

# **BOARD CHARTER**

## **1. INTRODUCTION**

The Board of Directors (“Board”) of Privasia Technology Berhad (“the Company”) recognizes Corporate Governance as being vital and important to the success of the Company and its Group of Group of Companies (“Group”) businesses.

The Board of the Company is primarily responsible for ensuring that the principles of good corporate governance are practiced and appropriate corporate governance structure is in placed the Company and its Group in creating, protecting and enhancing shareholders’ and stakeholders’ values and in promoting sustainability.

The Board of the Company are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to fiduciary duties and responsibilities.

## **2. OBJECTIVE**

The objective of the Board Charter are to ensure that the Board are aware of their roles, duties and responsibilities and the application of principles and practices of goods corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

## **3. THE BOARD OF DIRECTORS**

### **3.1 ROLES AND RESPONSIBILITIES**

The Board assumes, amongst others, the following duties and responsibilities:-

- i. reviewing and adopting the overall strategic plans and programmes for the company and group;
- ii. overseeing and evaluating the conduct of business of the company and group;
- iii. indentifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- iv. establishing a succession plan;
- v. developing and implementing a shareholder communication policy for the company;
- vi. reviewing the adequacy and the integrity of the management information and internal controls systems of the company and group; and

- vii. the board delegates certain responsibilities to the various board committees with clearly defined terms of reference to assist the board in discharging its responsibilities;

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

- i. approval of corporate plans and programmes;
- ii. approval of annual budgets, including major capital commitments;
- iii. approval of new ventures;
- iv. approval of material acquisition and disposals of undertakings and properties;
- v. change to the management and control structure within the company and its subsidiaries (“the Group”), including key policies, delegated authority limits; and
- vi. the Board also review and update the Whistle-blowing policy.

### **3.2 BOARD COMPOSITION AND BALANCE**

The Board currently comprises six (6) members, of whom two (2) are Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Board members, with different backgrounds and specializations, collectively bring with them a wide range of experience and expertise to lead the Company.

The composition and size of the Board is a well-balanced with an effective mix of Executive Directors and Independent Non-Executive Directors, which is in line with the Code and with the right mix of skills and experience. This balance enables the Board to provide clear and effective leadership to the Group and facilitates the Board in making informed and critical decisions on many aspects of the Group’s strategies and performances. The Board structure also ensures that no individual or group of individuals dominates the Board’s decision making process.

The Executive Directors who have good knowledge of the business are responsible for implementing corporate strategies and policies as well as charged with the management of the day-to day operations of the business. The Independent Non-Executive Directors play a pivotal role in corporate accountability.

The Independent Non-executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement or the ability to act in the best interests of the Group and of the minority shareholders. The presence of the Independent Non-Executive Directors are essential in providing the Group with a wider general experience of strategy formulation, unbiased and independent opinions, advices, judgements, objective view of the performance of the

management and professionalism to ensure that adequate systems are used to safeguard the interest not only of the Group, but also of minority shareholders and stakeholders of the Group.

There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure a proper balance of power and authority.

#### **4. CHAIRMAN**

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- 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. ensuring the provision of accurate, timely and clear information to members of the Board;
- iv. ensuring effective communication with shareholders and relevant stakeholders;
- v. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- vi. facilitating the effective contributions of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;
- vii. facilitating the ongoing development of all Directors.

The Chairman, in consultation with the Group CEO/Managing Director and the Company Secretary, sets the agenda for Board meetings and ensure that all relevant issues are on the agenda.

The Chairman ensures orderly conduct and proceedings of the Board and general meeting and is responsible for managing the business of the Board to ensure that:

- all Directors are properly briefed on issues arising at Board meetings;
- Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable through preparation for the Board discussion; and
- The issues discussed are forward looking and concentrates on strategy.

The Chairman ensures that every Board resolution is put to vote by the Directors to ensure the will of the majority prevails.

The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

## **5. GROUP MANAGING DIRECTOR (GMD)/CHIEF EXECUTIVE OFFICER (CEO)**

The GMD/CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

The GMD/CEO is primarily accountable for overseeing the day-to day operations to ensure the smooth and effective running of the Group.

The GMD/CEO is responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls.

The GMD/CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GMD/CEO and this will be considered as the GMD's/CEO's authority and accountability as far as the Board is concerned.

## **6. BOARD COMMITTEES**

To assist the Board in fulfilling its duties and responsibilities, the Board has established Four (4) Committees as follows:-

- i. Audit and Risk Management Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Investment Committee

Each Committee has a formal Terms of Reference and has its own functions and delegated roles, duties and responsibilities.

Each Committee has an obligation to report on its Meetings and deliberations to the Board and the minutes of all Committee Meetings are table to the Board Meetings for the Directors to take note.

Independent and Non-Executive Directors play a leading role in the committees above.

