliability and integrity of the Company's financial accounting and reporting, disclosure, risk management and monitoring of internal control processes within the Company. The AC meets regularly to, amongst others; review the quarterly results, full year financial statements, audit reports which include observations pertaining to risk management and internal controls, as well as related party transactions.

### **2.9.2 Nominating Committee (NC)**

The NC is responsible for establishment and review of the policies and procedures for appointment of Directors and Board Committee members of the Company. It also oversees the nomination of Directors, assessment of performance and contribution of Directors and review of the required structure, size and composition (including the skills, knowledge and experience) of the Board as well as determine the training needs and recommend training programmes for directors.

### **2.9.3 Remuneration Committee (RC)**

The RC is responsible for establishing and reviewing the Board remuneration policies and procedures to attract and retain Directors. It also reviews and recommends to the Board the annual remuneration package of each individual Director.

### **2.9.4 Risk Committee (BRC)**

The BRC is responsible for oversight of the Company's risk and internal control functions as promulgated by the relevant requirements or guidelines.

## **3. CODE OF ETHICS, RISK MANAGEMENT AND INVESTOR RELATIONS**

### **3.1 Board Composition**

#### **3.1.1 Code of Ethics for the Board**

The Board of Directors observes the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

The Code of Ethics provide guidance for proper standards of conduct and sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

#### Duty of Care and Diligence

All Directors shall at all time exercise his/her powers for a proper purpose and in

good faith in the best interest of the Company. He/she shall exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities; and any additional knowledge, skill and experience which he/she in fact has.

Business Judgment

A Director who makes a business judgment is deemed to meet the requirements of the duty as aforesaid and the equivalent duties under the common law and in equity if he/she:

- (i) Makes the business judgment in good faith for a proper purpose;
- (ii) Does not have a material personal interest in the subject matter of the business judgment;
- (iii) Is informed about the subject matter of the business judgment to the extent the Director reasonably believes to be appropriate under the circumstances; and
- (iv) Reasonably believes that the business judgment is in the best interest of the Company.

Reliance on Information Provided by Others

A Director in exercising his/her duties may merely rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by:

- (i) Any officer of the Company whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (ii) Any other person retained by the Company as to matters involving skills or expertise in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- (iii) Another Director in relation to matters within the Director's authority; or
- (iv) Any committee to the Board of Directors of which the Director did not serve in relation to matters within the committee's authority.

A Director's reliance on information provided by others is deemed to be made on reasonable grounds if it was made in good faith; and after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the director's knowledge of the Company and the complexity of the structure and operation of the Company.

### **3.1.2 Code of Conduct and Ethics**

The Board, management and employees of the Company are guided by AEON Group's Code of Conduct (COC), which has been adopted as the "Code of Conduct and Ethics"

of the Company pursuant to MCCG. The COC is published at the website of the Company and new employees are briefed on the COC upon joining and are required to acknowledge in writing their acceptance and understanding of the code. Further reinforcement on the code is also done during the Company's annual COC training. Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in the regions where the Company operates.

### **3.1.3 Whistleblowing Channels**

The Company has also established a whistleblowing channel under the COC called **AEON Hotline** for communication or feedback from staff on unethical practices, illegal activities, breach of regulations, financial/accounting fraud etc. The AEON Hotline, an intranet communication channel, is currently available through any staff workstation at all offices and branches of the Company nationwide. The issues raised through the AEON Hotline are investigated and resolved with strict confidentiality by senior management of the Company.

For external stakeholders, any concerns on illegal, unethical or questionable practices can be communicated in confidence by the whistleblower without the risk of reprisal to the Audit Committee Chairperson at [<SID@aeoncredit.com.my>](mailto:SID@aeoncredit.com.my) for further investigation and action.

