

**INSTACOM GROUP BERHAD**

**BOARD CHARTER**

ADOPTED ON

24 APRIL 2014

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## **Foreword**

The Board of the Company is responsible for the overall corporate governance of Instacom Group Berhad, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of these goals with a view to optimising Company performance, maximizing shareholder value and safeguarding the stakeholders' interest.

All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The management shall support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The responsibility for the operation and administration of the Group of Companies is delegated by the Board to the Chief Executive Officer. All Board members are responsible to the Company for achieving a high level of good corporate governance.

This Board Charter shall constitute and form an integral part of each Director's roles and responsibilities.

## **OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of the Company.

This Board Charter is not an "all inclusive" document and should be read as a broad expression of principles of good corporate governance. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

## **ROLES AND RESPONSIBILITIES**

### **(A) ROLE OF BOARD**

The Board is responsible for the proper stewardship of the Company and its subsidiaries (collectively referred as “Group”). Hence, the Board should collectively have sound and sufficient knowledge, and expertise to enable effective governance and oversight.

In discharging the Board’s responsibilities and facilitating the on-going oversight of the Group, the Board has agreed that its role include, but not limited to the following:-

#### **1. Ethics and Compliance**

- 1.1. The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board is guided by the Directors’ Code of Ethics in discharging its oversight role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity, and to apply these values in all aspects of the Group’s business and professional practice and act in good faith in the best interests of the Group and its shareholders.

- 1.2. The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and recommendations stated in the Malaysian Code on Corporate Governance 2012 (“MCCG”). The Board includes a narrative statement in its Company’s Annual Report on the extent of compliance with the principles and recommendations of MCCG, and the Listing Requirements (“LR”).
- 1.3. The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 1.4. The Board establishes the corporate vision and mission, as well as the philosophy of the Company, setting goals for the Management and monitoring the performance of Management.
- 1.5. The Board assumes the following specific duties in accordance to the Limits of Authority :-
  - 1.5.1. Providing input and final approval on the annual operating budget.
  - 1.5.2. Approving major capital expenditure, capital management and acquisitions/divestitures.

## **ROLES AND RESPONSIBILITIES (CONT'D)**

### **1. Ethics and Compliance (Cont'd)**

#### **1.6. Major Responsibilities of the Board**

##### **1.6.1 Reviewing and adopting a strategic plan for the Company.**

The role of the Board is to review, challenge and approve management's proposal on the strategic plan of the Company. The Board brings objectivity and breadth of judgment to the strategic planning process as they are not involved in the day-to-day management of the business. The Board should satisfy itself that management has taken into account all appropriate considerations in establishing the strategic plan for the Company. The Board is also responsible for monitoring the implementation of the strategic plan by management.

##### **1.6.2 Overseeing the conduct of the company's business**

A basic function of the Board is to oversee the performance of management to determine whether the business is being properly managed. The Board's obligation to oversee the performance of management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the Board must ensure that there are measures in place against which management's performance can be assessed.

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

The Board must understand the principal risks of all aspects of the Company's business and recognise that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The Board must therefore ensure that there are systems in place which effectively monitor and manage these risks.

##### **1.6.4 Succession planning.**

The Board should ensure that all candidates appointed to senior management positions are of sufficient calibre. The Board should also be satisfied that there are programmes in place to provide for the orderly succession of senior management.

##### **1.6.5 Overseeing the development and implementation of a shareholder communications policy for the company**

The responsibility of the Board is to ensure that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders are considered by the Company when making business decisions

##### **1.6.6 Reviewing the adequacy and the integrity of the management information and internal controls system of the company.**

The Board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

## **ROLES AND RESPONSIBILITIES (CONT'D)**

### **2. Policies and Strategies**

- 2.1 The Board has established written procedures (such as the Delegation of Authority Table, Memorandum & Articles of Association of the Company, Board Manual and other documents) to determine which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 2.2 The Board oversees the Company's Policies as a whole. This includes the Code of Ethics and Conduct, Whistleblowing Policy and other significant policies recommended under MCGG. The Code of Ethics and Conduct promotes ethical values and standards in the workplace while ensuring appropriate internal systems are in place to support, promote and ensure its compliance. The Whistleblowing Policy sets the appropriate communication channels to facilitate whistleblowing by employees, customers, suppliers and other stakeholders.
- 2.3 The Board reserves full decision-making powers on the following matters:
  - 2.3.1 Conflict of interest issues relating to a substantial shareholder or a Director.
  - 2.3.2 Material acquisition and disposition of assets not in the ordinary course of business
  - 2.3.3 Investments in capital projects
  - 2.3.4 Authority levels.
  - 2.3.5 Treasury policies and bank mandate.
  - 2.3.6 Risk management policies.
  - 2.3.7 Key human resource issues.

