



# **Advance Synergy Berhad**

(Company No. 1225D)

## **Board Charter**

Reviewed on 28 February 2018

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## 1. OVERVIEW AND PURPOSE

The direction and control of Advance Synergy Berhad (“ASB” or “the Company”) and its subsidiaries (“Group”) rest firmly with the Board of Directors (“Board”) as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

The purpose of the Board Charter is to provide a clear statement on the roles and responsibilities of the Board and those delegated to the management of the Group and to outline the core principles of corporate governance which the Group subscribes to and serves as a source of reference and primary induction literature providing insights to Board members and senior management.

## 2. KEY VALUES, PRINCIPLES AND ETHOS OF THE COMPANY

The Company is committed to maintaining a high standard of ethical conduct and professionalism in the Group.

The Company believes that good governance is a key to a strong and successful organisation for excellence in every undertaking and ensures sustainable growth.

Our values are:

- To Our Shareholders

We ensure a fair return so that our shareholders will value their investment.

- To Our Customers

We value our customers by providing them with high quality products and services at competitive prices.

- To Our Employees

We care for our people by creating conducive work environment, nurturing them to their fullest potential and recognising their contribution.

- To Our Community

We honour our social obligations and contribute to the economic and social wellbeing of every community in which we operate.

Our principles include:

- maintain good corporate governance standards;
- act in accordance with laws and regulations;
- ensure proper disclosure of information in a timely manner; and
- ensure accountability with clear lines of responsibility.

### 3. THE BOARD OF DIRECTORS

The Board of ASB is ultimately responsible for the oversight and review of the management, administration and overall governance of ASB and its strategic direction.

The principal roles and responsibilities of the Board include:

- a. the protection of shareholders' interests by seeking to ensure that ASB's strategic direction provides value for its shareholders;
- b. reviews and adopts strategic plans and direction of the Group and monitors the performance of the Group;
- c. oversees the operational conduct of the Company's and Group's businesses and to determine whether the same are being properly conducted/managed;
- d. identifying and managing principal risks affecting the Group;
- e. seeking to ensure that the Group's internal control, risk management and reporting procedures are adequate, effective and ethical and that the Group's strategic direction can deliver sustainable development in economic, environmental, social and governance aspects of the Group's business;
- f. ensures 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;
- g. ensures that the Company has in place procedures to enable effective communication with stakeholders; and
- h. ensures the integrity of the Company's financial and non-financial reporting.

### 4. DELEGATION TO COMMITTEES

The Board from time-to-time establishes Committees as is considered appropriate to streamline or assist the discharge or execution of its duties and responsibilities. For each Committee, the Board adopts a formal Terms of Reference setting out the matters relevant to the composition, role, function, responsibilities and administration of such Committees.

The Board has, at the date of this Charter, established the:

- a. Audit Committee;
- b. Nomination Committee;
- c. Remuneration Committee; and
- d. Risk Management Committee.

The Committees' Terms of Reference are set out in **Schedule 1**.

The Executive Directors, being in executive positions, shall not serve on any Board Committee to preserve and maintain the independence in the Committee's deliberation.

#### **Division of Roles between the Board and the Committees**

The Committees shall operate under their respective terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference, copies of which are made available for reference on the Company's website. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and the reports tabled at the Committee's meeting and its minutes will be included in the Board papers. Although the Board has granted certain discretionary authority to these Committees as set out in their respective terms of reference, the ultimate responsibility for final decision on all matters lies with the Board.

### **5. DELEGATION TO MANAGEMENT**

#### **Relationship with Management**

- a. The Board has ultimate responsibility for the strategic direction and control of the Group.
- b. The Board delegates management of the Group's resources to the senior management team under the leadership of the Group Managing Director, to deliver the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of senior management.
- c. The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

### **6. DIVISION OF ROLES BETWEEN THE GROUP CHAIRMAN, GROUP EXECUTIVE DEPUTY CHAIRMAN AND THE GROUP MANAGING DIRECTOR**

- a. The Board will ensure that there's clear division of the roles and responsibilities of the Group Chairman, Group Executive Deputy Chairman and the Group Managing Director and there is a balance of power and authority.
- b. The position of Group Chairman, Group Executive Deputy Chairman and Group Managing Director shall be held by different individuals.
- c. Regular review of the division of responsibilities shall be conducted to ensure that the needs of the Group are consistently met. This allocation of responsibilities shall reflect the dynamic nature of the relationship necessary for the Group to adapt to changing circumstances.

## **7. ROLES AND RESPONSIBILITIES**

### **7.1 Role of the Board**

The Board has the ultimate responsibility to set strategic direction and policy in relation to the business and affairs of ASB and the Group for the benefit of the shareholders and other stakeholders of ASB. The Board is accountable to shareholders for the performance of the Group.

The Board does not manage the day-to-day operations of the Group. This is delegated to management of the respective subsidiaries through the Group Managing Director.

#### **Key responsibilities:**

#### **7.1.1 Reviewing and adopting a strategic plan for the Group**

The Board will be responsible for:

- a. reviewing and approving Management's proposal on budgets and strategic plan for the Group;
- b. overseeing and monitoring the implementation of the strategic plan by Management; and
- c. reviewing and approving Management's proposal on material mergers, acquisitions and divestitures of the Group.

#### **7.1.2 Overseeing the conduct of the Company's business**

The Board will be responsible for:

- a. overseeing the performance of Management to determine if the business is being properly managed; and
- b. ensuring that there are measures in place against which Management's performance can be assessed.

#### **7.1.3 Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Board understands the principal risks of all aspects of the Group's business and recognise that business decisions involve the taking of appropriate risks. The Board establishes the Group's risk appetite and risk principles. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The Board believes that a sound risk management is essential to ensuring success in the Group's performance and ensures that there are systems in place which effectively monitor and manage these risks. The Board is responsible for:

- a. the Group's system of internal controls including establishment of appropriate control environment and framework as well as reviewing its integrity and adequacy on a regular basis;

- b. articulating, implementing, monitoring and reviewing the Group's risk management strategy and internal controls systems in mitigating the risk of failure to achieve corporate objectives;
- c. inculcating a risk awareness culture across all levels of staff through effective communication, training and the development of commitment to the Group Risk Management Framework; and
- d. reviewing and approving the Group's risk management policies, risk management frameworks, risk models and risk tolerance.

The Group Enterprise Risk Management Framework is set out in **Schedule 2** of the Charter.

#### **7.1.4 Succession planning**

In this respect, the Board will be responsible for:

- a. proper succession planning by ensuring all candidates appointed to senior management positions are of sufficient calibre with core capabilities in areas of strategy, leadership and execution; and
- b. having programmes in place to provide for the orderly succession of the Board and senior management.

The Succession Planning Programme is set out in **Schedule 3** of the Charter.

#### **7.1.5 Overseeing the development and implementation of a shareholder communications policy for the Company**

The Board will be responsible for overseeing the relations with shareholders by monitoring communications to shareholders and Bursa Malaysia Securities Berhad ("Bursa Securities"), including monitoring:

- a. arrangements for the annual general meeting and other shareholders' meetings (if any);
- b. matters relating to reports and disclosures as required by laws and regulations; and
- c. timely disclosures made under Bursa Securities' continuous disclosure requirements.

The Shareholder Communications Policy and Corporate Disclosure Policy are set out in **Schedule 4** and **Schedule 5** of the Charter respectively.

#### **7.1.6 Reviewing the adequacy and the integrity of the management information and internal controls system of the Group**

The Board will be responsible for reviewing the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing the adequacy and the integrity of the management information and internal controls system on a regular basis.

This review is incorporated in the Group Enterprise Risk Management Framework as set out in **Schedule 2** of the Charter.



### **7.1.7 Sustainability**

The Board shall establish and formalise strategies on promoting sustainability. Attention shall be given to environmental, social and governance aspects of business which underpin sustainability.

### **7.1.8 Financial Reporting**

In this regard, the Board will be responsible for ensuring that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards and the Companies Act 2016 (“Act”).

### **7.1.9 Matters Reserved for the Board**

A formal schedule of Matters Reserved for the Board is set out in **Schedule 6** of the Charter.

## **7.2 Role of the Directors**

In carrying out the responsibilities and powers as set out in the Charter, the Directors must:

- a. maintain good corporate governance standards;
- b. exercise care and diligence and with integrity and objectivity;
- c. act in accordance with laws and regulations;
- d. avoid or manage conflicts of interest; and
- e. commit sufficient time necessary to discharge their responsibilities.

## **7.3 Role of the Independent Directors**

The principal role of the Independent Directors is to bring independent and objective judgment to the Board and have the ability to exercise their duties free from conflict of interest or undue influence from interested parties.

## **7.4 Role of the Chairman**

The Board shall elect a Chairman from among themselves.

