

AMVERTON_{BERHAD}

BOARD CHARTER



Updated as at 20th April 2018

Board Charter

Contents

- 1. Objectives**
- 2. Composition and Roles**
- 3. Responsibilities**
- 4. Processes**
- 5. Development**
- 6. Code of Conduct and Ethics**
- 7. Whistleblowing**
- 8. Stakeholders' Communication**
- 9. General Meeting**
- 10. Review**

1. OBJECTIVES

This Board Charter sets out the Board's strategic intent and outlines, the roles and responsibilities in discharging its fiduciary and leadership functions of the Board of Directors ("the Board") of Amverton Berhad ("Amverton" or "the Company") in accordance with the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") so as to provide the framework in the performance of the Board's responsibilities vis-a-vis the Company and the management.

The Board Charter is subject to the provisions of the Company Act 2016, the Constitution of the Company, the Main Board Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the MCCG 2017 and any other applicable laws and regulations governing companies in Malaysia.

The Board's overriding objective is to increase shareholders' value within an appropriate framework, which protects the rights and interests of the Company's shareholders and stakeholders and ensure that the Company is properly managed.

2. COMPOSITION AND ROLES

2.1 Board Composition

The Board comprises qualified individuals with diverse skills, experiences, and background. The composition of the Board promotes diversity as such it enables

various perspectives and views to be given. This facilitates the making of informed decisions and the execution of wholesome stewardship of the Company by the Board.

2.1.1 As the Board comprises eleven (11) directors, five (5) of whom are Independent Non-Executive Directors, six (6) Non-Independent Executive Directors. The Chairman and Managing Director (“Chairman and Managing Director”) of the Company are the Non-Independent Executive Director.

2.1.2 The Board composition is reviewed from time to time in accordance with the requirements of the Company.

2.1.3 The Constitution of the Company provides at any one time, at least two (2) or the 1/3 of the Board members, whichever is higher, shall be Independent Non-Executive Directors.

2.1.4 The tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders’ approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12) year, the Board shall seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the same shareholders’ meeting:

- Tier 1: Only the Large Shareholder(s) of the Company votes.
- Tier 2: Shareholders other than Large Shareholder(s) votes.

2.1.5 The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

2.1.6 The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

2.1.7 However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

2.2 Roles of Board

The Board is responsible for providing oversight and stewardship to the Company through the following:-

- Establishing, reviewing and adopting the strategic plans for the Group;
- Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Ensuring a sound succession plan and continuous development of human capital, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing investor relations programme or shareholders communication policy for the Group;-
- Reviewing the adequacy and integrity of the Group's management information and internal control systems; and
- Reviewing the Company's strategic, capital or funding transactions and monitoring execution of these transactions.

The Board has established Board Committees that operate under clearly defined Terms of Reference. This is to facilitate the Board's effectiveness and to efficiently discharge its duties and responsibilities. The Board is ultimately accountable and responsible for the affairs and business of the Company.

The Board understands its responsibility to exercise good governance and therefore shall be guided by the principles and best practices as stated in the MCCG 2017.

2.3 Role of 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.

2.4 Role of Chairman

- Leading the Board in setting the values and standards of the Company;
- Sets the board agenda and ensures that board members receive complete and accurate information in a timely manner;
- Ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in board meetings;
- Leads board meetings and discussion;
- Encourages active participation and allows views including dissent to be freely expressed;
- Ensures that every Board resolution is put to vote and the will of majority prevails;
- Plays a key role in the conduct of the General Meetings;
- Encouraging all Directors to play an active role in Board activities; and
- Ensuring the provision of accurate, timely and clear information to Directors.

2.5 Role of Chairman and Managing Director

The roles of the Chairman and Managing Director are separate and clearly defined and are held by two distinct individuals.

The Chairman is primarily responsible for the orderly conduct and working of the Board and is supported by the Managing Director. The Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions.

The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.

2.6 Role of Board Committees

The Board may from time to time establish Board Committees to assist in discharging its responsibilities. To that end, the Board has appointed the following Board Committees from amongst the Board members to ensure good governance in the decision-making process:-

- Audit Committee
- Nominating Committee
- Remuneration Committee

These Board Committees operate under specific Terms of Reference which may be amended by the Board from time to time. Independent and Non- Executive Directors play a leading role in these Board Committees. Where necessary, the Board may form additional Board Committees.

2.6.1 Audit Committee

The Audit Committee shall comprise at least three (3) members, a majority of whom shall be Independent Directors. The Audit Committee is responsible for providing oversight on effective risk management and internal control. The roles and responsibilities of the Audit Committee are provided in its Terms of Reference.

The Audit Committee has elected a Chairman from amongst the members who shall be an Independent Director.

2.6.2 Nominating Committee

The Nominating Committee shall comprise at least three (3) members a majority of whom shall be Independent Directors. The roles and responsibilities of the Nominating Committee are provided in its Terms of Reference.

The Nomination Committee has elected a Chairman from amongst its members who shall be an Independent Director.