### **3. Internal Controls and Risk Management**

- 3.1 The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls
- 3.2 The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk faced by the Group.
- 3.3 The Group has outsourced its internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the business processes practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis.

Internal audit function have direct access to the Board through the Chairman of the Audit Committee.

**ROLES AND RESPONSIBILITIES (CONT'D)**

**(B) ROLE OF INDIVIDUAL DIRECTORS**

- 1.0 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities. Broadly these include:-
  - 1.1 Acting in good faith and in the best interests of the Company as a whole.
  - 1.2 Acting with care and diligence and for proper purpose.
  - 1.3 Avoiding conflict of interest with the Company in a personal or professional capacity.
  - 1.4 Refraining from making improper use of information gained through the position of a director and from taking improper advantage of the position of director.
- 2.0 Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known to be confidential and not use information gained through the Board for their own personal interest, or their employers' interest.

**(C) ROLE OF INDEPENDENT DIRECTOR**

- 1.0 To execute their role, independent directors, have similar responsibilities to those of other directors. The fiduciary duties of care, diligence and acting in good faith apply equally to independent directors as to other directors. In view of faith imposed on them by various agencies they are more bound to execute their functions with impartiality.
- 2.0 It is necessary for the independent directors to:
  - 2.1 Prepare themselves thoroughly for the meeting.
  - 2.2 Be objective in forming sound decisions relating to the Company and its business.
  - 2.3 Be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates.
  - 2.4 Be committed to decisions made as a Board.
  - 2.5 Continuously seek information both within and if required outside professional knowledge to keep abreast with the latest developments in the areas on the Company's operations.
  - 2.6 Be informed on laws and regulations influencing their functioning as directors.
  - 2.7 Utilize the expertise they possess to the good advantage of the company.
- 3.0 The most important role that independent directors play directly in relation to the Board is the objective view that they bring to deliberations while evaluating the Board's and the management's decisions, and creating a balance in the interest of the shareholders.

**ROLES AND RESPONSIBILITIES (CONT'D)**

**(D) ROLE OF CHAIRMAN**

- 1.0 The Chairman leads the Board and is responsible for the effective performance of the Board.
  
- 2.0 The Chairman is responsible for:
  - 2.1 Leading the Board in setting the values and standards of the Company and Group.
  - 2.2 Maintaining a relationship of trust with and between the Executive and Non-Executive Directors.
  - 2.3 Ensuring the provision of accurate, timely and clear information to Directors.
  - 2.4. Ensuring effective communication with shareholders and relevant stakeholders.
  - 2.5 Arranging evaluation of the performance of the Board, its Committees and individual Directors.
  - 2.6 Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
  - 2.7 Facilitating the on-going development of all Directors.
  
- 3.0 The Chairman, in consultation with the Group Managing Director and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
  
- 4.0 The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
  - 4.1 All Directors are properly briefed on issues arising at Board meetings.
  - 4.2 Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board's discussion.
  - 4.3 The issues discussed are forward looking and concentrate on strategy.
  - 4.4 Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of the Board members to chair the said meeting.

**ROLES AND RESPONSIBILITIES (CONT'D)**

**(E) ROLE OF CHIEF EXECUTIVE OFFICER (“CEO”)**

- 1.0 The CEO is primarily accountable for overseeing the day-to-day operations of the Group and to ensure the smooth and effective running of the Group.
- 2.0 The 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.
- 3.0 The CEO ensures that the financial management practices are performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with relevant laws and regulations.
- 4.0 The CEO provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- 5.0 The CEO is the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions.
- 6.0 The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO’s authority and accountability as far as the Board is concerned.

**(F) ROLE OF COMMITTEE**

- 1.0 The Board appoints the following Board Committees with specific terms of reference:
  - (1) Audit Committee
  - (2) Nomination Committee
  - (3) Remuneration Committee
- 2.0 Independent and Non-Executive Directors play a leading role in these Committees. Management and third parties are invited to the Committees as and when required.
- 3.0 The respective committees’ terms of reference are set out in the Appendices.