The Chairman is responsible for among others the following:

- a. providing effective leadership to the Board by –
  - i. leading the Board in setting the values and standards of the Company;
  - ii. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
  - iii. providing guidance and mentoring to the Group Executive Deputy Chairman and Group Managing Director;

- iv. promoting consultative and respectful relations between Board members and between the Board and Management;
  - v. encouraging all the Board members to play an active role in board activities;
  - vi. ensuring the provision of accurate, timely and clear information to Directors;
  - vii. ensuring effective communication with shareholders and relevant stakeholders;
  - viii. arranging for the regular evaluation of the performance of the Board, its Committee and individual Directors; and
  - ix. facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
- b. in consultation with the Group Executive Deputy Chairman, Group Managing Director and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- c. chairing meetings of the Board and general meetings of members.
- d. ensuring a quorum is present at each Board meetings and general meetings of members.
- e. ensuring the efficient conduct of the Board meetings, whereby –
- i. all Directors are properly briefed on issues arising at Board meetings;
  - ii. sufficient time is allowed for the adequate deliberation of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board's deliberation;
  - iii. encouraging active participation and allowing dissenting views to be freely expressed;
  - iv. quality information to facilitate decision making is delivered to Board members on a timely basis;
  - v. all Directors have full and timely access to information;
  - vi. the issues discussed are forward looking and concentrates on strategy;
  - vii. the Board comes to clear decisions and resolutions are noted; and
  - viii. the Chairman will have a casting vote in the event of an equality of votes except where only two Directors form a quorum and where only two Directors are competent to vote on the question at issue.
- f. ensuring every Board resolution is put to vote to ensure the will of the majority prevails.
- g. ensuring the Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

- h. ensuring effective communication with shareholders and relevant stakeholders.
- i. managing the interface between the Board and management.
- j. leading the Board in establishing and monitoring good corporate governance practices in the Company.

## **7.5 Role of the Group Chairman, Group Executive Deputy Chairman and Group Managing Director**

The Board delegates the Company's governance and management functions to Management through the Group Chairman, Group Executive Deputy Chairman and Group Managing Director. The Group Managing Director reports to the Group Chairman and Group Executive Deputy Chairman and the Board while the Group Chairman and Group Executive Deputy Chairman report to the Board.

In addition to the role as the Chairman of the Board as set out in item 7.4 above, the key responsibilities of the Group Chairman include:

- a. to lead the Group and ensure effective implementation of Board decisions;
- b. to undertake appropriate public relations activities in conjunction with the Group Executive Deputy Chairman and the Group Managing Director;
- c. to be the spokesperson for the Company; and
- d. to carry out any other duties as directed by the Board.

The key responsibilities of the Group Executive Deputy Chairman include:

- a. To assist the Group Chairman in performing his role and responsibilities and to assume the role as acting Group Chairman in his absence;
- b. to examine all major trade investments and disposals and capital expenditure proposed by the Group;
- c. to identify new business opportunities outside the current core activities;
- d. to review and decide, in consultation with the Group Managing Director, the key executive remuneration and terms of employment;
- e. to make recommendations to the Nomination Committee on the appointment of executive directors;
- f. to undertake appropriate public relations activities together with the Group Chairman and the Group Managing Director;
- g. to regularly review progress on important initiatives and significant issues facing the Company and/or the Group together with the Group Managing Director; and
- h. to carry out any other duties as directed by the Board.

The key responsibilities of the Group Managing Director include:

- a. to implement the policies, strategies and business plans adopted by the Board and to report accordingly to the Board as a whole on the same;
- b. to monitor and oversee the business of the Group and report to the Board on significant changes in the business and external environment which affect the operations of the Group at large;
- c. to manage the Company's businesses with all powers, discretions and delegations authorised from time to time by the Board;
- d. to be accountable to the Board for the achievement of the Company's goals and for the observance of the Management's limitations;
- e. to be the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions;
- f. to undertake appropriate public relations activities together with the Group Chairman and the Group Executive Deputy Chairman; and
- g. to carry out any other duties as directed by the Group Chairman, Group Executive Deputy Chairman and the Board.

## **7.6 Role of the Committees**

The main role of the Committees is to assist the Board in discharging their duties and responsibilities in accordance with the respective terms of reference duly approved by the Board. These Committees act by examining relevant matters and making recommendations to the Board. The minutes and reports tabled at the Committees' meetings shall be included amongst in the Board papers made available to all Directors.

The terms of reference shall address the role, duties and responsibilities, size and composition, summary of activities involved and any other matters the Board may consider appropriate and the same will be reviewed by the Board on an annual basis as part of the self-assessment performance evaluation process.

## **8. COMPOSITION**

### **8.1 Composition and Size**

The composition of the Board of ASB shall be determined using the following principles:

- a. pursuant to Article 82 of the ASB's Articles of Association, until otherwise determined by a general meeting, the number of directors shall not be less than 2 or more than 8;
- b. the Board shall comprise the minimum number of independent and/or non-executive directors as prescribed by the applicable laws from time to time;
- c. pursuant to Practice 4.1 of the Malaysian Code on Corporate Governance issued in 2017 ("MCCG 2017"), at least half of the Board comprises independent directors;

- d. the Board shall consist of qualified individuals with an appropriate range and mix of skills, experience, expertise, knowledge, professionalism, integrity, competencies, time commitment and other qualities (including diversity in gender, age, cultural background and ethnicity) to ensure Board effectiveness;
- e. the positions of Group Chairman, Group Executive Deputy Chairman and Group Managing Director are required to be held by separate persons.

## **8.2 Nomination and Appointment**

- a. The Nomination Committee is responsible for making recommendations on any nomination for appointment of new directors to the Board and to the Committees pursuant to a formal transparent procedure including (1) identification of candidates for directorship, (2) evaluation of suitability of candidates, (3) deliberation by the Nomination Committee and (4) recommendation to the Board. In identifying candidates for the appointment of directors, the Board does not solely rely on recommendations from existing Board members, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates, when appropriate.
- b. In making the recommendations, due consideration shall be given to the required mix of skills, knowledge, experience, expertise, professionalism, integrity, competencies, time commitment and other qualities (including diversity in gender, age, cultural background and ethnicity) that the proposed directors should bring to the Board and to the respective Board Committees. In the case of the nomination of independent non-executive directors, due consideration shall be given to evaluate the candidate's ability to discharge his/her duties as an independent director.
- c. Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities.
- d. The directorships held by any Board member at any one time shall not exceed the number of listed companies and non-listed companies as prescribed by Bursa Securities from time to time.

## **8.3 Re-election and Retirement**

- a. In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM") but shall be eligible for re-election. Directors who are appointed by the Board during each financial year are subject to election by shareholders at the first AGM following their appointments. All Directors shall submit themselves for re-election at least once every three (3) years consistent with the Company's Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements of Bursa Securities") from time to time.
- b. New Directors shall hold office only until the next AGM at which they will retire and be available for re-election.

## 8.4 Vacation of Office

The office of Director shall be vacated pursuant to the provisions under the Company's Articles of Association, the Listing Requirements of Bursa Securities and/or such other applicable rules and regulations of the relevant authorities from time to time.

## 8.5 Independence

An Independent Non-Executive Director is an individual who is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence as prescribed by the Listing Requirements of Bursa Securities and/or such other applicable rules and regulations of the relevant authorities from time to time.

The Board shall assess the independence of the Independent Directors prior to their appointment and annually thereafter or when any new interest or relationship develops in light of interests disclosed to the Board.

There is no limit impose on the length of service of the Independent Directors notwithstanding the recommendation under the MCGG 2017 (i.e. the tenure of an Independent Director should not exceed a cumulative term of nine (9) years) since a Director's independence cannot be determined arbitrarily with reference to a set period of time.

The independence of mind of the Independent Directors coupled with their skills, experience, professionalism, integrity including core competencies in exercising their objectivity and independent judgement in discharging their responsibilities in good faith in the best interest of the Company are more critical attributes in ascertaining the function and effectiveness of the Independent Directors than the number of years they have served on the Board.

## 8.6 Time Commitment

- a. The Directors may be invited to become directors of other companies and the Directors are therefore at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board.
- b. In maintaining and monitoring the limitation on directorship as required by the Listing Requirements of Bursa Securities, the Directors upon appointment, and from time to time during their tenure, shall notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board meetings.
- c. The provision of the Act and Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment will be given by the Directors to perform their duties. Each Director is expected to be able to discern an appropriate amount of time to commit to the Company without it being formally regulated.

## **8.7 Succession**

The Board shall develop and review periodically the succession plans of the Company for the Group Chairman, Group Executive Deputy Chairman, Group Managing Director and other key executive officers, including the appointment, training and monitoring the performance of such persons, based on the recommendations of the Nomination Committee.

## **8.8 Performance Assessment on Board and Individual Directors**

- a. The Board, through the Nomination Committee, conducts a formal review annually on the performance of each individual director and the Board as a whole.
- b. The review shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole and the independent directors, and the responses will be collected and collated by the Company Secretary, on behalf of the Nomination Committee. The conclusion of the Nomination Committee's assessment will be minuted and its minutes are included in the Board paper.

