



# **AWANBIRU TECHNOLOGY BERHAD**

[Reg. No. 201001038336 (922260-K)]  
(Incorporated in Malaysia)

## **BOARD CHARTER**

**Updated as at 5 July 2021**

## Table of Contents

1. PURPOSE OF THE CHARTER .....	3
2. COMPOSITION OF BOARD.....	3
3. ROLES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN, DIRECTORS AND GROUP CHIEF EXECUTIVE OFFICER.....	4
3.1 PRINCIPLES RESPONSIBILITIES OF THE BOARD.....	4
3.2 ROLE OF THE BOARD CHAIRMAN.....	5
3.3 ROLE OF THE INDIVIDUAL DIRECTORS .....	6
3.4 ROLE OF THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR .....	6
3.5 ROLE OF THE PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER.....	7
3.6 MANAGEMENT AUTHORITIES.....	7
3.7 LEADERSHIP DEVELOPMENT .....	7
4. COMPANY SECRETARY .....	7
5. BOARD MEMBERSHIP GUIDELINES.....	8
5.1 NEW BOARD MEMBERS .....	8
5.2 SHAREHOLDINGS BY BOARD MEMBERS IN THE COMPANY .....	9
6. DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION TRAINING.....	9
6.1 INDUCTION OF NEWLY APPOINTED DIRECTORS .....	9
6.2 DIRECTORS' TRAINING AND DEVELOPMENT .....	9
7. BOARD STRUCTURES AND PROCEDURES.....	10
7.1 BOARD COMMITTEES.....	10
7.2 BOARD MEETINGS.....	10
7.3 ACCESS TO INDEPENDENT PROFESSIONAL ADVICE .....	10
8. RELATIONSHIP OF THE BOARD WITH THE MANAGEMENT.....	11
8.1 ACCESS TO MANAGEMENT AND INFORMATION.....	11
9. BOARD AND MEMBERS ASSESSMENT .....	11
10. STAKEHOLDERS COMMUNICATION .....	11
11. REVIEW OF BOARD CHARTER .....	12
APPENDIX A .....	13

## 1. PURPOSE OF THE CHARTER

The Charter sets out the roles and responsibilities, membership, composition, and operation of the Board of Directors (the “**Board**”) of AwanBiru Technology Berhad (“**Awantec**” or the “**Company**”) and its subsidiaries (the “**Group**”) in accordance with the authority conferred by the Constitution of the Company along with the provisions of the Companies Act 2016 (“**CA 2016**”) and Listing Requirements as well as the principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

## 2. COMPOSITION OF BOARD

2.1. The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of twelve (12) Directors. The Board shall include a blend of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board's decision making.

In order to fulfil this obligation, the Board shall consist of the following: -

2.1.1. A composition of at least two (2) or one-third (1/3) of the Board, whichever is the higher, are Independent Directors; and

2.1.2. The members of the Board shall elect among themselves, from the pool of Independent Directors, the post of Chairman.

2.2 In the event there are vacancies in the Board that causes non-compliance of the item 2.1.1 above, the vacancies must be filled within three (3) months of the event.

2.3 All directors are required to submit themselves to the shareholders for re-election at least once in every three (3) years. The re-election of directors shall take place annually at the Annual General Meeting (“**AGM**”).

2.4 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, with effect from 1<sup>st</sup> January 2022, the Board must provide justification and seek annual shareholders' approval through a two-tier voting process at the Annual General Meeting in the event it retains the Director as an Independent Director.

2.5 With reference to clause 2.4 above, the Nomination Committee must review, provide justification and recommend to the Board on whether an Independent Director whose term will exceed a cumulative term of nine (9) years should be retained as an Independent Director.

- 2.6 On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by the MCGG.
- 2.7 The Board shall be responsible for recommending its members to be elected or re-elected or re-appointment by the shareholders.

### **3. ROLES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN, DIRECTORS AND GROUP CHIEF EXECUTIVE OFFICER**

#### **3.1. Principal Responsibilities of the Board**

To enable the board to discharge its responsibilities in meeting the goals and objectives of the Company, the board should: -

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

3.1.10 Ensure that all its directors are able to understand financial statements and form a view on the information presented; and

3.1.11 Ensure the integrity of the Company's financial and non-financial reporting. Courts have held that it is the duty of every director to read the financial statement of the Company and carefully consider whether what they disclose is consistent with the director's own knowledge of the Company's affairs.

The matters listed in the Appendix A are reserved for the decision of the Board and its committees.

### 3.2. Role of the Board Chairman

The MCCG recommends that the positions of Chairman and President/Group Chief Executive Officer ("PGCE" or the "CEO") to be held by different individuals where the Chairman is also responsible for the effective performance of the Board.