2.6.3 Remuneration Committee

The Remuneration Committee shall comprise at least three (3) members a majority of whom shall be Independent Directors. The roles and responsibilities of the Remuneration Committee are provided in its Terms of Reference.

The Remuneration Committee has elected a Chairman from amongst its members who shall be an Independent Director.

2.7 Role of Company Secretary

The Company Secretary supports the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Group. The Company Secretary also advises the Directors on their fiduciary and statutory duties, as well as compliances with the company law, the Main Market Listing Requirements (“MMLR”), the Company’s Memorandum and Articles of Association

(“Constitution”), the Malaysian Code on Corporate Governance (“MCCG”), Board adopted policies and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.

The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.

The Company Secretary had and will continue to constantly keep himself abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters and with changes in the same regulatory environment, through continuous training and industry updates. He has also attended many relevant training and professional development programmes.

3. RESPONSIBILITIES

3.1. Policy & Strategy

The Board has the responsibility for reviewing and approving the Company’s strategic plans, targets and policies proposed by the Management. The Board is also responsible for monitoring and overseeing the effective implementation of the policies and plans.

3.2 Ethics & Compliance

3.2.1 Board Compliance

The Board is governed by the requirements of the Companies Act 2016, MMLR, MCCG 2017, and other applicable laws.

3.2.2 Ethical Standards

The Board members are expected to observe the highest standard of ethical conduct, integrity and accountability as specified by the Company Code of Conduct and Business Ethics (“CoBE”).

3.3 Risk Management

The Board recognises its responsibility in identifying the principal risks affecting the Company and ensuring the implementation of appropriate plans and a sound system of risk management and internal control to manage or mitigate these risks.

The Board, via the Audit Committee has adopted a Risk Governance Framework to ensure all business risks are prudently identified, evaluated and managed in accordance with acceptable international standards, principles and guidelines on risk management.

In addition to the risk management process, the BAC, via the Management Committee (“MC”), periodically reviews and/or tests the efficiency and effectiveness of the Group’s internal control system to ensure that the system is viable and robust.

3.4 Investor Relations

The Board has in place an Investor Relations (“IR”) platform to ensure that the Group’s IR message is clearly coordinated and communicated. The IR activities include dialogues with shareholders as well as group meetings for analysts and potential investors. Analyst briefings and conference calls are held after announcements of quarterly financial results.

3.5 Health, Safety and Environment

The Board is committed to giving attention to strategies relating to the health, safety and environment, and compliance with the relevant laws, rules and regulations. The Board also places emphasis on the formulation of strategies to promote sustainable development in areas covering economics, environment and social development.

4. PROCESSES

4.1 Board Meetings

The Board shall meet at least five (5) times in a financial year, with additional meetings to be convened as and when necessary. The quorum for a Board Meeting shall be six (6) Directors.

4.2 Board Committee Meetings

The Audit Committee meets every quarter. The Nominating Committee and Remuneration Committee meets at least once a year. These Board Committees also hold additional meetings as and when required.

4.3 Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Company's financial performance primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the Audit Committee in overseeing the Company's financial reporting process and the quality of the financial reporting.

4.4 Non-Financial Reporting

Non-financial reporting by the Board will be done through the Performance Review, Investor's Overview, Corporate Responsibility and Corporate Governance section in the annual report as well as other announcements by the Company on its website or press statements.

4.5 Decision-making

The Board makes decisions based on majority votes, each Director having one vote and in case of an equality of votes the Chairman shall have a second or casting vote.

4.6 Monitoring

The Board monitors the performance of the Company via reports tabled at Board and Board Committee meetings and through regular engagements between the Board, Chairman and the management as and when necessary.

5. DEVELOPMENT

5.1. Succession Planning

The Board considers and deliberates on the succession plan of the Directors on an annual basis.

5.2 Board and Directors' Assessment

An assessment of the Board and individual Directors' performance and effectiveness is conducted annually.

5.3 Directors' Compensation

The Board is guided by the market and industry practices in determining the amount of compensation to be paid to the Directors.

5.4 Directors' Training and Development

The Company adopts continuous and relevant educational/training programmes and awareness sessions for Directors in relation to developments pertaining to the laws and regulations, commercial risks and current issues and trends which may affect the Board and/or the Company.

The Company also adopts a customised training approach to suit the needs of the respective Directors. In the event that a new Director is appointed, comprehensive briefings and information about the Company are provided at the point of the Directors' induction.

6. CODE OF CONDUCT AND ETHICS

6.1 The Board shall formalise and maintain a set of ethical standards of behaviour expected of all Directors, Management, employees and, where applicable, counterparts and business partners through the Group's Code of Business Conduct and together with Management, implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

6.2 The policies of the Group's Code of Business Conduct should be integrated into group-wide management practices.

7. WHISTLEBLOWING

7.1 The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing.

7.2 The oversight of the whistleblowing function is under the purview of the Senior Independent Director who shall ensure that all reported violations are properly

investigated. The Senior Independent Director is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

8. STAKEHOLDERS' COMMUNICATION

The Board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations.

9. GENERAL MEETING

All Directors and the Chairs of Board Committees must attend General Meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.

10. REVIEW

This Charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.