## **9. BOARD MEETINGS AND BOARD PROCESSES**

### **9.1 Board Meetings**

- a. The Board determines a schedule of planned meetings for the forthcoming year at the end of each year.
- b. Additional meetings are held as required to address specific issues.
- c. The Company Secretary attends meetings of the Board as minute secretary. Senior management will be invited to attend meetings (or parts of meetings) from time to time where necessary or on a regular basis even though they are not members of the Board.
- d. All minutes of the Board upon approval by the Board are signed by the Chairman as a true and correct record and are then to be entered into the minute book and will be opened for inspection by any Director.
- e. The agenda of the meeting and Board papers will be collated and circulated to Directors by the Company Secretary prior to the meeting (if possible, at least 5 business days in advance) and the Company Secretary will supervise the filing and storage of all board papers.
- f. If at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the meeting, the Directors present shall choose one of their members to be Chairman of the meeting.
- g. The quorum for holding a Board meeting shall be two (2) unless otherwise determined by the Directors.
- h. The Directors may participate in the Board and/or Committee meetings by means of a telephone or video conference or any other communication technology and such participation shall be deemed to be attendance in person and shall be entitled to vote.

## **9.2 Directors' Training**

- a. Newly appointed Directors shall be briefed on the Company's business process and operations to ensure they have a comprehensive understanding of the Company's operations.
- b. In addition to the Mandatory Accredited Programme as required by the Bursa Securities, Board members are also encouraged to attend training programmes/courses/seminars on a continuous basis to keep abreast with current developments in laws, regulations and business practices, and in accounting and auditing standards, practices and rules for audit committee members, in order to aid the Directors in discharging their duties.

## **9.3 Access to Information and Independent Advice**

- a. The Directors shall have access to all information within the Company whether as a full Board or in their individual capacities to the extent that the information required is pertinent to the discharge of their duties as director.
- b. The Directors shall have access to advice and services of the Company Secretary.
- c. After consultation with the Group Chairman Group Executive Deputy Chairman, and/or Group Managing Director, the Directors shall be entitled to seek independent professional advice where necessary for the furtherance of their duties as directors at the Company's expense.

## **9.4 Declaration of Interest/Conflict of Interest**

In view of the diversity of the business activities of the Group, the Directors are expected to minimise the possibility of conflict of interest in their involvement with the Group by restricting their involvement in businesses that could lead to a conflict of interest situation.

In the event of the occurrence of a conflict of interest situation, the particular Director shall declare his/her interests and excuse himself/herself from Board discussions and deliberations and voting in respect of those resolutions/interests.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his/her interests in accordance with the provisions of the Act. Every Director shall give notice to the Company of such events and matters relating to him as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director. Disclosure of such information by the director should only be made after consultation with the Chairman or the Board.

## **9.5 Dealings of Securities**

The Directors are obliged to observe the requirements relating to dealings of securities during and outside "Closed Period" as prescribed by the Listing Requirements of Bursa Securities and shall notify the Company and Bursa Securities of their holdings of the Company's securities with the requisite details as prescribed by the Listing Requirements of Bursa Securities, the Act and/or such other applicable rules and regulations of the relevant authorities from time to time.



## 9.6 Related Party Transactions

The Board shall consider related party transactions and conflict of interest situations that may arise in any transactions, procedure or course of conduct.

## 9.7 Code of Ethics and Conduct

As a Board policy to protect and promote the reputation and performance of ASB, all the Directors, the management and staff are expected to conduct themselves with the highest ethical and professional standards at all times.

In the performance of their duties, a Director should at all times observe the following:

- a. Devote reasonable time and effort to attend to the Company's duties required of him/her.
- b. Exercise his/her power for the purposes they were conferred and prevent any abuse of power, for the benefit and productivity of the Group.
- c. Avoid any conflict of interest especially to disclose immediately all contractual interests whether directly or indirectly within the Group.
- d. Be conscious in the process of value creation of the interest of shareholders, employees, creditors and customers of the Group.
- e. Compliance with legal and regulatory requirements as well as the Group's policies. Be aware of the Company's policy on corporate social responsibility.
- f. Ensures adequate safety measures and provide proper protection to workers and employees at work places.
- g. Protects the confidentiality and sensitivity of information provided to him/her as Directors and do not use the same, for his or her own personal gain.
- h. Refrains from dealing in the Company's shares based on non-public information.
- i. Refrains from any form of money laundering activities.
- j. Encourages the reporting of unlawful or unethical behaviour.
- k. Protects and ensures the proper use of the Group's assets.
- l. Refrains from accepting, offering or giving, directly or indirectly for themselves or for anyone else, gifts, entertainment or other benefits of value, which may be construed as an attempt to bribe or influence, or as a form of payment for a particular transaction or referral.

The Board is responsible for establishing compliance and evaluating the effectiveness of the Company's Code of Conduct.

## 10. REMUNERATION

- a. The remuneration for all Directors are determined at appropriate levels to ensure that the Company attracts and retains the right calibre of Directors and senior management needed for the successful performance of the Group. The Remuneration Committee reviews and recommends to the Board, the Company's remuneration policy for Directors and senior management to ensure that they are fairly and appropriately remunerated for their contribution to the Group or individual level of responsibilities.
- b. No Director shall take part in decisions pertaining to his or her own remuneration.

## 11. STAKEHOLDER COMMUNICATIONS

ASB aims to ensure that stakeholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented the following procedures:

- a. stakeholders can gain access to information about the Company and the quarterly/annual financial results upon its release to Bursa Securities through the Company's website [www.asb.com.my](http://www.asb.com.my);
- b. the Annual Report is also available on the Company's website;
- c. all announcements upon release to Bursa Securities and any related information are also posted on the Company's website; and
- d. ASB encourages full participation of shareholders at the AGM to ensure a high level of accountability and deliberation of the Company's strategy and goals. The Board members are in attendance at general meetings to provide explanations to all shareholders' queries and shareholders are encouraged to participate in discussions and to give their views to the Directors. The Chair of the Audit, Nomination, Remuneration and Risk Management Committees are also in attendance to provide response to questions. The Company will also invite the external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## 12. COMPANY SECRETARY

- a. The Board shall review and approve the appointment, removal or replacement of the Company Secretary. The Company Secretary appointed shall be a person with the requisite qualifications, experience, competency and professionalism to discharge the role and responsibilities of a high standard.
- b. The Company Secretary plays a supportive role to the Board and Committees to facilitate overall compliance with the relevant regulatory requirements, codes or guidance and legislations affecting the Company.
- c. The Company Secretary is accountable to the Board through the Chairman of Board and Committees on all governance matters.

The role and function of the Company Secretary are as set out in **Schedule7**.

### **13. REVIEW OF BOARD CHARTER**

The Board will review the Board Charter periodically and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current laws and best practices.

### **14. PUBLICATION OF BOARD CHARTER**

A copy of this Board Charter shall be available on the Company's website at [www.asb.com.my](http://www.asb.com.my).

**TERMS OF REFERENCE OF COMMITTEES** (as referred to in Section 4 of this Charter)**A. AUDIT COMMITTEE****OBJECTIVE**

The Audit Committee assists the Board of Directors (hereafter referred to as the “Board”) in fulfilling its responsibility for overseeing and ensuring the quality and integrity of the accounting, auditing, internal control, and financial reporting practices of the Company and its subsidiaries (hereinafter referred to as “Group”).

**MEMBERSHIP**

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all of whom shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee. In addition, a former key audit partner shall not be appointed as a member of the Audit Committee unless there is a cooling-off period of at least two (2) years before the appointment.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee:

- (i) Must be a member of the Malaysian Institute of Accountants; or
- (ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years working experience and:
  - (a) He/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - (b) He/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Chairman of the Audit Committee shall be an Independent Non-Executive Director and shall be appointed by the Board. The Chairman of the Audit Committee is not the Chairman of the Board.

In the event of any vacancy in the Audit Committee (including the position of Chairman) resulting in the non-compliance of items (i) and (iii) above, the vacancy must be filled within 3 months of the event.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

The appointment of an Audit Committee member terminates when the member ceases to be a Director.

## **MEETINGS**

A quorum shall be two (2) members present, both of whom must be Independent Directors.

The Audit Committee shall meet at least four (4) times a year, or more frequently as the Audit Committee considers necessary. The Audit Committee shall meet with the external auditors without executive Board members present at least twice a year.

The members of the Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions shall be decided on a show of hands by a majority of votes.

A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a meeting of the Committee duly called and constituted.

The Head of Finance, representative(s) of the Internal Auditors and a representative(s) of the external auditors are, when required, invited to attend the meetings. Other Board members may attend meetings upon the invitation of the Audit Committee. The Secretary to the Audit Committee shall be the Company Secretary.

