

BOARD CHARTER



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1. INTRODUCTION

The Board of Directors (the “Board”) of Axteria Group Berhad (the “Company”) is committed in ensuring the highest standards of corporate governance and regards corporate governance as important principles and practices to be upheld. The Company and its subsidiaries (collectively referred to as the “Group”) continuously strive to ensure that good corporate governance is implemented and carried out by the Group, with the ultimate objective of adopting good governance practices as an integral part of its business culture.

2. OBJECTIVES

The Board Charter affirms the Board’s commitment and remains fully resolved to employing the principles of integrity, transparency, and professionalism to ensure the practice of good corporate governance that will safeguard and enhance shareholders’ investment and value and at the same time protect the interests of its stakeholders, by embedding sustainability policies in its business.

3. THE BOARD

3.1 Overview

The Board shall actively strive and be collectively responsible to promote the success of the Group by directing and supervising its business and affairs.

In addition to fulfilling its commitment for increased shareholder value, the Board shall endeavour to uphold the interests of the Group’s customers, employees, suppliers and to the communities where it operates, but bearing in mind the circumstances and requirements for successful business. The Board has a formal schedule of matters reserved to itself for decisions, including the overall Group strategy and direction as well as significant financial matters. There is a clear division of responsibilities between the Chairman, Group Managing Director, and Independent Non-Executive Directors.

The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016, and other regulatory guidelines and requirements that are in force.

3.2 Roles and Responsibilities

Having regard to its commitments, the Board is expected to direct and supervise the management of its business by fulfilling the following responsibilities:-

1. Ensure that the Group's goals are clearly established;
2. Review and approve strategies, business plans and significant policies and to monitor its implementation and performance thereof;
3. Observe its legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
4. Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
5. Evaluate whether the business is being properly managed, ensure the solvency of the Group and its ability to meet contractual obligations, and safeguard the Group's assets;
6. Ensure that the Group has appropriate business risk management framework and processes including adequate control environment, systems for compliance with applicable laws and regulations, and controls in areas of significant financial and business risks;
7. Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various Board Committees and acting on their reports;
8. Ensure that the statutory accounts of the Company and Group are fairly stated and otherwise conform to the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
9. Ensure that there is an appropriate succession plan for members of the Board and senior management;
10. Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of its business, and Directors are required to comply with the Directors' Code of Best Practice; and
11. Ensure that there is an appropriate investor relations and communications policy.

Directors should consult the Company Secretary and / or the Chairman, as required, for any clarifications on their responsibilities and duties and any dealings from which potential conflict of interest situation may arise.

3.3 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-

1. Approval of major corporate plans, policies and programmes;
2. Approval of major capital commitments;
3. Approval of new ventures;
4. Approval of material acquisitions and disposals of undertakings and properties;
5. Changes to the management and control structure within the Company and its subsidiaries (“the Group”), including key policies, delegated authority limits;
6. Appointment and removal of Director;
7. Establishment of Board Committees;
8. Appointment and removal of Secretary;
9. Remuneration of Directors’ fee for Non-Executive Directors; and
10. Executive Directors’ Remuneration packages.

3.4 Roles of Chairman

The Chairman of the Board is an Independent Non-Executive Director. He is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The responsibilities of the Chairman, amongst others, are as follows:-

1. Leading the Board in setting the values and ethical standards of the Company;
2. Chairing the Board Meetings and stimulating debates on issues and encouraging positive contributions from each Board Member;
3. Consulting with the Group Managing Director and Company Secretary in setting agenda for Board Meetings and ensuring that all relevant issues are on the agenda;
4. Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
5. Ensuring the provision of accurate, timely and clear information to Directors;
6. Ensuring effective communication with shareholders and relevant stakeholders;

