



## **BOARD CHARTER**

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## 1.0 Introduction

Good corporate governance is recognized globally as fundamental to every organisation to achieve its competitiveness, sustainability and growth. The Board of Directors of Kwantas Corporation Berhad is collectively responsible for the overall conduct and success of the Group in a challenging environment with a view to enhance prosperity and value to Shareholders, whilst not forgetting interest of other stakeholders. The Board members are therefore expected to perform their duties with the upmost integrity, honesty and in a professional manner in accordance with the law.

## 2.0 Purpose

This Board Charter is intended to outline the roles and responsibilities, Board structure and processes of the Board so as to enhance the communication and coordination between the Board and the Management in discharging their duties and responsibilities.

## 3.0 Interpretation

In this Charter:-

“Act”	the Companies Act 2016;
“Board”	the Board of Directors of the Company;
“Business”	the business of the Company and all its subsidiaries;
“Company”	Kwantas Corporation Berhad [Registration No. 199501027397 (356602-W)];
“Director(s)”	members of the Board;
“Group”	the Company and all its subsidiaries;
“Management”	the management personnel of the Group; and



“Shareholder(s)” the shareholders of the Company.

#### **4.0 Roles and Responsibilities**

The Board establishes a clear role and responsibility in discharging its fiduciary duty. The Board assumes, amongst others, the following roles and responsibilities in respect of the Group:-

- (i) to provide continuity for the entire Group;
- (ii) to promote good corporate governance culture within the Group;
- (iii) to formulate a clear vision, goals and strategic directions to govern the Group;
- (iv) to adopt and regularly review or update the Group’s strategic plans;
- (v) to acquire sufficient resources for the Group’s operations and to finance them adequately;
- (vi) to identify and evaluate principal risks involved and to seek appropriate experts’ advice to make an effective decision in the best interest of the Group;
- (vii) to establish a succession planning for key Management positions;
- (viii) to maintain a sound system of internal controls and to review its adequacy and integrity to safeguard Shareholders’ investments and the Group’s assets;
- (ix) to give a true and fair view of the financial position of the Group;
- (x) To establish and formalise sustainable measures and strategies in promoting sustainability on environment, economy and social aspects of business;

- (xi) to oversee the conduct and running of the Group's day-to-day business in the buoyant economy;
- (xii) to oversee and promote effective development and communications with shareholders;
- (xiii) to approve on key transactions such as major acquisitions and disposals, major investments and divestments, audited financial reports and other substantial decisions that will impact the Group's undertakings and properties; and
- (xiv) to act bona fide and use reasonable diligence in the discharge of fiduciary and leadership functions.

## **5.0 Matters Reserved For The Board**

Followings are matters that need to be finally decided on by the Board:-

- (i) Group business strategies, operational plans and budgets;
- (ii) Ongoing review of performance against Group business strategies and operational plans;
- (iii) Investment or divestment in a company/business/property/undertaking;
- (iv) Investment or divestment of a capital commitment which represents a significant diversification from the existing business activities;
- (v) Changes in the major activities of the Company or Group;
- (vi) Corporate or financial exercise/restructuring;

- (vii) Declaration of dividend;
- (viii) Approval and release of interim and annual financial statements;
- (ix) Appointment and removal of Directors;
- (x) Appointment and removal of Company Secretaries;
- (xi) Appointment of Board Committees and members;
- (xii) The alteration of Constitution of the Company; and
- (xiii) Any other matters as may be required by the laws or the governing authorities.

## **6.0 Board Structure**

### **I. Composition**

The Board will decide on what it considers as an appropriate size apart from bringing a wide range of business, industrial and financial experience for the Board to facilitate effective decision making. The Constitution of the Company provided for a minimum of two (2) and a maximum of nine (9) Directors. The Board currently consists of seven (7) members, of whom three (3) are Independent Non-Executive Directors. The number and composition of the Board membership are reviewed on a regular basis so as to be in line with the size, nature and complexity of the Group's operations.