## **MINUTES**

The Secretary of the Audit Committee will prepare the minutes, which shall be signed by the Chairman of the meeting and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

## **AUTHORITY**

The Audit Committee is authorised by the Board and at the cost of the Company to perform the following:

- (i) To investigate any matter within its terms of reference;
- (ii) To have the internal audit function reports directly to the Audit Committee;
- (iii) To have the resources required to perform its duties;
- (iv) To have full and unrestricted access to any information pertaining to the Group;
- (v) To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (vi) To obtain independent professional or other advice as necessary; and
- (vii) To convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

## **FUNCTIONS AND DUTIES**

The functions and duties of the Audit Committee shall be:

- (i) To report to the Board on the following:
  - (a) the review with the external auditor, the audit plan and the nature and scope of the audit;
  - (b) the review with the external auditor, his evaluation of the system of internal controls;
  - (c) the review with the external auditor, his audit report;
  - (d) the assistance given by the employees of the Group to the external auditor;
  - (e) any letter of resignation from the external auditors of the Company;
  - (f) the review and/or recommendation, evaluation, assessment and monitoring on the suitability, objectivity and independence, nomination, appointment, replacement or re-appointment of the external auditors as well as matters pertaining to resignation or dismissal or change of the external auditors;
  - (g) determining the scope and fee of the external audit and ensuring that the audit is comprehensive;
  - (h) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
  - (i) the external auditors' management letter and management's response;
  - (j) the discussion with the external auditors on problems and reservations arising from the interim and final audits, their evaluation of the system of internal controls, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
  - (k) the quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:
    - changes in or implementation of major accounting policy and practices changes;
    - significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed;
    - significant adjustments arising from the audit;
    - the going concern assumption;
    - compliance with accounting standards, requirements of Bursa Securities and other legal requirements; and
    - that the financial statement taken as a whole provides a true and fair view of the Company's financial position and performance;
  - (l) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
  - (m) the review on the adequacy of the Risk Management policies and procedure used within the Company and the Group;

- (ii) To do the following in relation to the internal audit function and report the same to the Board:
  - (a) determine the internal audit plan and review the adequacy of the scope, competency, budget and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (b) review the internal audit plan, processes, the results of the internal audit assessments, investigations undertaken and whether or not appropriate action is taken on the recommendations;
  - (c) review any appraisal or assessment of the performance of the members of the internal audit functions;
  - (d) approve any appointment or removal/termination of senior staff members of the internal audit functions; and
  - (e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (iii) To prepare the Audit Committee Report for the annual report as established by paragraph 15.15 of the Listing Requirements of Bursa Securities and other disclosure as required by MCCG 2017, Listing Requirements of Bursa Securities and any other applicable laws and regulations from time to time where appropriate;
- (iv) Where the Audit Committee is of the view that any matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee must promptly report such matters to Bursa Securities;
- (v) To consider the major findings of internal investigations authorised by the Board and management's response
- (vi) To ensure there is a co-ordination between internal and external auditors; and
- (vii) To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Group Chairman, Group Executive Deputy Chairman, Group Managing Director, Head of Finance, Internal Auditors and the external auditors in order to be kept informed of matters affecting the Company.

## **B. NOMINATION COMMITTEE**

### **1. COMPOSITION**

The members of the Nomination Committee shall be appointed by the Board amongst its members and shall consist of not less than three (3) members.

The Nomination Committee shall comprise exclusively of non-executive directors with a majority of independent directors.

No Alternate Director is to be appointed as a member of the Nomination Committee.

The terms of office of the Nomination Committee members shall be reviewed by the Board at least once every three (3) years.

The appointment of a Nomination Committee member terminates when the member ceases to be a Director.

## **2. CHAIRMAN**

The Chairman of the Nomination Committee shall be an Independent Director or the Senior Independent Director and shall be appointed by the Board of Directors.

If there is no Senior Independent Director be identified by the Board, the Nomination Committee should assess the suitability to retain the current structure and to report any non-observance of any applicable recommendations, guidelines, requirements, rules and/or regulations from time to time in the Company's annual report or disclosures in any other form as may be prescribed by the relevant authorities from time to time.

## **3. MEETINGS AND SECRETARY**

Meetings of Nomination Committee shall be held at least twice a year. Additional meetings shall be scheduled if considered necessary by the Chairman of the Nomination Committee.

A quorum shall be two (2) members present.

The members of the Nomination Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions shall be decided on a show of hands by a majority of votes.

A resolution in writing signed and approved by a majority of the Nomination Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a meeting of the Nomination Committee duly called and constituted.

The Company Secretary or his appointed nominee from the Company Secretarial Department shall be the Secretary of the Nomination Committee. The Secretary is responsible for sending out notices of meetings and preparing and keeping minutes of meetings.

Minutes of the Nomination Committee meetings shall be extended to all the members of the Board of Directors. The Nomination Committee shall record its conclusion in discharging its duties and responsibilities.

## **4. PURPOSE**

The Nomination Committee's primary function is to recommend proposed appointments to the Board for approval and to assess the contribution of each Director on an on-going basis.

## **5. DUTIES AND RESPONSIBILITIES**

- (a) Considers and recommends to the Board, suitable candidates for appointment as Directors by considering the candidate's skills, knowledge, experience, expertise, professionalism, integrity, competencies, time commitment and other qualities (including diversity in gender, age, cultural background and ethnicity) that the candidate shall bring to the Board and to the respective Board Committees. In the case of the nomination of senior and/or independent non-executive directors, the Committee shall evaluate the candidate's ability to discharge such responsibilities/functions/duties as expected from them.



The Committee shall consider, in making its recommendations, candidates for directorships proposed by the Executive Directors and, within the bounds of practicability, by any other senior executive or any director or shareholder.

- (b) Recommends to the Board, directors to fill the seats on Board committees.
- (c) Reviews annually the required mix of skills, experience and other qualities, including core competencies, character, integrity and time commitment of the directors, chief executive and chief financial officer, as the case may be, which enable them to discharge their roles effectively.
- (d) Reviews and assesses annually the effectiveness and performance of (i) the Board as a whole; (ii) the committees of the Board including the term of office of the Audit Committee and whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference; and (iii) the contribution of each individual director, including independent non-executive directors, as well as the chief executive and chief financial officer, as the case may be. The assessment process shall be pre-determined by the Board. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- (e) Recommends suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new directors.
- (f) Develops a succession planning policy and ensures that the policy is kept under review.
- (g) Examines particular issues and make the appropriate recommendations to the Board.
- (h) Assists the Board to assess the independence of all the independent directors annually.
- (i) Reviews the structure, size and composition of the Board having regard to the mixed of skills, independence and other qualities (including diversity in gender, age, cultural background and ethnicity) required to meet the needs of the Company and makes recommendations to the Board with regard to any adjustments that are deemed necessary.
- (j) Assists the Board to provide justifications for seeking shareholders' approval to retain any Independent Director who has served for a cumulative term limit of more than nine (9) years.
- (k) Produces a report/statement in accordance with paragraph 15.08A(3) of the Listing Requirements of Bursa Securities for inclusion in the Company's annual report about its activities in the discharge of its duties for the financial year and other disclosure as required by MCG 2017, Listing Requirements of Bursa Securities and any other applicable laws and regulations from time to time where appropriate.
- (l) Performs such other functions assigned by the law/authorities, the Company's bye-laws or the Board.

## **6. POWER**

In carrying out its duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Nomination Committee may use a variety of approaches and sources to identify suitable candidates. This may include sourcing from a directors' registry and open advertisements or the use of the services of independent professional recruitment firms to source for the right candidate for directorship or seek independent professional advice at the Company's expense.

## **C. REMUNERATION COMMITTEE**

### **1. COMPOSITION**

The members of the Remuneration Committee shall be appointed by the Board and shall consist of not less than three (3) members.

The Remuneration Committee shall comprise exclusively of non-executive directors with a majority of independent directors.

The appointment of a Remuneration Committee member terminates when the member ceases to be a Director.

The term of office of the Remuneration Committee members shall be reviewed by the Board at least once every three (3) years.

### **2. CHAIRMAN**

The Chairman of the Remuneration Committee shall be an Independent Non-Executive Director and shall be appointed by the Board of Directors.

### **3. MEETINGS AND SECRETARY**

Meetings of the Remuneration Committee shall be held not less than once a year. Additional meetings shall be scheduled if considered necessary by the Chairman of the Remuneration Committee.

A quorum shall be two (2) members present.

The members of the Remuneration Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions shall be decided on a show of hands by a majority of votes.

A resolution in writing signed and approved by a majority of the Remuneration Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a meeting of the Remuneration Committee duly called and constituted.

The Company Secretary or his appointed nominee from the Company Secretarial Department shall be the Secretary of the Remuneration Committee. The Secretary is responsible for sending out notices of meetings and preparing and keeping minutes of meetings.

Minutes of the Remuneration Committee meetings shall be extended to all the members of the Board of Directors. The Remuneration Committee shall record its conclusions in discharging its duties and responsibilities.

### **4. PURPOSE**

The Remuneration Committee's primary function is to set policy framework and recommend to the Board an appropriate and competitive framework of the remuneration for the directors and senior management.

The Remuneration Committee shall aim to ensure that remuneration is sufficient to attract and retain directors and senior management of the calibre required to run the Company successfully.

The Group compensates employees through both fixed and variable compensation.

Fixed compensation comprises principally base salaries and the Remuneration Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and their level of responsibility. Other elements related to base salary include an employer's contribution to the Employees Provident Fund.

The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through discretionary bonus. Discretionary variable compensation can be delivered in two main forms:

- Annual cash bonus; and
- A long term incentive award which is typically delivered via one of the Company's share plans.