7. Arranging evaluation of performance of Board Members, its committees and individual Directors, including assessment of the independence of Independent Directors;
8. Facilitating effective contribution of Non-Executive Directors and ensuring constructive discussions at Board Meetings;
9. Ensuring that, in determining policy-related matters, the following are carried out:-
 - All directors are properly briefed on issues arising at Board Meetings;
 - There is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations;
10. Allowing every Board Resolution to be voted on and ensuring the will of the majority prevails;
11. Casting his votes in accordance with the prescribed Constitution of the Company;
12. Together with the Group Managing Director, representing the Company and/or Group to external groups such as major shareholders, creditors, consumer groups, and other stakeholders;
13. Ensuring that all Board Members, upon taking up their office, are fully-briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of the Group; and
14. Acting as liaison between the Board and Management, and between the Board and the Group Managing director.

3.5 Group Managing Director

The Group Managing Director has executive responsibilities for the day-to-day operations of the company's business and shall implement policies, strategies and decisions approved by the Board. He shall be accountable and responsible for the management functions of the Company and/or Group including conduct and discipline, and for its results and performance thereof.

The role of the Group Managing Director can be summarised as follows:-

1. With regard to the Board and Company:-
 - to develop and recommend to the Board a long-term strategy and vision for the Company and/or Group that leads to the creation of long-term prosperity and shareholder value;
 - to develop and recommend to the Board the operational plan and budget that support the Company's and/or Group's long-term strategy;

- to foster a corporate culture that promotes ethical practices, encourages individual integrity and the fulfilment of the Company's corporate social responsibilities;
 - to maintain a positive and ethical working environment that is conducive to attracting, retaining and motivating a diverse work-force at all levels.
2. With regard to the Management and business operation:-
- to recommend suitable management structure and operating authority levels which include delegations of responsibilities to the management;
 - to ensure an effective management team below the level of the Group Managing Director and to develop an active succession plan;
 - to formulate and oversee implementation of major corporate policies;
 - to be accountable to the Board for the financial management and reporting, including forecasts and budgets of the Company and/or Group;
 - to make reports to the Board periodically on its financial positions, key performance indicators, market conditions and business development from time to time;
 - to ensure continuous improvement in quality and value of the Company's products and services;
 - to serve as spokesperson for the Group; and
 - to refer to Board Committees on matters as requested from time to time.

4. GUIDELINES FOR BOARD MEMBERSHIP

4.1 Attributes and Composition

The Board shall consist of individuals who possess diverse experiences, knowledge, qualifications, and expertise besides having high standards of professionalism and integrity. The size of the Board should facilitate the making of informed and sound decisions. At all times, the Board shall have a balanced composition of Executive Director and, with one-third (1/3) Independent Non-Executive Directors, as required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

4.2 Independence

The Independent Directors shall provide independent judgment and objectivity without being subordinated to operational considerations. The Independent Directors help to uphold the interests of all shareholders and not only the interests of a particular group, and that all relevant matters and issues are objectively and impartially considered by the Board. The views and opinions of the Independent Directors shall carry significant weight in the Board's decision-making process.

The Board assesses the independence of the Independent Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board Assessment. A separate assessment for Independent Directors is also undertaken when any new interest or relationships develops.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Company's Annual General Meeting in the event it retains the Director as an Independent Director.

4.3 Procedure for Appointment

Candidates for appointment to the Board and Senior Management are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. For appointment as Director, potential candidates are first evaluated by the Nomination Committee ("NC") and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the existing Directors, management, major shareholders or independent sources.

Newly appointed Directors are expected to declare their time commitment to the Board, and if anyone Director is appointed to sit in other listed corporations as a director, then the said Director should inform the Chairman of the Board.

The number of directorships in listed corporations held by any Board Member at any one time shall comply with the Listing Requirements of Bursa Securities ("Listing Requirements").

The Company Secretary shall be responsible in ensuring that all relevant procedures and compliances are fulfilled relating to the appointment of new Directors.

4.4 Induction and Training for Board Members

The Board shall ensure compliance with Bursa Securities mandatory accredited programme for newly appointed Directors and assess further training programme needs of the Directors on an on-going basis, based on the criteria as determined by the NC.

