

# **ADVANCECON HOLDINGS BERHAD**

**(Registration No. 199701011469 (426965-M))**

**(Incorporated In Malaysia)**

## **BOARD CHARTER**

### **INTRODUCTION**

The Board of Directors (“the Board”) of Advancecon Holdings Berhad (“the Company” or “Advancecon”) believes that corporate governance is essential for delivering sustainable value and is vital for the success of the Company and its subsidiary companies’ (“the Group”) businesses.

The Board acknowledges its responsibilities for good corporate governance and the implementation is for long-term sustainable business growth and the protection and enhancement of shareholder’s value.

This Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, Directors and Management and issues and decisions reserved for the Board in accordance with the authority conferred by the Constitution of the Company along with the provisions of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the principles set out in Malaysian Code of Corporate Governance 2021 (“MCCG 2021”).

### **1. COMPOSITION AND BALANCE OF THE BOARD**

#### **1.1 Size and Composition**

The Constitution of the Company provides that there will be a minimum of two (2) Directors and a maximum of nine (9) Directors.

In accordance with the Listing Requirements, the Company must ensure that at least two (2) directors or one-third (1/3) of the Board of Directors of the Company, whichever is the higher, are independent directors and one (1) Director of the Company is a woman. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used.

Pursuant to the Company’s Constitution, one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to one-third (1/3) with minimum of one (1), shall retire from office, and an election of Directors shall take place at each annual general meeting of the Company. Each Director shall retire once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting.

The profile of each Board Member is contained in the Annual Report of the Company.

## **1.2 Nomination and Appointment**

The Board appoints a new Director upon appropriate recommendation from the Nomination Committee.

The Chairman of the Nomination Committee, the Independent or a Senior Independent Director shall lead the succession planning and appointment of Board Members, including the future Chairman and Chief Executive Officer.

The Nomination Committee does not solely rely on recommendations from existing Board Members, Management or major shareholders. The Nomination Committee utilises independent sources to identify suitable qualified candidates.

The directorships held by the Director at any one time must not exceed five (5) directorships in public listed companies. The Nomination Committee is to determine whether the Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately.

The Company Secretary has the responsibility in ensuring that relevant procedures relating to the appointment of new Director are properly executed.

All Board Members shall notify the Chairman of the Board before accepting any new directorship. 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.

## **1.3 Re-election**

Pursuant to the Constitution of the Company, one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office, and an election of Directors shall take place at each Annual General Meeting ("AGM") of the Company.

Any Director who is appointed to fill a casual vacancy or as an addition to the existing Director shall hold office until the next AGM of the Company and shall then be eligible for re-election.

All Directors are subject to retirement by rotation at least once every three (3) years and are eligible for re-election.

The Board ensure the assessment of existing director(s) and/or potential/new candidate(s) to stand for nomination, appointment, and/or re-election as director(s) of the Company, guided by the Directors' Fit and Proper Policy.

## **1.4 Independent**

The Independent Non-Executive Directors are responsible for providing unbiased and independent views, advice and judgment to matters under consideration by the Board.

The Independent Non-Executive Directors help to ensure that the long term interest of all the shareholders and stakeholders of the Company are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

### **1.5 Tenure of Independent Director**

The tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years.

Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board as a Non-Independent Director.

If the Board continues to retain the Independent Director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

To justify retaining the Independent Director beyond the cumulative term limit of nine (9) years, the Board should undertake a rigorous review to determine whether the 'independence' of the Director has been impaired. Findings from the review should be disclosed to the shareholders for them to make an informed decision.

### **1.6 Board Performance Evaluation**

The Board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its Committee and individual Directors.

The Chairman of the Nomination Committee, Independent Director or a Senior Independent Director shall lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed on an annual basis.

The Nomination Committee is required to report annually to the Board and to provide an assessment of the Board's and its Committees' performance.

### **1.7 Board and Senior Management Diversity**

The Board welcomes diversity and gender mix in its composition.

The appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

## **2. ROLES AND RESPONSIBILITIES**

### **2.1 Board Responsibilities**

The Managing Director and Executive Directors have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experience to give independent judgment to the Board on issues of strategy and performance.