The Terms of Reference of each of the above are set below. Details of the membership and summary of the Terms of Reference of each Committee appointed by the Board are also published in the Annual Report.

### **6.1 AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee assists the Board in regards to the following:-

Assess the Group's processes relating to its risks and control environment.  
Oversee the financial reporting.

Evaluate the financial statements comply with applicable financial reporting standards.

Establish policies and procedures to assess the suitability and independence of the External Auditors.

## **6.2 NOMINATION COMMITTEE**

The Nomination Committee assists the Board in regards to the following:-

- to review, recommend and consider suitable candidates to the Board of the Group, including committees of the Board;
- to review and determine the mix of skills, experience and other qualities, including core competencies of Non-executive Directors, on an annual basis;
- to assess the Directors on an on-going basis and the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors as well as Chief Executive Officer;
- to recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors;
- to provide a succession planning policy and ensure that the policy is kept under review;
- to examine particular issues and make the appropriate recommendations to the Board;
- to ensure the composition of the Board is in accordance with the Memorandum and Articles of Association and the requirements for Best Practice of Corporate Governance
- to assess and recommend to the Board, the terms of reference of Board Committees and review the adequacy of committee structure of Board Committee

## **6.3 REMUNERATION COMMITTEE**

The Remuneration Committee assists the Board in regards to the following:-

- to establish and review the terms and conditions of employment and remuneration of executive Directors and Key Senior Management Officers of the Group to ensure that rewards commensurate with their contributions to the Group's growth and profitability; and supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy;
- to review annually the performance of the executive Directors and

recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;

- to ensure the level of remuneration for Independent Non-executive Directors reflects their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board. Reviews and recommends changes to the Board where necessary; and
- keep abreast of the terms and conditions of service of the executive Directors including their total remuneration package for market comparability. Reviews and recommends changes to the Board where necessary.

## **6.4 INVESTMENT COMMITTEE**

The Investment Committee assists the Board in regards to the following:-

- To study/review/evaluate on an ongoing basis the appropriateness of the proposal in the light of economic and business conditions affecting the Company, and make recommendations for Board approval as may be appropriate. The Chief Executive Officer and/or Deputy Chief Executive Officer be authorised to sign the agreement.
- To assess the proposal/agreement recommended by the Board and make appropriate recommendation to Board.
- To monitor performance, including the performance of outside investments managers, to ensure that investment returns falls within acceptable limits
- To review/evaluate and approve, at least annually, the investment strategy framework of the Group's investment portfolios.
- To examine current global investment portfolio dispositions and ensure these remain consistent with the Group's current strategy and risk framework and appetite.
- To review, challenge and approve (as appropriate) specific major investment strategy proposals.
- To review the operational framework of the global investment portfolios of the Group, including the use of both internal and external fund management resources.
- To review the performance generated by the investment assets of the Group, both in absolute terms and relative to benchmark targets.

## **7. APPOINTMENT AND RE-ELECTION OF BOARD MEMBERS**

The Code provides greater clarity on the aspects of which Nominations Committee should consider when recommending candidates for directorship. The Code further places the importance of the Director appraisal where Nomination Committee should ensure that its assessments and evaluations are properly documented.

In accordance with the Company's Articles of Association, all Directors are required

to submit themselves for re-election by rotation at least once in every three (3) years at each Annual General meeting (AGM). Newly appointed Directors shall hold office until the AGM following their appointment and shall then be eligible for re-election by shareholders. The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors are approved by the Board upon the recommendation of the Nomination Committee.

The Articles of Association also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years from date of appointment in compliance with the Listing Requirements of the Bursa Securities.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually.

The Board, through its delegation to the Nomination Committee, has set up and implemented the process for the assessments of its Chairman, the individual Board Members and the Board as a whole.

The Nomination Committee reviewed the skills mix and experience of the individual Directors and assessed the effectiveness of the Board as a whole.

## **7.1 Independence**

- i. An independent Non-Executive Director is independent of management and free of any significant business or others 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.
- ii. The independent Directors provide independent judgement, experience and objectively without being subordinated to operational considerations.
- iii. The independent Directors help to ensure that the interests of all shareholders, and not only the interest of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

## **7.2 Tenure of Independent Director**

- i. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to

remain designated as Independent Directors, the Board shall first justify and obtain shareholders' approval.

- ii. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

## **8. DIRECTOR'S TRAINING**

All Directors have attended the Mandatory Accreditation programme (MAP) and from time to time Continuing Education Programme (CEP) prescribed by the Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the Listing Requirements of Bursa Securities.

## **9. THE COMPANY SECRETARY**

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committee, and between the Non-Executive Directors and Managements.