Appropriate in-house induction programme for newly-appointed Directors shall be carried out as advised by the Company Secretary with appropriate assistance from other Senior Executive Directors.

The Board shall adopt a continuous educational and training programme to update Board Members on new developments in risks control, laws, regulations and other business and management-related subjects that may affect the company's business and compliance requirements.

4.5 Retirement by Rotation

All Directors shall be subject to retirement by rotation in accordance with the Listing Requirements and the company's Constitution.

4.6 Policy on Gender Diversity

The Company does not practice any form of gender biasness as both genders shall be given fair and equal treatment. Any new appointments to the Board shall be based on merits instead of fulfilling any gender quotas.

5. BOARD PROCESS AND SUPPLY OF INFORMATION

The Company shall provide all Directors with timely and quality information and in the form and manner appropriate for them to discharge their duties effectively. Where necessary, the Directors at the expense of the company may consult with experts and professionals for advice.

5.1 Board Meetings

The Board shall meet at least once every quarter throughout the year. The Chairman, assisted by the Company Secretary and Group Managing Director, shall assess the type of information to be furnished at Board Meetings. At each scheduled meeting, a full and comprehensive Board Paper shall be circulated to all Board Members, giving ample time for reading and preparation.

In convening the Board Meetings, all procedures to meet the requirements of a valid Board Meeting shall follow the Company's Constitution. All proceedings in Board Meetings are recorded as minutes and signed by the Chairman of the meeting or Chairman of the next meeting, in accordance with the provisions of the Companies Act 2016. Minutes of the Board Meetings will include a record of the decision and resolution of the Board Meetings and are properly maintained by the Company Secretary.

5.2 Codes of Conduct

The Company Code of Conduct and Ethics is to be observed by all Directors and employees of the Group.

5.3 Board's Access to External Independent Professional Advice

The Board is entitled to obtain external independent professional advice at the Company's cost based on proper guidelines set up by the Board. An external independent advice shall exclude those of personal interests such as the Director's personal disputes, where they do not affect the Board or Company as a whole.

6. BOARD COMMITTEES

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities:-

1. Audit and Risk Management Committee (“ARMC”);
2. Nomination Committee (“NC”); and
3. Remuneration Committee (“RC”).

(Collectively referred to as the “Committees”)

The Committees shall operate under clearly defined terms of reference. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committees’ meetings.

The Board shall at all time exercise collective oversight of the Committees and Management and would not delegate matters to the Committees or Management to an extent that would significantly hinder or reduce the Board’s ability to discharge its functions. Regular reviews on the roles and responsibilities of the Committees would be conducted, when the need arises, to ensure that the Company is able to adapt to changing business circumstances.

The Board through the NC, shall undertake a formal and rigorous annual evaluation of its own performance and effectiveness, including the assessment on the Board as a whole, Board committees, individual committee members and individual Directors.

The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interest and having regards to the criteria for assessing the independence of Directors through the Assessment of Independence of Independent Directors.

The NC and the Board will consider the assessment results from the annual evaluation to determine the re-election and/or re-appointment of Directors, as well as for further development of the Directors.

The Board evaluation shall be facilitated by a professional independent party as and when the Board deem necessary, in order to achieve a greater objectivity to the assessment by providing an unbiased perspective on a Director’s performance and contribution.

7. DIRECTORS’ REMUNERATION

The objectives of the Group’s policy on Directors’ remuneration are to ensure that the Group attracts and retains Directors of calibre and integrity to the run the Group successfully. The Executive Directors’ and senior management’s remuneration will be reviewed by Remuneration Committee annually and recommended for Board’s approval after taking into consideration all relevant factors including the function, workload,

responsibilities, contribution and commitment of the Executive Directors and senior management.

In the case of the Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the Non-Executive Director. The fee which is subject to the approval of the shareholders shall be fixed in sum and not by a commission or on percentage of profits/turnover.