## **3.2 Risk Management**

The Board has established a system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage through the Enterprise-wide Risk Management Framework ("ERMF"). The ERMF is the overarching framework that sets out the Company's approach to internal governance and establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the company strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the company's system of risk management and internal control are set out in the risk management control frameworks relating to each of the company's key risks and in the organisation operational risk framework. The ERMF is reviewed by the Risk Management Committee, BRC and Board annually. The Board has delegated the responsibility of ensuring the effectiveness of risk management to the Risk Management Committee ("RMC") at senior management level.

## **3.3 Succession Planning**

The Company has established a Succession Planning Framework for key management positions.

Based on the framework, key and critical positions within the Company have been identified and job profiles are to be built for each position with specific competency and attributes required duly identified. Internal talents who may potentially be suitable to fill the positions are identified and analysis is done to identify competency gap between the

current capabilities of the potential talent and the expected level of competency, using appropriate assessment tools. The abilities, readiness and career interests of identified talents are further assessed through channels such as performance appraisal, superior's comments and conducting career chat with potential talent.

Thereafter, individual development plans are designed to provide development opportunities through formal training, job assignments, job rotations, on-job-training, coaching, etc. Finally, continuous monitoring is done to monitor and evaluate the development progress and ascertain the readiness of potential talent to succeed the higher level position.

### **3.4 Investor Relations and Shareholder Communication**

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

It is the role of the Board to ensure that the Annual General Meeting ("AGM")/ Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. All the Directors shall attend the AGM/EGM unless with valid justifications for non-attendance.

The Board will focus its efforts on the following best practices to enhance the effectiveness of the AGM/EGM:

- Conduct a business presentation with a question and answer session, where appropriate and if required.
- Ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
- Inform shareholders of their rights to demand for a poll vote at the commencement of general meetings subject to the Company's Articles of Association;
- For election of Directors, ensures that the notice of meeting state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent; and
- Ensure that the Chairman provides reasonable time for discussion at the meeting.

The main channels of Investor Relations and shareholder communication deployed are as follows:

- (i) Release of quarterly results announcement and other corporate disclosures to Bursa Malaysia Securities Berhad ("Bursa Securities"), which are available from Bursa Securities website;
- (ii) Updates on the Company's activities, product launching and operations are also disseminated through meetings with, and presentations to, analysts, fund managers and investors as well as through press releases and press conferences from time to time;
- (iii) Annual Report sent to shareholders containing comprehensive information on financial performance and various other areas of interest to shareholders;
- (iv) Annual General Meeting (AGM) of the Company which has been the main forum of dialogue for shareholders to raise their concerns and provide feedback to the

Board on the Company's performance and direction;

- (v) Investor relations and corporate information are also made available on the Company's website at [www.aeoncredit.com.my](http://www.aeoncredit.com.my) while a dedicated e-mail address for investor relations' enquiries or feedback at [ir\\_info@aeoncredit.com.my](mailto:ir_info@aeoncredit.com.my) is also available.

Feedback received from shareholders and other stakeholders shall be given due consideration by the Company when making business decisions.

#### **4. DIRECTORS' TERMS OF SERVICE, ASSESSMENT & OTHER MATTERS**

##### **4.1 Appointments to the Board**

- (i) The NC is responsible for identifying and nominating suitable candidates for appointments to the Board for approval, while recognising the right of shareholders to nominate candidate(s) to the Board, either to fill vacancies or as addition to meet the changing needs of the Company.
- (ii) 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 shall endeavour to utilise independent sources to identify suitably qualified candidates.
- (iii) Before recommending an appointment to the Board, the NC shall consider requirements in terms of Board diversity, mix of skills and core competencies (refer to paragraph 4.5 below) as well as time commitment of the candidate, any conflict of interest affecting appointment and assess the suitability of the candidate based on The Chairperson of the NC interacts with the proposed candidates and assesses the candidate(s) based on the following aspects:
- Specific knowledge, skill and working experience and achievements of the candidate
  - Training attended by the candidate
  - Time commitment by the candidate
  - Independence and conflicts of interest
  - External directorships of the candidate
- (iv) The following criteria are considered in assessing the suitability of the candidate for appointment:
- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;
  - Competence and capability, where the candidate must have the skills, working experience, capability and commitment necessary to carry out the role; and
  - Financial integrity, where the candidate must manage his/her debts or financial affairs prudently.
- (v) The process for identifying and nominating new candidates for appointment as a Director entails the following steps:
- a) Identification of skills required.