## **5. DUTIES AND RESPONSIBILITIES**

- (a) Determining and recommending to the Board, the general and transparent remuneration policy and framework for directors and senior management which the framework shall cover all aspects of remuneration including fees, salaries, allowances, bonuses and benefits-in-kind.
- (b) Ensures the directors and senior management are fairly remunerated or rewarded for their contributions or individual level of responsibilities.
- (c) Communicates with stakeholders on remuneration of directors and senior management.
- (d) Performs such other functions assigned by the law/authorities, the Company's bye-laws or the Board.
- (e) Ensures detailed disclosure for the remuneration of directors and senior management as required by MCCG 2017, Listing Requirements of Bursa Securities and any other applicable laws and regulations from time to time where appropriate.

## **6. POWER**

In carrying out its duties and responsibilities, the Remuneration Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Remuneration Committee receives advice, when they consider it to be appropriate, on remuneration, tax, accounting and regulatory issues from external advisers and internally from the Human Resources, Compliance, Risk and Finance departments.

## **D. RISK MANAGEMENT COMMITTEE**

### **1. COMPOSITION**

The members of the Risk Management Committee shall consist of not less than three (3) members from the Board of Directors which shall comprise a majority of independent directors.

The appointment of a Risk Management Committee member terminates when the member ceases to be a Director.

## **2. CHAIRMAN**

The Chairman of the Risk Management Committee shall be appointed by the Board of Directors.

## **3. MEETINGS AND SECRETARY**

Meetings of Risk Management Committee shall be held not less than twice a year. Additional meetings shall be scheduled if considered necessary by the Chairman of the Risk Management Committee.

A quorum shall be two (2) members present.

The members of the Risk Management Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions shall be decided on a show of hands by a majority of votes.

A resolution in writing signed and approved by a majority of the Risk Management Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a meeting of the Committee duly called and constituted.

The Company Secretary or his appointed nominee from the Company Secretarial Department shall be the Secretary of the Risk Management Committee. The Secretary is responsible for sending out notices of meetings and preparing and keeping minutes of meetings.

Minutes of the Risk Management Committee meetings shall be extended to all the members of the Board of Directors. The Risk Management Committee shall record its conclusion in discharging its duties and responsibilities.

## **4. PURPOSE**

The Risk Management Committee is responsible for total risk oversight within the Group and is primarily responsible for review of the Enterprise Risk Management process. Any significant risk issues evaluated by the Risk Management Committee and / or major changes proposed by this committee will be discussed at the Board meeting.

## **5. DUTIES AND RESPONSIBILITIES**

The principal roles and responsibilities of Risk Management Committee in Enterprise Risk Management are as follow:-

- (a) create a risk strategy and policy aligned with the Group's strategic business objectives;
- (b) communicate the Board's vision, strategy, policy, responsibilities and reporting lines to all employees across the Group;
- (c) identify and communicate to the Board the critical risks (present or potential) the Group faces, their changes and the management action plans to manage the risks;
- (d) perform risk oversight and review risk profiles and organisational performance;
- (e) review and approve risk performance measures for the Company and the Group (e.g. subsidiaries or business units);
- (f) provide guidance to the business units on their risk appetite and tolerance and other criteria, which when exceeded, trigger an obligation to report upwards to the Board;

- (g) ensuring that infrastructure, resource and system are in place for Enterprise Risk Management activities;
- (h) ensures risk management policy and procedures are adopted by the Group and offers practical guidance on risk assessment and reporting.; and
- (i) To review the statement on risk management and internal control to be prepared for the Company's annual report pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities and other disclosure as required by MCCG 2017, Listing Requirements of Bursa Securities and any other applicable laws and regulations from time to time where appropriate.

The Risk Management Committee assists the Audit Committee and / or the Board in fulfilling their respective responsibility for overseeing and ensuring the quality and integrity of the risk management and internal control of the Group and the Company.

## **6. POWER**

In carrying out its duties and responsibilities, the Risk Management Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel.

**Group Enterprise Risk Management Framework** (as referred to in Sections 7.1.3 and 7.1.6 of this Charter)**ADVANCE SYNERGY BERHAD**  
(Company No. 1225-D)**Group Enterprise Risk Management Framework****PRIVATE & CONFIDENTIAL  
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## **A. INTRODUCTION**

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Advance Synergy Berhad Group of Companies (the "Group") recognises that effective Enterprise Risk Management and risk-return management is vital as the Group strives to achieve sustainable growth in shareholders' value in today's challenging financial and economic environment. The Group will continue to place emphasis on the strengthening of the Group's risk management infrastructure and capabilities within its integrated Enterprise Risk Management framework, not only for regulatory compliance, but also with a view to improve operational and financial performance and to optimize capital efficiency.

## **B. ENTERPRISE RISK MANAGEMENT FRAMEWORK**

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The Group believes that there must be a clear role, accountability and responsibility for the risk management process. The Enterprise Risk Management framework within the Advance Synergy Berhad Group of Companies is established to provide a controlled environment for risk management activities. The risk management structure is based on 6 broad principals that outline the principal importance in risk management and the control responsibilities and are listed as follow:

### **1. Board of Directors**

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The Advance Synergy Berhad Board of Directors (the "Board") is ultimately responsible for the management of risks in accordance with Best Practices Provision AAI in Part 2 of the Malaysian Code on Corporate Governance, which requires the Board to identify principal risks and to ensure the implementation of appropriate systems to manage these risks. The Board, through the Risk Management Committee, maintains the overall responsibility for risk oversight within the Group. The Board shall approve the Enterprise Risk Management strategies but will delegate authority for day to day decisions to the Risk Management Committee.

The principal roles and responsibilities of the Board in Enterprise Risk Management are as follow:

- determine Enterprise Risk Management policy;
- approve Enterprise Risk Management philosophy;
- overall Enterprise Risk Management oversight;
- communication with external shareholders and other stakeholders; and
- review the risk profile of the Group.



## **2. Risk Management Committee**

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The Risk Management Committee (the "RMC") is responsible for total risk oversight within the Group and is primarily responsible for review of the Enterprise Risk Management process. Any significant risk issues evaluated by the RMC and / or major changes proposed by this committee will be discussed at The Board meeting. RMC meets quarterly.

The principal roles and responsibilities of RMC in Enterprise Risk Management are as follow:

- create a high-level risk strategy and policy aligned with the Group's strategic business objectives;
- communicate the Board's vision, strategy, policy, responsibilities and reporting lines to all employees across the Group;
- identify and communicate to the Board the critical risks (present or potential) the Group faces, their changes and the management action plans to manage the risks;
- perform risk oversight and review risk profiles and organizational performance;
- set performance measures for the Company and the Group (e.g. subsidiaries or business units);
- provide guidance to the business units on their risk appetite and tolerance and other criteria, which when exceeded, trigger an obligation to report upwards to the Board; and
- ensure that infrastructure, resource and system are in place for Enterprise Risk Management activities.

## **3. Group Risk Management Unit**

---

Group Risk Management Unit (the "GRMU") is set up to assist the Risk Management Committee to oversee the Enterprise Risk Management process and to maintain sound Enterprise Risk Management policies for the Group. Any significant risk issues evaluated and / or any major changes proposed by GRMU should be discussed at the unit's meeting and also at the meetings convened by the RMC. GRMU holds quarterly meetings.

The principle roles and responsibilities of GRMU in connection with the Group's business units are as follow:

- to identify and communicate to the Risk Management Committee the critical risks (present or potential) the business unit faces, their changes, and the management action plans to manage the risk;

- to communicate Enterprise Risk Management requirements in the business units;
- to review risk profiles and performance for the business units; and
- to review and update the business units' Enterprise Risk Management methodologies applied, specifically those related to risk identification, assessment, measuring, controlling, monitoring and reporting.

### **3.1 Group Risk Officer**

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Group Risk Management Unit is supported by 6 members, consisting of a Group Chief Risk Officer and 5 Group Risk Officers to oversee the Enterprise Risk Management process and procedures. Group Risk Officers are primarily accountable for the permanent effectiveness of the Enterprise Risk Management system.

The roles and functions of Group Risk Officers are as follow:

- acting as central contact and guide for Enterprise Risk Management issues within the Group;
- coordinating the issuance of group-wide uniform Enterprise Risk Management standards, combined with the authority to set guidelines with the approval of RMC;
- coordinating Enterprise Risk Management routinely within the Group;
- supervising Enterprise Risk Management policy implementation at the Group level;
- developing and updating the Enterprise Risk Management system at the Group level after consulting with RMC;
- documenting the Enterprise Risk Management system at the Group level;
- condensing Enterprise Risk Management and risk situation information;
- aggregating the Group's risk position and quarterly reporting to RMC on the risk situation / status;
- training and communicating Enterprise Risk Management details within the Group; and
- develop and maintain sound Enterprise Risk Management policies and procedures for the major area of risk.

#### **4. Risk Management Unit**

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The Risk Management Unit ("RMU") is established at the business unit level to ensure that their day-to-day business activities are carried out within the established risk policies, procedures and limits. The Head of the business unit is required to lead the RMU.

The definitions of business units are as follow:

- the individual corporate departments for centralized functions / processes (finance, human resources, company secretarial, etc) of the Group, under the responsibility of the Board;
- the individual business units or operation, under the responsibilities of the Head of the business unit; or
- the various business ventures, under the responsibilities of their respective Heads.