3.2.1 The key roles and accountabilities of the Chairman include: -

- providing leadership for the Board so that the Board can perform its responsibilities effectively;
- leading the Board in the adoption and implementation of good corporate governance practices in the Company;
- setting the board agenda and ensuring that directors receive complete and accurate information in a timely manner;
- leading board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between Board and Management; and
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

### 3.3. Role of the Individual Directors

3.3.1 Directors are expected to comply with their legal, statutory, and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. Broadly these include:

- 
- Acting in good faith and in the best interests of the Group;
  - Demonstrating good stewardship and acting in a professional manner with sound mind;
  - Acting with reasonable care, skill and diligence subject to the business judgement rule;
  - Avoiding conflicts of interest with the Group in a personal or professional capacity including improper use of the property, information, opportunity of the Group or position as a Director or officer of the Group or engaging in business which is in competition with the Group;
  - Ensuring Board information, discussions, deliberations, and decisions that are not publicly known are not used for personal interest, or their employers' interest; and
  - Disclosure of and abstaining from voting on matters of material personal interest.

3.3.2 Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training program and briefings.

3.3.3 Board member must assure that the minutes of meetings accurately reflect the exchange of views and decisions of the Board, including whether any Director abstained from voting or discussion on a specific subject.

3.3.4 Every director must keep abreast of his responsibilities as a Director, and of the conduct, business activities and development of the Group.

#### **3.4. Role of the Senior Independent Non-Executive Director**

3.4.1 The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman and/or PGCE.

#### **3.5. Role of the President & Group Chief Executive Officer ("CEO")**

3.5.1 The Board will link the Company's governance and management's functions through the Chairman with the CEO. All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and

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accountability of the CEO so far as the Board is concerned.

### 3.6. Management Authorities

- 3.6.1 The CEO shall act in accordance with the authorities delegated to him by the Board.
- 3.6.2 The assets of the Group shall be adequately maintained and protected, and not unnecessarily placed at risk.
- 3.6.3 The CEO shall within the specific authorities delegated to him by the Board, establish a Management Committee comprising certain key management staff who shall be responsible, within the limits of authority determined and powers delegated by the Board from time to time.

### 3.7. Leadership Development

There shall be a periodic report from the CEO to the NC and/or Board on succession planning of the senior management.

## 4. COMPANY SECRETARY

- 4.1. The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.
- 4.2. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Group.
- 4.3. The roles and responsibilities of the Company Secretary shall include, but are not limited to the following:
  - 4.3.1. Advising the Board on its roles and responsibilities.
  - 4.3.2. Facilitating the orientation of new Directors and assist in Directors training and development.
  - 4.3.3. Advising the Directors on corporate disclosures and compliance with Company and securities regulations and listing requirements including:
    - disclosure of interests in securities;
    - disclosure of any conflict of interest in a transaction involving the Group;

- prohibition of dealing in securities; and
- restrictions on disclosure of price-sensitive information.

4.3.4. Managing processes pertaining to the annual shareholders' meeting.

4.3.5. Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

4.3.6. Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

4.3.7. Organise and provide assistance at Board and Board Committee meetings and have the following key responsibilities:

- draft the schedule of Board activities for the financial year;
- ensure meetings are arranged and held accordingly;
- assist the Chairman in planning the Board's activities;
- draw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
- ensure structured communication channels between the Board and Board Committees;
- attend Board and Board Committee meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner; and
- ensure the presence of a quorum at the meeting and ensure Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.

4.4. The Company Secretary must keep abreast of and inform the Board of current governance practices. The Company Secretary should undertake continuous professional development.

## **5. BOARD MEMBERSHIP GUIDELINES**

### **5.1. New Board Members**

5.1.1 The screening and evaluation process for potential new directors and directors to be nominated for re-election or re-appointment are delegated to the Nomination Committee, whose primary responsibilities are to evaluate,

assess and recommend candidates for the Board's approval.

- 5.1.2 On the appointment of a new director, the new director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.
- 5.1.3 In accordance with the MCCG, the directors shall inform the Chairman before accepting new directorship in any public listed company which includes an indication of time that will be spent on the new appointment.
- 5.1.4 Each newly appointed director shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group.
- 5.1.5 Copies of the following shall be provided to the newly appointed Director: -
  - a) Board Charter;
  - b) Constitution;
  - c) Directors' Code of Conducts and Ethics;
  - d) Board Committees' Composition and Terms of Reference;
  - e) Latest Business Plans;
  - f) Latest Annual Report and Financial Statements; and
  - g) Latest Organization Chart.