- b) Selection and short listing of candidates identified through various sources, having consideration of need for Board diversity.
- c) "Fit and suitable" assessment by the NC on shortlisted candidate(s).
- d) Interview / interaction with candidate(s) by the NC or Chairperson of the NC.
- e) NC deliberation and confirmation that the recommended candidate is fit and suitable for the Board role.
- f) Recommendation by NC for Board approval.
- g) Decision by Board on recommended appointment.

#### **4.2 Restriction on Directorships and Time Commitment**

- (i) Any Director of the Company is permitted to serve as a Director in a maximum of four (4) other listed companies.
- (ii) Each Director confirms his/her time commitment to the Board at the time of appointment. In addition, the Director shall notify the Chairperson before accepting any new directorship which includes an indication of time that will be spent on the new appointment.

#### **4.3 Term of Appointment**

- (i) Each year, all the Directors shall retire from office at the AGM, and being eligible, may offer themselves for re-election at the AGM. But shall be eligible for re-election and an election of Directors shall take place each year. A retiring Director shall retain office until the close of the meeting at which he retires.
- (ii) Directors appointed during a financial year hold office until the next AGM and if eligible, may offer themselves for re-election at the AGM.
- (iii) A Director who does not offer himself for re-election shall retire at the conclusion of the AGM.

#### **4.4 Tenure of Independent Directors**

- (i) The tenure of service of Independent Directors shall generally be for maximum period of nine (9) years in line with MCCG. However, upon completion of the nine years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.
- (ii) In the event that the affected Director is to remain designated as an Independent Director beyond the period of nine (9) years, the NC's recommendation based on appropriate justification\* and annual shareholders' approval based on the said justification is required at the Company's AGM in the manner set out in the MCCG. The considerations that should be contained in the justification are as follows:
  - The assessment performed to evaluate the independence of the said Independent Director;
  - The outcome of the assessment and the bases for arriving at that outcome;

- A statement by the Board on the suitability of the Independent Director to perform his or her duties without being subjected to undue influence; and
  - Additional considerations such as the possession of knowledge, skills, experience and commitment displayed by the said Independent Director.
- (iii) The NC shall undertake assessment of the independence of the Independent Directors upon admission, annually and as and when the need arises.

#### **4.5 Board Diversity, Mix of Skills and Core Competencies**

- (i) Appointment of directors on the Board (and appointment of senior management of the Company) shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- (ii) The Board remains committed to ensuring that it has represented on it the skills, knowledge and experience needed to effectively steer the company forward. While not all directors will possess each necessary skill, but the Board as a whole must possess them.
- (iii) The Board members to use their knowledge and skills to function well as team members and to interact with key stakeholders.
- (iv) The Board recognises that a diverse Board may offer greater depth and breadth and contribute towards constructive debates, which lead to better decisions. It enables the discussion of the same ideas in differing ways and equips the company to face challenges in an ever-changing environment in terms of technology, consumer preferences, business strategies and models as well as business risk environment.

#### **4.6 Directors' Remuneration**

The Company shall provide fair, reasonable and competitive remuneration for its executive and non-executive Directors to ensure that the Company attracts and retains high calibre Directors who have the skills, experience and knowledge to increase entity value for the benefit of all shareholders.

The remuneration policy for executive Directors is based on the executive functions and responsibilities as well as contribution and performance of each member to the business of the Company.

The non-executive Directors will receive Directors' fees not linked to profits/turnover or performance of the Company, but with consideration of role, responsibilities and time commitment to the Company, inclusive of roles in Board Committees.

The Board shall determine the remuneration of executive Directors and non-executive Directors taking into consideration the recommendations of the Remuneration Committee. No Director takes part in discussion and decision making on his/her own remuneration. The aggregate amount of Directors' fees and benefits payable to the Directors is subject to annual shareholder approval at a General Meeting.