Enterprise risks are dealt with and contained at the respective business unit level, and are communicated upwards to the GRMU through each of the business unit's RMU. The business units may delegate the reporting function to their respective RMU but they shall retain the overall risk responsibility. Any significant risk issues evaluated by the RMU and / or major changes proposed by this unit should be discussed at management meeting and also the meeting convened by the GRMU. RMU meets monthly.

The principle roles and responsibilities of RMU at business unit's level are as follow:

- identify and communicate to the GRMU the critical risks (present or potential) the business unit faces, their changes, and the management action plans to manage the risks;
- communicate Enterprise Risk Management requirements in the business unit;
- review risk profiles and performance for the business unit;
- review and update the business unit's Enterprise Risk Management methodologies applied, specifically those related to risk identification, measuring, controlling, monitoring and reporting;
- identify, measure, and monitor business unit's risks; and
- monitor the compliance of risk policies.

#### **4.1 Risk Officer**

---

RMU at business unit level is supported by member employees from Finance, Operations, Sales and Marketing, Information System, Human Resources, etc and is designated as Risk Officer. The RMU is usually headed by the Head of Business Unit. However, in the event that the business activities of the Business Unit are small with an annual turnover of not exceeding RM15 million or the total numbers of employees do not exceed twenty (20); the business unit is exempted from having to form a full RMU team. Hence, the Head of business unit is to act as a Risk Officer for the overall Enterprise Risk Management requirement.

The roles and functions of Risk Officer are as follow:

- acting as central contact and guide for Enterprise Risk Management within the business unit;
- coordinating the issuance of group-wide uniform Enterprise Risk Management standards, combined with the authority to set guidelines with the approval of RMU;
- coordinating Enterprise Risk Management routinely within the business unit;
- supervising Enterprise Risk Management policy implementation at business unit level;
- developing and updating the Enterprise Risk Management system at business level after consulting with RMU;
- documenting the Enterprise Risk Management system at business unit level;
- condensing Enterprise Risk Management and risk situation information;
- aggregating business unit's risk position and monthly reporting to the RMU on the risk situation / status; and
- training and communicating Enterprise Risk Management details within the business unit.

#### **5. Day-To-Day Risk Management**

---

The day-to-day Enterprise Risk Management resides with the respective business units.

The business unit's management is accountable for the comprehensiveness of the risks identified, their assessment, as well as their bottom-up reporting. Actively managing risks are the key duty of any manager. Managers shall assist risk owner in identifying, measuring, controlling, monitoring and reporting risks and have both the right and obligation to contribute to the Enterprise Risk Management.

The principle roles and responsibilities of the business unit's management are as follow:

- manage business unit's risk profile;
- report risk exposures to the respective Risk Officer;
- develop and implement action plans to manage risks;
- report status of action plans to the Risk Officer; and
- ensure critical risks are considered in the management plan.

## **6. Internal Audit**

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The Audit Committee's role, supported by Internal Audit, is an independent, unbiased function, which contributes by means of auditing and consultancy to the proper assessment of the risk situation, vulnerability, value enhancement and business process improvement.

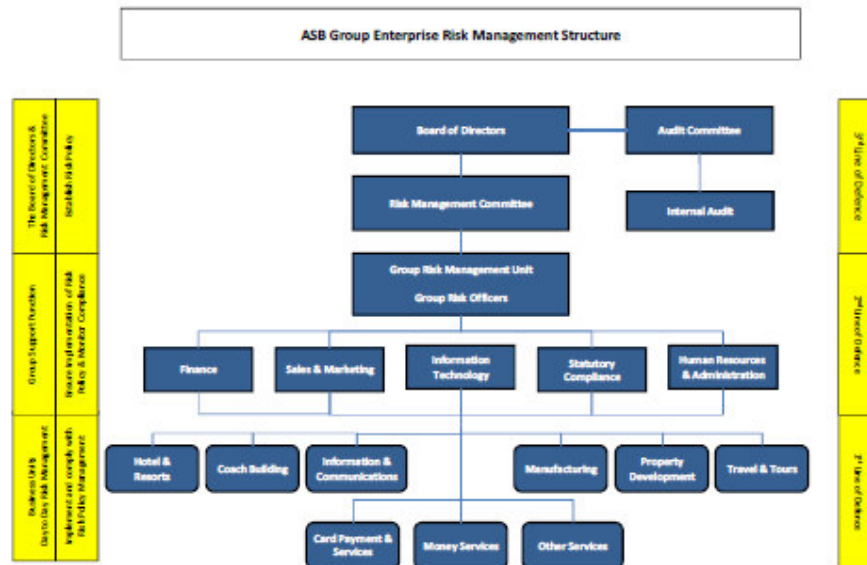
The functions and responsibilities of Internal Audit are as follow:

- to validate the results of the Enterprise Risk Management processes;
- to examine the Enterprise Risk Management systems for the completeness, comprehensiveness and reliability; and
- to verify the Enterprise Risk Management system for adequacy, effectiveness and compliance with risk policies, laws, internal and regulatory guidelines.

## **C. ADVANCE SYNERGY BERHAD - GROUP ENTERPRISE RISK MANAGEMENT STRUCTURE**

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In line with the Group's corporate structure and for the purpose of Enterprise Risk Management, all subsidiary companies under the Group are divided into 9 sub-Groups based on the nature of the business and the industry that they represent.



#### D. RISK ASSESSMENT PROCESS

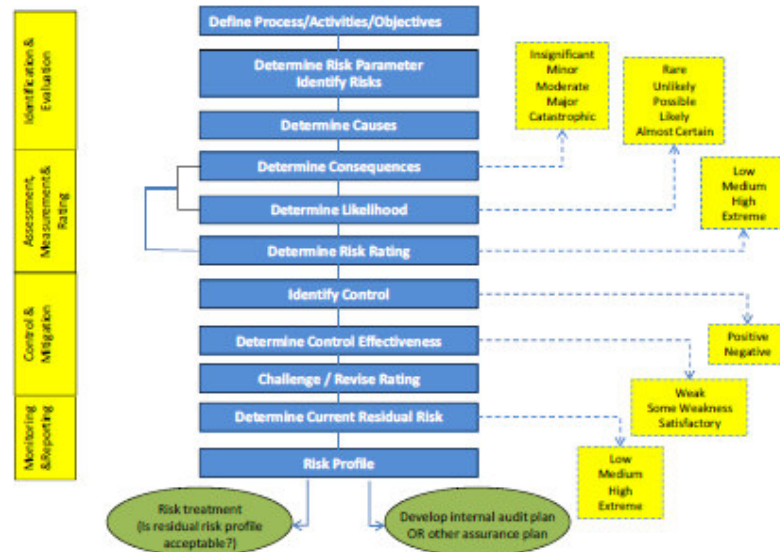
The Group has established, within its Enterprise Risk Management framework, a structured approach, which balances risks and returns, and integrates Risk Assessment Processes to achieve a more effective Enterprise Risk Management.

The steps in Risk Assessment Processes are categorized into 4 broad processes, namely;

- Risk Identification and Evaluation
- Risk Assessment, Measurement and Rating
- Risk Control and Mitigation
- Risk Monitoring and Reporting



**Risk Assessment Process**



## 1. Risk Identification and Evaluation

The first step in the Risk Assessment Process is to identify and evaluate the potential risks. This is conducted by the respective risk owners and reviewed by the respective Head of Risk Management Units.

## 2. Risk Assessment, Measurement & Rating

Risk assessment is a major step in the Enterprise Risk Management process. Risks are analyzed, considering its likelihood and impact and determining how they should be managed. Risks are assessed on an inherent and a residual basis. Risk assessment involves the measuring of two quantities of the risk:

- The CONSEQUENCE of the risk or the magnitude of the potential loss; and
- The LIKELIHOOD of the risk or the probability of the loss that will occur.

Risk assessment may be the most important step in the risk management process that involves in assessing the risk as to their potential severity of loss and to the likelihood of its occurrence. Unfortunately, the step may also be the most difficult and prone to error. However, once risks have been identified and assessed, the steps to properly deal with them are much more programmatically.

Example

*The difficulty in risk assessment is: A risk with a large potential loss and a low likelihood of occurring must be treated differently than the one with a low potential loss but a high likelihood of occurring. In theory both are of nearly equal priority and importance in treatment, but in practice, it can be very difficult to manage when faced with the scarcity of resources and time.*

The methodology used to carry out Risk Assessment, Measurement and Rating involves 3 steps.

**STEP 1 – Consequences Rating**

All risks must be assessed individually of its CONSEQUENCES if it arises. The assessment takes into consideration of the potential loss by measuring against the financial and/or non-financial impact that the risk may have caused to the business. Therefore, the consequences of an identical/similar risk may differ from one business unit to another depending on the parameters defined on its financial and/or non-financial impact and it may also vary from period to period under review. 5 categories of CONSEQUENCES ratings were assigned; Insignificant, Minor, Moderate, Major and Catastrophic.