## **5.2 Shareholdings by Board members in the Company**

- 5.2.1 Board members may hold securities in the Company.
- 5.2.2 Board members must strictly comply with the provisions of the Constitution, Listing Requirements, the Directors' Code of Conducts and Ethics and all relevant legislative and regulatory requirements in respect of dealing of securities in the Company.

## **6. DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION TRAINING**

### **6.1. Induction of Newly Appointed Directors**

- 6.1.1. All newly appointed Board members shall undergo a formal induction and continuous education program to ensure that they understand:
  - their roles and responsibilities;
  - the Board's expectations in terms of their knowledge contribution;
  - the nature of the Group's business;
  - current issues faced; and
  - strategies adopted by the Group.

### **6.2. Directors' Training and Development**

- 6.2.1. All Directors shall ensure that they keep abreast of regulatory changes, other developments, and broad business trends. The Board must evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programs.

## **7. BOARD STRUCTURES AND PROCEDURES**

### **7.1. Board Committees**

- 7.1.1 The Board may from time-to-time delegate specified matters to Committees of the Board to assist in carrying out its duties and responsibilities and to allow detail deliberation on specific issues.
- 7.1.2 All such Committees must be provided with written terms of reference which clearly state the extent and limits of their responsibilities and authorities, specifically whether they have authority to decide on behalf of the Board or are to report back to the Board.
- 7.1.3 The Board delegates certain duties and authorities to the following Committees to assist in the execution of its responsibilities: -
- a) Audit Committee (“**AC**”);
  - b) Nomination Committee (“**NC**”);
  - c) Remuneration Committee (“**RC**”);
  - d) Risk Management Committee (“**RMC**”); and
  - e) Long-Term Incentive Plan Committee (“**LTIP**”)

### **7.2. Board Meetings**

The Board shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfill its duties. A quorum shall consist of at least two (2) directors.

The Board members must be supplied with full and timely information such as notice of agenda of the meeting and Board Papers to be circulated to its members at least five (5) working days prior to each meeting.

The Company Secretaries shall be responsible for keeping the minutes of meetings of the Board and circulating them to each of the members of the Board.

### **7.3. Access to Independent Professional Advice**

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

## **8. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

### **8.1. Access to Management and Information**

Board members shall be given unrestricted access to the Company's and Group's management and to the information pertaining to the Company and / or Group including from the Company and / or Group's auditors and consultants.

## **9. BOARD AND MEMBERS ASSESSMENT**

The Chairman keeps under review, informally, the contributions made by Board members. The NC is given the task to review annually the activities and effectiveness of the Board and the Board members. The Chairman of the NC oversees the overall evaluation process.

The NC is required to report annually an assessment of the Board's and it's Committees' performance. The assessment report together with the report on the Board balance (the required mix of skills and experience and other qualities) will be discussed with the full Board. This exercise is carried out after the end of each financial year or such other time as may be deemed appropriate.

In addition to the above annual assessments, the performance of the CEO is assessed based on the Key Performance Indicators ("KPI") approved by the Board.

## **10. STAKEHOLDERS COMMUNICATION**

The Board will use its best endeavor to familiarize itself with issues that are of concern to the shareholders.

The Board believes that the management speaks for the Group. Nevertheless, individual Board member may, from time to time, at the request of management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the CEO.

The Board shall at its Annual General Meeting facilitate communications with shareholders to discuss the business direction and performance of the Company.

The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy, and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Listing Requirements.

The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's

website. This section shall provide information such as, amongst others, the Board Charter, and the Annual Report.

#### **11. REVIEW OF BOARD CHARTER**

The Board shall ensure that the Board Charter be kept under review from time to time, but at least once every three (3) years, to ensure it consistency with the Board's objectives and responsibilities.

**Adopted by Board: 22 May 2013**  
**Updated and adopted by Board on: 5 July 2021**

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**APPENDIX A****MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD OR ITS COMMITTEES**

Matters which are specifically reserved for the Board or its Committees include, inter alia, the following: -

- a. appointment and recommendation for removal of Directors and/or Auditors;
- b. appointment of Board Committees and Members;
- c. approval of terms of reference of Board Committees and amendments to such terms;
- d. appointment/removal of Senior Executive positions and Executive Directors of the Company and their duties and the continuation (or not) of their service;
- e. establishment of Board Committees, their membership and delegated authorities;
- f. approval of interim dividend and recommendation of final dividend for shareholders' approval;
- g. review of corporate governance;
- h. approval of annual business plan and the Company's scorecard;
- i. approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- j. calling of meetings of shareholders;
- k. review of Whistle Blowing reports; and
- l. any other specific matters nominated by the Board from time to time.