#### **4.7 Board Effectiveness Assessment**

- (i) The NC reviews annually the effectiveness of the Board and Board Committees as well as

the performance of individual Directors.

- (ii) The Company has introduced the Board Effectiveness Assessment (BEA) questionnaire for evaluation of the performance of the Board, Board Committees and individual Directors.
- (iii) The evaluation takes place annually and involves Directors completing the BEA questionnaire, covering the Board and Board Committees processes and, the effectiveness and contribution of each of the Directors to the Board and Board Committees.
- (iv) The Directors' responses are collated and a comprehensive summary of the findings and recommendations will be submitted to the NC for deliberation, after which, the findings and recommendations are escalated to the Board for further review and proposed actions.
- (v) The deliberations of the NC on the findings of the BEA are duly minuted at the meetings of the NC and Board.
- (vi) The BEA exercise entails the Directors' feedback on areas which affect the performance of the Board which, amongst others, include the following:
  - (a) Board structure, objectives and conduct
  - (b) Interaction and communication with Management and Stakeholders
  - (c) Corporate Governance
  - (d) Accountability and Audit
- (vii) The Board shall consider engagement of suitably qualified and competent experts / consultants to facilitate objective and candid board evaluations for BEA.

#### **4.8 Directors Training & Development**

- (i) Newly appointed Directors attend the Mandatory Accreditation Programme conducted by Bursa Securities and are briefed by the management on the business, operations and risk management of the Company, the Company's organisation structure and functional areas of business units.
- (ii) Board members are encouraged to attend training programmes conducted by competent professionals and which are relevant to the Company's operations and business, including new developments pertaining to the laws and regulations and changing commercial environment which may affect the Board and/or the Company.
- (iii) The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes, to facilitate the Directors in discharging their duties effectively. The details of training attended by the Directors shall be disclosed in the Annual Report.

## **5. BOARD MEETINGS**

### **5.1 Board Meetings**

#### **5.1.1 Call for meeting and proceedings**

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.

Any Director may, whenever he thinks fit, and the Secretary at the request of a Director shall, call a meeting of the Board of Directors as provided in the Articles of Association of the Company.

The Company Secretary is responsible to ensure minutes are recorded for all Board and Board Committee meetings, and the minutes duly confirmed by the Chairperson of the meeting shall be reviewed and adopted at the subsequent meeting.

#### **5.1.2 Notice of Meeting**

Unless otherwise determined by the Directors from time to time, seven (7) days' notice of all Directors' meeting shall be given to all Directors. Any Director may waive notice of any meeting either prospectively or retrospectively.

#### **5.1.3 Quorum for Board Meeting**

Under the Constitution, the quorum shall be at least two (2) Directors. However, Board meetings are only fixed on dates when all or a majority of Directors are able to attend. An alternate Director will only be counted in the quorum if his appointer is not present.

#### **5.1.4 Frequency of Meeting**

The Board shall meet at least every quarter, not later than two (2) months after the end of the financial quarter, to discuss business strategy, quarterly results and financial performance, risk management, matters pertaining to compliance and governance, and corporate exercises, if any, as well as reports on matters deliberated by the respective Board Committees. Special meetings may be called by the Board from time to time as required.

#### **5.1.5 Attendance at Board Meeting**

Individual Directors shall attend at least 50% of the Board Meetings held in each calendar year. The office of a Director shall become vacant if a Director is absent from more than 50% of the total Board Meetings held during a financial year.

The Company Secretary shall attend all Board and Board Committee meetings. Key management is invited to attend Board and Committee Meetings to provide

inputs as and when necessary. Auditors, other professional advisors and consultants may also be invited to brief the Board on specific areas as required.