IMPACT	DESCRIPTION	CONSEQUENCES (expressed in %)
CATASTROPHIC	Disaster with potential to COLLAPSE.	75% and above
MAJOR	A critical event which requires EXTRA-ORDINARY management effort.	Above 50% & up to 75%
MODERATE	A serious event which requires ADDITIONAL management effort.	Above 25% & up to 50%
MINOR	An adverse event which can be absorbed with SOME management effort.	Above 10% & up to 25%
INSIGNIFICANT	Impact can be READILY ABSORBED through normal business activity.	Up to 10%



## STEP 2 – Likelihood Rating

All risks must also be assessed individually of its **LIKELIHOOD** of occurrence. 5 categories of **LIKELIHOOD** ratings were assigned; Rare, Unlikely, Moderate, Likely and Almost Certain.

LIKELIHOOD	DESCRIPTION	CHANCES OF OCCURENCE (expressed in %)
ALMOST CERTAIN	The event is <b>EXPECTED</b> to occur in most circumstances.	80% and above
LIKELY	The event will <b>PROBABLY</b> occur in most circumstances.	Above 50% and up to 80%
POSSIBLE	The event <b>MIGHT</b> occur at some time.	Above 25% & up to 50%
UNLIKELY	The event <b>COULD</b> occur at some time.	Above 5% and up to 25%
RARE	The event <b>MAY</b> occur only in exceptional circumstances.	Up to 5%

## STEP 3 – Business Risk Rating

After completing Step 1 and 2, the risk must undergo quantitative risk analysis. The risk must be individually ranked by referring to the Business Risk Matrix. 4 categories of **BUSINESS RISK** rankings were assigned: High, Significant, Moderate and Low.

**Business Risk Matrix**

		MAGNITUDE OF IMPACT				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD OF OCCURRENCE	ALMOST CERTAIN	Medium	High	High	Extreme	Extreme
	LIKELY	Medium	Medium	High	High	Extreme
	POSSIBLE	Low	Medium	High	High	High
	UNLIKELY	Low	Low	Medium	Medium	High
	RARE	Low	Low	Medium	Medium	High

### **3. Risk Control and Mitigation**

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Controls take in the form of policies and procedures established and implemented to help ensure the risk responses are effectively carried out.

All risks must undergo further analysis on the effectiveness of the controls that are in place, and/or any other additional controls that may be introduced to manage the risks. The EFFECTIVENESS of the control and risk mitigation is to be ranked and rated as: Weak, Some Weakness or Satisfactory.

It is important to note that certain risks are typically inherently high, and may not be capable of being managed to a relatively low level. It is important, nonetheless, that such risks are well understood and monitored. The Group's exposure to such risks then becomes calculated and consistent with a clearly articulated risk appetite.

### **4. Risk Monitoring and Reporting**

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The entirety of Enterprise Risk Management is monitored and modifications are made when the need arises. Monitoring is accomplished through ongoing management activities, separate evaluation, or both.

The Head of the Risk Management Unit is responsible for the status of all risks which are to be reviewed by the Group. Risks review at business unit level or at the Group level formed part of both technical and programmatic reviews.

### **E. Risk Profile**

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All risks that are identified during the Risk Assessment Process are to be recorded in the risk registers with its appropriate rating assigned to them. The collection of all risk registers are to be further compiled into a risk profile for the purpose of Risk Management Unit's review and making recommendation towards the Risk Treatment Options.

### **F. Risk Option Treatment**

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Once risks are identified, assessed and the controls introduced to manage the risks are established, the risks need to be aligned in accordance with the Group's risk tolerances and risk appetite by using the following four treatment measures:

- To terminate
- To reduce
- To accept
- To pass-on

#### **1. Risk Termination**

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This measure includes not performing the activity that carries the risk. An example would be not buying a property or business in order not to take on the liability that comes with it. Termination may seem the answer to all risks, but terminating risks also means losing out on the potential gain that one would otherwise accepted the risk. Not entering a business to avoid the risk of loss also avoids the possibility of earning the profits – Opportunity Cost.

#### **2. Risk Reduction**

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It involves the measures taken to reduce the severity of the loss. Examples include sprinklers designed to put out a fire to reduce the risk of loss by fire. This method may cause a greater loss by the water damage and therefore may not be suitable to reduce the risk. Halon fire suppression systems may mitigate that risk, but the cost may be prohibitive as a strategy.

#### **3. Risk Acceptance**

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It involves with accepting the loss when it occurs. Risks that are not terminated reduced or pass-on is considered to be accepted by the Group.

#### **4. Risk Pass-on**

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This measure involves causing another party to accept the risk. Insurance is one type of risk transfer.

### **G. RESPONSIBILITY FOR ENTERPRISE RISK MANAGEMENT**

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Everyone within the Group has some responsibility toward Enterprise Risk Management. The Board of Directors provides important oversight to Enterprise Risk Management, and is aware of and concurs with the Group's risk appetite. While managers are accountable for Enterprise Risk Management at their respective level, responsibility for good risk management philosophy; promoting compliance with its risk appetite; and managing risks within their spheres of responsibility consistent with risk tolerance now rests with every staff member of the Group.

Enterprise Risk Management is not only strictly a serial process, where one component affects the next but it is also a multidirectional, interactive process in which almost any component can and does influence another. This includes going about doing the jobs in a careful and conscientious manner that contributes to the high ethics and culture within the Group.

## **H. LIMITATION**

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While Enterprise Risk Management provides important benefits, limitation exists. In addition to factors discussed above, limitations result from the realities that human judgement in decision making can be faulty, decisions on responding to risks and establishing controls also need to consider the relative costs and benefits; breakdown can occur because of human failures such as simple errors or mistakes; and control can be circumvented by collusion by two or more people.

## **I. CONCLUSION**

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Information and communication related to Enterprise Risk Management is identified, captured and communicated in a form and in a timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the business entity.

With this foundation of mutual understanding, all parties will be able to speak a common language and communicate more effectively. Business executives will position their company's Enterprise Risk Management process against a standard, strengthen the process and move their enterprise toward the established goals. With all parties utilizing a common Enterprise Risk Management Framework, these benefits will be realized.

## **J. REFERENCE**

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KPMG – Report on risk assessment for the implementation of an Enterprise Risk Management framework for the Advance Synergy Berhad Group in May 2003.

**Succession Planning Programme** (as referred to in Section 7.1.4 of this Charter)

As stipulated in Practice 4.4 of the MCCG 2017, the Board shall ensure that all candidates appointed to the Board and senior management position are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

A diverse Board can offer greater depth and breadth compared to non-diverse boards. As such, director candidates shall be sourced from a diverse pool.

Diversity at senior management level will also provide constructive debates, which will 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 pursuing its gender diversity agenda, the Board shall take steps to ensure that women candidates are sought in its recruitment exercise for the Board and senior management positions.

- a. As part of their role in directing the management of the business and affairs of the Group, the Directors will be responsible for ensuring that the Group's management has the capabilities to cause the Group to operate in an efficient and businesslike manner. The Group Chairman, Group Executive Deputy Chairman and Group Managing Director, and/or the Board and Management of the Company and subsidiary companies shall review the qualifications of persons proposed as additional members of the Group's management or replacements for members of the Group's management.
- b. If there is a vacancy in a Chief Executive Officer position of a subsidiary, the Board will receive and review the recommendation of the Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director for filling that vacancy.
- c. If it is anticipated that the Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director will leave the Company at a specified future date, the Board will ensure that the process of selecting a successor Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director will take place in a manner that is likely to create a smooth transition.
- d. If there is an unanticipated departure of the Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director, the Board will oversee the (a) selection of a temporary Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director to serve until a permanent replacement is selected, and (b) selection of the permanent replacement for the Group Chairman, Group Executive Deputy Chairman and/or Group Managing Director.
- e. The Board has delegated the screening process involved for the abovementioned appointments to the Nomination Committee.

**Stakeholder Communications Policy** (as referred to in Section 7.1.5 of this Charter)**1. Background**

The Board aims to ensure that the Company's stakeholders are informed of all major developments affecting the Company's state of affairs.

Information is communicated to stakeholders through the following means:-

**1.1 Full financial report**

The annual reports will be circulated to the shareholders in the form of CD-ROM and the same will also be published on the Company's website at [www.asb.com.my](http://www.asb.com.my). Shareholders may request for a hard copy of the report.

**1.2 Disclosures made to Bursa Securities**

The Company endeavours to post all announcements on its corporate website on the same day they are released to Bursa Securities or latest by the next working day.

**1.3. Notices and explanatory note of each AGM or other meeting of shareholders**

As recommended in Practice 12.1 of the MCCG 2017, notice for an Annual General Meeting shall be given to the shareholders at least 28 days prior to the meeting.

Each notice of meeting will be posted on the Company's corporate website. Forms for appointment of a proxy or proxies in any notice of meeting to shareholders will explain on the number of proxy or proxies that may be appointed, the rights of the proxy or proxies and the deposition of the proxy forms. In addition, any notice of a meeting called to consider special business will be accompanied by an explanation of the matter under consideration. In relation to resolutions to be considered at a meeting of shareholders, resolutions will not be bundled unless they are interdependent, and any resolutions for the election or re-election of directors will be considered separately.