## **10. BOARD MEETINGS**

All Directors are provided with an agenda inclusive of relevant Board papers prior to each Board meeting. The Board papers include minutes of the last Board meeting, agenda for the current meeting and any report and documents pertaining



to the issues to be discussed at the meeting. The Board papers are issued in sufficient time to enable the Directors to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. The Chairman of the Board chairs the Board meetings while the Managing Director leads the presentation and provides explanations on the Board reports. Senior Management staff may be invited to attend the Board meetings to explain and clarify matters being tabled.

In addition to quarterly Board meetings, briefings are conducted for the Board from time to time on various issues such as changes to company and securities legislations, rules and regulations to inform them of their latest developments in these areas. The Directors are also notified of any corporate announcements released to the Bursa Securities. They are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the unaudited quarterly financial result announcement.

In exercising their duties, the Board has unrestricted access to timely and accurate information which is not only quantitative but also other information deemed suitable within the Group, whether as a full Board or in their individual capacity. All Directors also have direct access to the advice and the services of the Group's Company Secretary in carrying out their duties. In addition, the Board may also seek professional opinion and independent advice from external consultants, if necessary, at the Company's expense.

## **11. REMUNERATION POLICIES**

- i. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- ii. The level of remuneration for the GMD/CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysia public listed companies.
- iii. No Director other than the GMD and Executive Directors shall have a service contract with the Company.
- iv. There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

## **12. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board acknowledges the importance of maintaining transparency and accountability to all its stakeholders, particularly its shareholders and investors as it

ensures that market credibility and investor's confidence are maintained. Through extensive disclosure of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfill transparency and accountability objectives.

At this juncture, the channel of communication to shareholders, stakeholders and general public for the overall performance and operations of the Group's business activities are press releases, public announcements on quarterly basis, annual report and disclosures to the Bursa Securities.

Meeting with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and management to convey information about Group's performance, strategy and other matters affecting shareholders' interests.

At the Annual General Meeting (AGM) presents the principal forum for dialogue and interaction with shareholders. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association. A presentation is given by the Chairman to explain the Group's strategy, performance and major Development to shareholders during the AGM. Shareholders are accorded both the opportunity and time to raise questions or offer constructive criticism pertaining to the operations and financial matter of the Group; whilst the Board and Senior Management will provide the answers and appropriate clarifications to issues raised. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if necessary.

Besides the key channels of communications through the annual report, general meetings and announcements to Bursa Securities as well as analyst and media briefings, there is also continuous effort to enhance the Group's website at [www.privasia.com](http://www.privasia.com). as a channel of communication and information dissemination. Continuous improvement and development of the website will be undertaken by the Group to ensure easy and convenient access.

### **13. FINANCIAL REPORTING**

The Board aims to provide and present a clear, balanced and meaningful assessment of the Group's financial position and prospects by ensuring quality financial reporting through the annual financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to

submission to the Board for its approval. As required by the Companies Act, 1965, the Directors are responsible for the preparation of annual financial statements in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year. The accounting policies and methods once adopted, are consistently applied and supported by reasonable judgements and estimates.

The Directors have responsibility for ensuring that Group keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and to prevent and detect fraud as well as other irregularities.

#### **14. INTERNAL CONTROL**

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the system of internal controls of the Group is reviewed periodically by the Audit Committee.

#### **15. RELATIONSHIP WITH AUDITORS**

The Board maintains a transparent and professional relationship with the external auditors. The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the executive Directors and the management at least twice a year. From time to time, the external auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report of this Annual Report.

#### **16. CONFLICTS OF INTERESTS**

a) Directors must:

- Disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
- Take any necessary and reasonable measures to try to resolve the conflict; and
- Comply with the Companies Act provision on disclosing interests and restrictions on voting.
- If a conflict or potential conflict situation exists, it is required that the conflicted Directors shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that those directors are satisfied that the interest should not disqualify the director from being present.
- Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

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

The PRIVA Code of Ethics and Conduct is to be observed by all Directors and employees of the Group, and the core areas of conducts under the Code include the followings:-

- i. conflict of interest ;
- ii. confidential information;
- iii. inside information and securities trading;
- iv. protection of assets;
- v. business records and control;
- vi. compliance to the law;
- vii. personal gifting and contribution;
- viii. health and safety;
- ix. sexual harassment;
- x. outside interest;
- xi. fair and courteous behavior; and
- xii. misconducts.

## **18. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

All directors have access to the advice and services of the Company Secretary. The Director is entitled to seek external independent professional advice on matters relating to the Company's business and operations with the discharge of their responsibilities at the expenses of the Company.

## **19. REVIEW OF THE BOARD CHARTER**

- i. The principles set out in this Charter are:-
  - a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant authorities; and
  - b) applied in practice having regard to their spirit and general principles rather than to the letter alone.
  - c) summarized in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- ii. The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- iii. The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

The Board Charter is made available for reference in the Company's website at [www.privasia.com](http://www.privasia.com).

### **Charter History**

Board Charter approved by the Board on 24th May 2013