#### **5.1.6 Conflict of Interest**

The Companies Act 2016 and Listing Requirements subject the Directors to various disclosure requirements. Directors shall comply with the Companies Act 2016 in connection with disclosure of shareholding and interests in the Company and interest in any contract or proposed contract with the Company. General notice given by a Director is tabled at the Board Meetings and the declarations made are recorded in the minutes of the Board Meeting, in line with Companies Act, 2016.

Should there be an actual, potential or perceived conflict of interest between the Company and a Director, or an associate of a Director such as a spouse, other family member, or a related company (as defined under Section 197(1) of the Companies Act 2016), the Director involved shall make full disclosure and act honestly in the best interest of the Company:

- (a) Director shall immediately inform the Audit Committee in respect of his direct and indirect interests in any businesses or corporations which carry on similar trade as that of the Group; and
- (b) Every Director shall comply with the provisions of Sections 219 and 221 of the Companies Act 2016 in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

And the interested Directors shall abstain from deliberation and voting on the resolutions relating to those matters or transactions.

Internal policies and procedures are in place to address potential conflict of interest situations in areas such as Related Party Transactions.

#### **5.1.7 Voting and decision making**

Any question arising at a Board Meeting is decided by a majority of votes after due discussion and deliberation, and in case of an equality of votes, the Chairperson has a second and casting vote subject to the Company's Constitution. A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest.

The Chairperson and the Board may, if deemed necessary and appropriate, request an interested Director to excuse himself / herself in the deliberation.

Where appropriate, decisions are also made by way of circular resolutions in

between scheduled meetings. Such resolutions are signed by a majority of the Directors and valid as if the resolution was passed at a Board Meeting duly called and constituted.

#### **5.1.8 Right of Directors to access information and advice**

Management shall provide the Board and Committees with information in a form, within acceptable time frame and quality that enable them to discharge their duties and responsibilities effectively. Board papers are generally circulated to Directors five (5) business days prior to the date of the Board meeting to allow the Directors sufficient time to review the papers and issues arising.

Directors are entitled to request and receive additional information they consider necessary in order to make informed decisions, including the following:-

- (i) Obtaining full and unrestricted access to any information pertaining to the Company;
- (ii) Obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- (iii) Obtaining professional independent advice, with the Chairperson's prior written consent, at the Company's expense. The Director should provide notice to the Company Secretary of the intention to seek independent advice and shall provide the name(s) of the professional advisors proposed to be engaged, together with a brief summary of the subject matter on which professional advice is being sought. In the event that one or more directors seek to appoint one or more advisors on the same or similar matter(s), the Chairperson shall initiate discussions to reach consensus on the advisor to be engaged.

#### **5.2 Committee Meetings**

The Audit Committee meets quarterly at the minimum, while other Board Committees meet annually at the minimum and as and when the need arises, to deliberate on matters under their purview.

#### **5.3 Company Secretary**

- (i) The Board shall appoint one or more suitably qualified and competent person(s) as Company Secretary or joint Company Secretaries in line with the requirements of the Companies Act, 2016 to discharge their responsibilities.
- (ii) The Company Secretary shall report directly to the Board. The appointment and removal of the Company Secretary is subject to the approval of the Board.
- (iii) The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- (iv) The Board shall conduct an annual assessment on the performance of the Company Secretary.

- (v) In the event that the role of a Company Secretary is outsourced by the Company to an external person, the Board shall be responsible for ensuring that the relevant criteria, such as qualification, skills, and experience and time commitment have been considered and assessed satisfactorily.

#### **5.4 Financial Reporting**

The Board of Directors is responsible to ensure that the financial statements are prepared for every quarter, year or other financial period, if applicable, based on regulatory requirements and that it gives a true and fair view of the state of affairs of the Company and comply with applicable financial reporting standards.

Additionally, it is the Board's responsibility to ensure that the financial statements are prepared on a going concern basis and appropriate accounting policies are applied consistently and are supported by reasonable and prudent judgments and estimates.

#### **6. Review**

This Board Charter will be reviewed periodically by the Board as and when required. This Board Charter is dated 23 January 2019 and supersedes any charter previously in force.