The Board has agreed its role thus summarised as follows:

1. together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
2. review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
3. ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
4. supervise and assess Management performance to determine whether the business is being properly managed;
5. ensure there is a sound framework for internal controls, risk management and sustainability;
6. understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
7. 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;
8. 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;
9. ensure that the Company has in place procedures to enable effective communication with stakeholders;
10. ensure the integrity of the Company's financial and non-financial reporting;
11. oversee the establishment, maintenance and review of the Company's Anti-Bribery and Corruption Framework;
12. Oversee all sustainability matters of the Company as part of its corporate governance and risk management functions; and
13. review and approve the Company's disclosures and strategic direction in relation to sustainability matters.

## **2.2 Conflict of Interest**

The Directors are required to inform the Board of any actual or potential conflict of interest that may exist or be thought to be existed in relation to particular items of business, preferably in advance.

The Directors are required to disclose their shareholdings in the Group, other directorships and any potential conflict of interest and the measures taken to resolve, eliminate or mitigate such conflicts.

The Directors should abstain themselves from discussion or decision on matters in which they have a conflicting interest, unless resolved otherwise by the remaining members of the Board.

## **2.3 Segregation of Roles**

The position of Chairman and Managing Director (“MD”) are held by different individuals and the roles of the Chairman and MD of the Company are distinct. The distinct and separate roles of the Chairman and MD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

### **Responsibilities of the Chairman**

The Chairman of the Board has no executive function and shall be an Independent Non-Executive member of the Board.

The responsibilities of the Chairman of the Board, among others, are as follows:

1. providing leadership for the Board so that the Board can perform its responsibilities effectively;
2. setting the Board agenda and ensuring that Board Members receive complete and accurate information in a timely manner;
3. leading Board meetings and discussions;
4. encouraging active participation and allowing dissenting views to be freely expressed;
5. managing the interface between the Board and Management;
6. ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
7. leading the Board in establishing and monitoring good corporate governance practices in the Company.

### **Responsibilities of the MD**

1. To oversee the day-to-day operations of the Group which also includes the supervision and control of the overall Management competencies of the Group;
2. To be responsible for development and implementation of policies and strategies adopted by the Board;
3. To ensure that the financial management practice, the business and affairs of the Group are carried out in compliance with the relevant laws, regulations, rules, directives and guidelines; and
4. To be responsible for succession planning of key Management positions across the Group.

### **Executive Directors**

The Executive Directors have the responsibility of making and implementing operational decisions, running Advancecon’s business and supporting the MD in ensuring the effective Management of Advancecon Group’s day to day operations.

## **2.4 Role of Board Committees**

The Board delegate certain functions and power to the following Board Committees to assist in the execution of its responsibilities.

1. Audit Committee
2. Nomination Committee
3. Remuneration Committee
4. Risk Management & Sustainability Committee

The Board Committee shall operate under clearly defined Terms of Reference. The Board Committee is authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference.

The Chairman of the relevant Board Committee will report to the Board on the key issues deliberated by the Board Committee at the Board meetings.

## **2.5 Company Secretary**

The Company Secretary is the central source of guidance and provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporation governance best practices to the Board. The roles and responsibilities of the Company Secretary also involve in recording the proceedings of the Board and Board Committees including proper maintenance of secretarial records.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should possesses the knowledge and experience to carry out the duties required.

The Board has unlimited access to the professional advice and services of the Company Secretary in carrying out their duties and to ensure all rules, requirements and regulations are complied with.

## **3. BOARD PROCESSES**

### **3.1 Board Meetings**

The Board meets every quarter in a financial year. Any additional Board meetings will be convened as and when needed.

The quorum of the meeting shall be two (2) Directors. In case of equality of votes, the Chairman of the meeting shall have a casting or second vote.

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. The Company Secretary shall circulate to all Directors with the agenda and Board papers, at least seven (7) days before the meeting to enable the Directors to participate actively in the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

The Board also resolves and approves certain Company's matters via circular resolutions. The circular resolutions are drawn up with detailed information and must be signed by a majority of Directors.