8. FINANCIAL REPORTING & INTEGRITY

The Board aims to present a balanced and comprehensible assessment of the Group's financial position and prospects, and ensures that the financial statements are a reliable source of information for shareholders and other stakeholders.

8.1 Sound Risk Management Framework and Internal Control System

The Board ensures that there is an ongoing process for identifying and managing significant risks faced by the Group.

The Group Managing Director reports to the Board on significant changes in the business and the external business environment which could significantly affect the business risk. In the internal control and operational level, the Management carries out continuous risk assessment review on the Company's and Group's operations, which covers all aspects of its business activities. The risk profiles including its tolerance level thereof, and risk registers are shared regularly by the outsourced independent Risk Assessment Consultant, with the ARMC. The Chairman of the ARMC reports the significant risks and controls issues to the Board for its consideration, as and when necessary.

8.2 Enhancement to System of Internal Control

The internal audit function provides assurance on the efficiency and effectiveness of the internal control systems. The adequacy and effectiveness of the internal control is assessed by adopting a systematic approach in reviewing the Group's business and operational control, risk management and governance process.

8.3 Internal Audit Function

The internal audit function is undertaken by the outsourced independent Risk Consultant. It adopts a risk-based approach and prepares its audit strategy and plans based on the updated risk profile of the Company.

Its objectives are to independently review the system of internal control as established by the Management, the adequacy of such internal control system and make appropriate recommendations for improvement. The Management shall carry out internal audit according to the audit plan or as required, and findings from the internal audit shall be communicated to the Audit Committee for review and endorsement.

The ARMC considers the report from the Risk Consultant's audit function and the Management's responses before reporting and making recommendations to the Board to strengthen the risk management and internal control systems.

9. GENERAL MEETINGS

The Board shall take reasonable steps to encourage shareholders participation at general meetings by serving notices for meetings as required by law and regulation, and disclosing all relevant information so that they could vote accordingly. To facilitate greater shareholder participation, the Board may consider adopting electronic voting.

10. INVESTORS RELATION AND EFFECTIVE COMMUNICATION

The Board acknowledges the need for effective investor relation and communication with shareholders and to provide them with all relevant information affecting the Company; as such, it adopts an open and transparent policy. The Board shall also endeavor to ensure timely release of information to shareholders.

The Annual Report has comprehensive and timely information pertaining to the Group, while various disclosures on quarterly financial results that provide investors with up-to-date financial information can be found on the Company's corporate website.

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

As a corporate citizen, the Board is cognizant of the need to formulate strategies that promote sustainability and stakeholders' interests through internal policies, which are, among others:-

11.1 Employees

Employees are invaluable assets of the Company and play a vital role in helping the Company achieve its vision and mission. In this respect, the Group constantly invest in its employees by sending them for relevant training courses and workshops to upgrade their skills and knowledge. The Board endeavors to provide a conducive working environment and adopts a comprehensive and documented policies and procedures regarding Occupational Safety and Health.

11.2 Community and Social Responsibility

The Board acknowledges that the Company should play an important role in contributing towards the welfare of the community in which it operates, and shall continuously identify opportunities to support charitable causes and initiatives in community development projects.

11.3 Environment

The Board acknowledges the need to safeguard and minimize the impact to the environment while achieving the Company's objectives. The Board's agenda reflects the commitment to economic support for longer term sustainability with a focus on the positive impact on the environment, community and society. To achieve these, the Group:-

- a) complies with the rules and directives set by the relevant authorities in regards to environmental safety and protection;
- b) practices recycling of daily waste materials and appropriate disposals;
- c) Innovation designs to promote energy-efficient houses; and
- d) landscaping concepts that promote better ambience and connections with nature

12. APPLICATION OF THE CHARTER

In promoting good corporate governance, the Board Charter sets out the principles and guidelines that are to be applied by the Board and the Board Committees, as well as identifying their roles, responsibilities and functions in the Company and/or Group. The Board Charter shall be made public in the Company's corporate website and disclosed in its Annual Report.