## II. Appointment & Assessment

The appointment of new Director to the Board is a formal and transparent process. The Nominating Committee (“NC”) is established and delegated the responsibility for making recommendations for any appointments to the Board. The NC comprised exclusively of Non-Executive Directors, all of whom are independent. New nomination of Director will first go to the NC. The NC is empowered to assess the required mix of skills, competencies, integrity and experience to be brought to the Board. The Board via its NC establishes a set of criteria to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board annually. Outcome of such assessment will be tabled and discussed across the Board for improvement.

The NC is also charged with the responsibility of determining annually whether an Independent Director can continue to bring independent and objective judgement to Board deliberations. The tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. In the case where the cumulative term exceeds nine (9) years, the Board will justify the continuity of such Independent Director since the Board has in place a policy in which the remaining Independent Directors in the NC together with other Board members and Senior Management who have close dealings with the particular long-serving Independent Director make an independent assessment on an annual basis and recommend to the Board on whether the particular Director is able to continue to act and exercise independent and effective judgement and hence fit to qualify as an Independent Director.

If the Board continues to retain an Independent Director after twelve (12) years, the Board shall seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the shareholders’ meeting :



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

Large shareholder refers to a person who :

- Is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company; or
- Is the largest Shareholder of voting shares in the Company; or
- Has the power to make or cause to be made decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

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

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

However, the resolution is deemed to be defeated where the vote between the two (2) tiers differ or where Tier 1 abstained from voting.

To ensure a balanced Board and ensure 'check and balance', one-third (1/3) of the Board shall comprise of Independent Directors. To ensure balance of power and authority, there shall be clear division in the role and responsibility of the Chairman and the Group Chief Executive Officer such that no one individual represents a considerable concentration of power. The Chairman is





responsible for ensuring Board effectiveness and conduct whilst the Group Chief Executive Officer has overall responsibilities to oversee the daily operational functions of the operating units, strategic planning, organisation effectiveness and implementation of policies and decisions of the Board. Division of responsibilities is reviewed regularly so as to ensure the needs of the organization are met.

### **III. Re-election & Re-appointment**

In accordance with the Company's constitutions, all the Directors shall retire and be eligible for re-election by rotation at each Annual General Meeting ("AGM") at least once in every three (3) years. In addition, one third (1/3) of the Board members shall retire by rotation and shall be eligible for re-election at each AGM.

### **IV. Time Commitment**

All Directors of the Company are expected to devote sufficient time to carry out their responsibilities. Prior to the acceptance of any directorship, a Director is required to notify the Board on companies' appointment outside the Group so that the Board is aware of the time, commitment and resources that will be spent on the new appointment. Any further amendment to the directorship outside the Group shall also be communicated in writing to the Company Secretary.

### **V. Role of Chairman**

The Board will elect a Chairman from among the Directors and the person so appointed shall be a Non-Executive member of the Board. The Chairman assumes a leadership role in the Board by helping the Board fulfil the goals it sets through effective governance processes and represents the Board to the



Shareholders and other stakeholders. The role of the Chairman is to oversee the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board.

The Chairman shall also preside at Board and Shareholders meetings and shall ensure the conduct and proceedings thereof comply with good conduct and practices. He acts as a facilitator at the meetings and ensures no dominant discussions are on-going in order to ensure logical and understandable outcomes. He also encourages active participation and allowing dissenting views to be expressed for the betterment of the Group.

## **VI. Role of Group Chief Executive Officer**

The role of the Group Chief Executive Officer serves as a conduit between the Board and the Management and is primarily responsible for the effective implementation of the day-to-day management of the business in accordance with the strategies and policies approved and adopted by the Board. He leads the Executive Directors of the Company in making and implementing the day-to-day decisions on business operations, managing resources and risks in pursuing the corporate objectives of the entire Group. He continuously improves, develops and drives changes for the growth and profitability of the Group apart from ensuring an effective Management team and skills are putting in place for its development and succession.

## **VII. Role of Executive Directors**

The Executive Directors are involved in the leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They represent the highest level of the Company and are decision makers on matters within their scope under the leadership of the Group Chief Executive Officer.



## **VIII. Role of Independent Non-Executive Directors**

Independent Non-Executive Directors are Directors who are not involved in the day-to-day management of the Group but they will play key supporting roles, contribute knowledge and experience towards the formulation of policies and decision-making process within their particular expertise and experience. The roles of Independent Non-Executive Directors are largely encompassing the scrutinising of Group's performance and providing "check and balance" and ensuring high standards of corporate governance are adhered to.