Board minutes and Circular Resolutions are kept by the Company Secretary and are available for inspection by any Director during office hours.

### **3.2 Directors' Training**

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) Part 1 (MAP Part 1) within four (4) months from the date of appointment and MAP Part II within eighteen (18) months from the date of appointment.

In addition to the MAP, Board Members are also encouraged to attend training programmes conducted by competent professionals to aid the Director in the discharge of his or her duties as a Director.

The Directors are required to disclose the trainings they have attended during a financial year in the Company's Annual Report.

### **3.3 Remuneration Policies**

The Company aims to set transparent remuneration policies and procedures to attract and retain Directors and Senior Management after taking into account the demands, complexities and performance of the Company as well as skills and experience required. The following policies and procedures are periodically reviewed:

#### **1. Independent Non-Executive Directors Remuneration Structure**

Independent Non-Executive Directors will be paid a fee and other benefits payable for acting as Directors of the Company are subject to approval at the AGM of the Company.

#### **2. Executive Remuneration Structure**

The nature and amount of remuneration of Executive Directors and Senior Management are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance of Executive Directors and Senior Management.

The Company aims to reward of Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice.

The Remuneration Committee reviews and recommends the remuneration package for Executive Directors and Senior Management.

### **3.4. Access to Information and Independent Advice**

The Board and its Board Committees have full and unrestricted access to all information of the Group necessary in discharging of their duties, which is not only quantitative but also other information which deemed suitable for them to make an informed decision.

Every member of the Board is also provided with ADVANCECON Corporate Calendar which has details of meeting schedules and events.

The Directors may obtain further information which they may require in discharging their duties such as seeking independent professional advice, if necessary, at the Company's expense.

### **3.5. Shareholders Communications**

The Board recognises the value of corporate transparency and coherent communication and aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance to the shareholders and investment community to enable them to make informed decisions.

The Company adopts a formal Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

Various means of communications to shareholders and investment community include:

1. Establishing an investor relations functions;
2. Conducting engagement forums;
3. Organising investor, analyst and media briefing; and
4. Use of Company's official website ([www.advancecon.com.my](http://www.advancecon.com.my))

All Directors attend General Meetings. The Chair of the Audit, Nomination and other committees provide meaningful response to questions addressed to them.

## **4. FINANCIAL REPORTING**

The Board has taken the necessary steps to ensure all applicable accounting policies are applied consistently and that policies are supported by reasonable and prudent judgment and estimates.

The Board ensures that the financial statements are prepared such that they give a true and fair view of the current financial status of the Company and the Group in accordance with the applicable accounting policies.

The Audit Committee shall review and provide advice on the Company and the Group's financial reporting process, transactions and other financial information comply with applicable accounting policies and effectively challenge Management's assertions on the Company and Group's financials.

The Company's practice is to announce to Bursa Securities its quarterly results as early as possible no later than two (2) months after the end of each quarterly financial period and issue its annual report that includes annual audited financials together with the auditors' and director's report to Bursa Securities and shareholders within four (4) months from the close of the financial year of the Company.



The Audit Committee and the Board place great emphasis on the objectivity and independence of the Company's external auditors in providing relevant and transparent reports to the shareholders.

The External Auditors shall be appointed by shareholders during the AGM for each financial year of the Company.

## **5. ECONOMIC, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY**

The Board recognises the importance of economic, environmental and social responsibility as one of the essential principles in building a sustainable business. The Company has adopted an Economic, Environmental and Social Policy.

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

Advancecon Group's Code of Conduct and Ethics applies to all Directors, Management and Employees of the Group. The Code of Conduct serves as a road map to help guide actions and behaviours while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity.

## **7. WHISTLE BLOWING POLICY**

The Policy is aimed at protecting the openness, accountability and integrity where the Group conducts its business operations.

The Whistle Blowing Policy provides a structured reporting channel and guidance for all employees of the Group and members of the public to raise concerns or disclose any improper conduct within the Group and to take appropriate action to resolve them effectively.

## **8. REVIEW OF BOARD CHARTER**

The Board Charter shall be reviewed by the Board periodically to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

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