**2. The General Meetings**

The Company encourages shareholders to attend the AGMs. If shareholders are unable to attend general meetings personally, they are encouraged to participate through the appointment of a proxy or proxies. The Company Secretary will be present at all general meetings of shareholders.

The Board has taken proactive measures to ensure that shareholders are able to participate at general meetings including the introduction of electronic voting for all the resolution set out in the notice of general meetings. The Board may consider leveraging other technology if necessary to facilitate greater shareholder participation.

The Company will appoint independent scrutineer to validate the votes cast at the general meetings.

The outcome of the general meeting shall be announced to the Bursa Securities on the same day after the meeting is concluded and the announcement shall be available on the website of the Bursa Securities and the Company.

### **3. Website**

#### **3.1. Investor information**

The corporate website of the Company is located at [www.asb.com.my](http://www.asb.com.my). This website is intended to facilitate quick and easy access for stakeholders to publicly available information in a commonly available format capable of electronic access. The corporate website contains or will contain amongst others:

- annual reports and circulars;
- all announcements made to Bursa Securities;
- quarterly financial results announcements; and
- a Company profile and link to the website of each of the Key Business Divisions of the Group.

In addition, the website will contain historical price of the Company's quoted securities for the past 2 years.

#### **3.2. Release of materials**

All materials posted to the Company's website must be approved by the Group Managing Director.

#### **3.3. Communication with Stakeholders**

The Company encourages an effective 2-way communications from stakeholders and will consider feedback received from its stakeholders. The stakeholders include shareholders, employees, the governmental authorities and community at large. The Company's website includes a facility for the public to send email queries and comments to the Company.

**Corporate Disclosure Policy** (as referred to in Section 7.1.5 of this Charter)

The Company is committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear and timely manner in accordance with the corporate disclosure requirements as set out in the Listing Requirements of Bursa Securities and the guidance as set out in the Corporate Disclosure Guide issued by Bursa Securities. The Board will also ensure that all who invest in its securities enjoy equal access to such information.

The primary objectives of the Company's Corporate Disclosure Policy are:

1. To promote and maintain market integrity and investor confidence.
2. To provide equal access to the Company's material information and to avoid selective disclosure to the investing public.
3. To exercise due diligence for management of information which promotes accountability for the disclosure and dissemination of material information to the investing public.
4. To build good investor relations with the investing public.



**Matters Reserved for the Board** (as referred to in Section 7.1.9 of this Charter)

The following matters shall be reserved for decision by the Board, supported by any recommendations as may be made from time to time by the Committees and/or Management:

**1. Strategy setting, implementation and supervisory**

- a. to review and approve the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans.
- b. to review and approve any new business ventures which are principally different from the Group's existing business, including the approval of corporate exercises involving purchase or disposal of subsidiaries or restructuring plans.

**2. Overseeing the conduct of the Company's business**

- a. to approve any material capital and operating expenditure budget.
- b. to review the Company's performance, i.e. financial results and operations of the current quarter, year-to-date and forecast.
- c. to review and approve related party transactions and recurrent related party transactions.
- d. to approve the opening and closing of the Company's bank accounts and the authorised signatories for the operation of bank accounts including any amendments thereto.
- e. to review and approve material contracts.
- f. to direct management to ensure Company operates at all times within applicable laws and regulations.
- g. to approve any material purchase or sale of assets, property, supplies, equipment or vehicles.
- h. to approve any major borrowing and providing security over assets or issuance of corporate guarantee.
- i. to approve the payment of dividend.
- j. to propose the payment of directors' fees for shareholders' approval.
- k. to approve novation, assignment, assumption of debts of material sum.
- l. to approve any substantial provision for or writing off of debts.
- m. to approve the provision of financial support.

**3. Succession planning**

- a. to review and approve the succession planning for the Group Chairman, Group Executive Deputy Chairman, Group Managing Director and other key executive officers.

**4. Financial Reporting**

- a. to approve the quarterly results and annual financial statements and directors' reports for timely lodgement with, and/or release to, the various authorities and Bursa Securities.

- b. to ensure the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- c. to approve the adoption of the applicable accounting policies.
- d. to approve the adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries.

**5. Sustainability/Corporate Social Responsibility**

- a. to establish and formalise strategies on promoting sustainability. Attention shall be given to environmental, social and governance aspects of business which underpin sustainability.
- b. to review corporate governance principles and policies.

**6. External auditors**

- a. to establish formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the external auditors through its Audit Committee.
- b. to review and approve the appointment, resignation, removal or replacement of the external auditors of the Company and to determine their remuneration.

**7. Internal audit**

- a. to establish an internal audit function for the Group which critically reviews the adequacy of the operational controls and procedures so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.
- b. to ensure the system of internal controls is reviewed on a regular basis and the Audit Committee receives reports regarding the findings and outcome of the audits and reviews on a regular basis.

**8. Risk management and Internal Controls**

- a. to review and approve the risk management and internal control framework and procedures.
- b. to review and monitor the system of risk management and internal control and to ensure that the system set-up is viable and adequately robust to assist Management in monitoring and managing risks and internal controls.

**9. Statutory and administrative**

- a. to recommend amendments to the Memorandum or Articles of Association of the Company.
- b. to determine the frequency of meetings of the Board.
- c. to convene general meetings of shareholders of the Company.
- d. to review and approve the appointment, removal or replacement of the Company Secretaries.
- e. to approve the variation of the rights attaching to shares where such powers are vested in the Board.
- f. to review and recommend the change of Company's name.
- g. to approve the change of registered office and share registrar.

- h. to establish or determine the fiscal year.
- i. to redeem the shares of the Company, issuance of options, convertible securities or option loans within the authorisation given by the shareholders.
- j. to approve the transfer of shares.
- k. to approve the adoption, change or affixation of the common seal.
- l. to approve the appointment of Administrator/Receiver, Corporate Representative, Proxy or Power of Attorney and any amendments thereto.
- m. to approve the use of facsimile signature.

#### **10. Regulatory**

- a. to approve the terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions.
- b. to approve the issuance of circulars to the shareholders of the Company.
- c. to approve the issuance of prospectuses, listing particulars, rights offers or takeover or merger documents.
- d. to recommend for shareholders' approval of any ordinary or special resolutions in respect of the Company.
- e. to decide the listing or delisting of the Company's shares on any stock exchange.
- f. to recommend for shareholders' approval of any increase, reduction, repayment or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any employee share option scheme).
- g. to review and ensure compliance on all relevant legal, tax and regulatory obligations.
- h. to review and approve the formation/dissolution/deregistration/disposal or acquisition/cessation of business of subsidiaries or major/material associated companies or investee companies.
- i. to approve any re-organisation or restructuring of corporate structure.
- j. to approve the appointment of adviser or trustee and any subsequent changes.

#### **11. Manpower**

- a. to review and approve the appointments/resignations/retirements/removals of the Group Chairman, Group Executive Deputy Chairman, Group Managing Director, Executive Director and Non-Executive Directors and alternate directors (if any) as well as the terms of the appointment as recommended by the Nomination Committee.
- b. to review and approve the changes in the terms of reference and composition of the Committees as are established from time to time.
- c. to recommend any employee share option scheme, the rules applicable to any such scheme and any amendments to such rules for submission to the shareholders of the Company for approval.

#### **12. Miscellaneous**

- a. to approve any other matters that the Board may deem appropriate and necessary from time to time.

**Role and Function of the Company Secretary** (as referred to in Section 12 of this Charter)

The Company Secretary who is accountable to the Board, reports administratively to the Group Managing Director, and has an important role in advisory and assisting the Board and Board Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations.

The Board members have unlimited access to the professional advice and services of the Company Secretary.

The function of a Company Secretary primarily comprises:

1. Advises the Board on matters pertaining to corporate governance, the compliance of statutory laws, rules and regulation of the Act, Listing Requirements of Bursa Securities, Securities Commission guidelines and other relevant legislation and authorities and ensure compliance thereof.
2. Ensures proper maintenance of the Group's statutory records, register books and documents and filing with the necessary authorities.
3. Manages all Board and Board Committee meeting logistics, attends and ensures proper conduct and procedures at AGMs, EGMs, Board Meetings, Board Committees' Meetings and any other meetings and records minutes thereof.
4. Advises Directors of their roles and responsibilities including their obligations to adhere to matters relating to:
  - a. disclosure of interest in securities.
  - b. disclosure of any conflict of interest in a transaction involving the Company.
  - c. prohibition on dealing in securities.
  - d. restriction on disclosure of price-sensitive information.
  - e. disclosure of any material transactions in compliance with the Listing Requirements of Bursa Securities.
5. Ensuring that all appointments to the Board and Committees are properly made. Facilitates the orientation of new Directors and assists in Director training and development.
6. Facilitating the provision of information as may be requested by the Directors from time to time and facilitate Board communications.
7. Ensuring that the interests of the Board and that of the Company are protected.
8. Manages processes pertaining to the annual shareholder meeting.
9. Monitors corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
10. Serves as a focal point for stakeholders' communication and engagement on corporate governance issues.