## **IX. Company Secretary**

Company Secretary of the Company is appointed and removed at the prerogative of the Board. The Company Secretary who is qualified, experienced and competent, plays a supporting and an advisory role in ensuring the Board adheres and complies to the Company's policies, procedures and regulatory requirements from time to time. The Company Secretary is also responsible to update the Board on any new changes and development to the statutory or regulatory requirements pertinent to the duties and responsibilities of Directors.

The Company Secretaries carry out among others, the following duties:-

- (i) maintaining the statutory registers and records in accordance with legal requirements;
- (ii) attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded and kept at the registered office of the Company for future inspection;



- (iii) ensuring that all appointments to the Board and Committees are properly made;
- (iv) facilitating the ongoing provisions of information as may be requested by the Directors and supporting the Board in ensuring ongoing adherence to Board policies and procedures, Bursa Malaysia Securities Berhad Main Market Listing Requirements and other compliances; and
- (v) facilitating the communication of key decisions and policies between the Board, Board Committees and Senior Management.

## **X. Board Committees**

The Board may from time to time establish Committees as it deems appropriate to assist in the discharge of its duties and responsibilities.

The Board has so far established the following Committees, namely:-

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

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Each Committee shall operate within its own specific terms of reference as approved by the Board. Such terms of reference of the Committees shall be reviewed periodically and amended accordingly after approval is obtained from the Board.

The Chairman of the respective Committees will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

## **7.0 Board Procedures**

### **I. Board Meeting**

Board meeting is convened to discuss and consider various matters including the Group's quarterly financial results, performance review, major investment decisions, future business planning, major operational and financial issues. Salient matters that required the Board's notice or direction will be highlighted during the Board meeting. All pertinent issues discussed at the meeting in arriving the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. Minutes of meeting shall be circulated to Board members and shall be approved by the Chairman of the next succeeding meeting.

The Board will convene meetings minimally four (4) times a year, with additional informal meetings and discussions to be convened as and when necessary. The daily operational matters that require urgent and immediate Board decision will be sought via Directors' Resolution In Writing, supported by full detail information.

Every Director must attend at least fifty (50%) percent of the Board meetings held in each financial year.



## **II. Agenda and Meeting Papers**

Notice of meetings confirming the venue, time and date, agenda as well as the relevant Board papers, shall other than exceptional circumstances, be circulated to each Board member at least seven (7) days before the scheduled meeting to enable them to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

## **III. Quorum**

A minimum of two (2) members of the Board shall form a quorum.

## **IV. Access To Information And Independent Advice**

Directors shall have unrestricted access to all Company's information and records that are pertinent to the discharge of their duties and responsibilities.

Directors shall also have access to advice and services of the Company Secretary and any other independent professional advice at the cost of the Company in carrying out their duties.

## **V. Mode of the Meeting**

Board meeting shall normally be conducted face-to-face to enable effective discussion. Such meeting may also be conducted via telephone conferencing, video conferencing or other appropriate electronic means as determined by the Board.



## **8.0 Directors' Training And Continuing Education**

All newly appointed Directors are required under the auspices of Bursa Malaysia Securities Berhad to undergo the Mandatory Accreditation Programme. In addition, Directors are encouraged to attend continuous education or suitable training programme each year to keep themselves updated and equipped with the requisite knowledge and competencies to make effective contribution to the Board despite their busy schedule of work.

## **9.0 Authority**

This Board Charter is subject to the provisions of the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance and any other applicable law or regulatory requirements.

## **10.0 Code of Ethics**

The Company has formalized a set of the guiding principles to govern the standard of ethics and good conduct expected of Directors and employees of the Company. Directors of the Company should observe a set of ethical standards of behaviour in the discharging of their duties from time to time.

## **11.0 Review of the Board Charter**

The Board will assess the adequacy of this Board Charter periodically and will take into consideration the needs of the Group as well as any latest development in rules and regulations that may have impact over the Board's duties and responsibilities.