**(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD**

- 1.0 Size and Composition
  - 1.1 At any one time, at least two or one-third, whichever is higher, of the Board members are Independent Directors.
  - 1.2 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

**ROLES AND RESPONSIBILITIES (CONT'D)**

**(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD (CONT'D)**

- 1.3 Qualifications for membership of the Board include:
- 1.3.1 Appropriate knowledge, understanding and experience of the conduct of the business, as well as the laws, customs and values that govern the activities of the organisation.
  - 1.3.2 Ability to make informed business decisions and recommendations.
  - 1.3.3 Entrepreneurial talent for contributing to the creation of shareholder value.
  - 1.3.4 Ability to ask sensible questions.
  - 1.3.5 High ethical standards and professional approach to duties as well as sound practical sense.
  - 1.3.6 Ability to see the wider picture and perspective, with some benefit of international experience.
  - 1.3.7 Integrity in personal and business dealings.
  - 1.3.8 Proactive and total commitment to furthering the interest of the Company's shareholders and to achieve the Company's goals.
- 1.4 A Non-Executive Director is considered an individual who:
- 1.4.1 has no direct or indirect pecuniary interest in the Company other than his/her Director's emoluments and his/her "permitted" shareholdings in the Company;
  - 1.4.2 is not an employee of the Company or affiliated with it in any other way and is not involved in the day-to-day running of the Company's business but may have pecuniary interests in the Company, whether direct or indirect; or
  - 1.4.3 is not an employee of the Company but standing as a nominee for a substantial shareholder.
- 1.5 Key competencies required for Non-Executive Directors:-
- 1.5.1 To provide an independent view to matters under consideration.
  - 1.5.2 Ability to add value to the Board's deliberations.
  - 1.5.3 To contribute to the breadth and depth of experience of the Board.
  - 1.5.4 Ability to communicate clearly.
  - 1.5.5 Ability to demonstrate a wide and unfettered perspective on issues and bring to the Board, integrity and a strong sense of ethics.
  - 1.5.6 Organisational and strategic awareness and an appropriate level of financial literacy.
  - 1.5.7 Knowledge on the responsibilities of a Director.
  - 1.5.8 Ability to constructively collaborate as part of a team contributing towards the successful performance of the Company.

**(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD (CONT'D)**

- 1.5 Key competencies required for Non-Executive Directors (cont'd):-
  - 1.5.9 Possess appropriate and relevant industry-specific knowledge and experience.
- 1.6 An Independent Non-Executive Director is considered an individual who:
  - 1.6.1 Is not an Executive Director of the Company or any related corporation of the Company.
  - 1.6.2 Has not been within the last two years and is not an officer (except as a Non-Executive Director) of the Company or any related corporation of the Company. For this purpose, "officer" shall have the meaning given in Section 4 of the Companies Act, 1965.
  - 1.6.3 Is not a major shareholder of the Company or any related corporation of the Company.
  - 1.6.4 Is not a family member of any Executive Director, officer or major shareholder of the Company. For this purpose, "family member" means spouse, parent, brother, sister, child (including adopted or step child) and spouse of his child, brother or sister.
  - 1.6.5 Is not acting as a nominee or representative of any Executive Director or major shareholder of the Company or any related corporation of the Company.
  - 1.6.6 Has not been engaged as a professional adviser by the Company under such circumstances as prescribed by Bursa Securities either personally or through a firm or company of which he is a partner, director (except as an Independent Director) or major shareholder, as the case may be.
  - 1.6.7 Has not been engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has been engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.
- 1.7 The above guidelines 1.6 must be applied with common sense and the Board must give effect to the spirit, intention and purpose of the above definition and criteria. Directors should be able to determine if they have an interest or relationship which is likely to have impact on their independence. As such, Directors are expected to advise the Chairman immediately if they believe that they may no longer be independent. Should the Chairman or any other Director has any concern about the independence of a Director, he/she must immediately raise the issue with that Director, if the issue is not resolved.

**(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD (CONT'D)**

2.0 Nomination and Appointments

- 2.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 2.2 The Company Secretary has the responsibility for ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 2.3 Upon the appointment of a new Director, the new board member shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to newly appointed Directors:-
  - Board Charter
  - Memorandum and Articles of Association of the Company
  - Latest Annual Report
  - Organisation Chart
- 2.4 The Company Secretary shall explain the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies.
- 2.5 The directorships held by any Board member at any one time shall not exceed five in listed companies.

3.0 Time Period of Office

- 3.1 All Directors are subject to retirement by rotation at least once in every three years and is eligible for re-election.
- 3.2 New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.
- 3.3 The tenure of an independent director should not exceed a cumulative of nine years. Upon completion of the 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, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the director as an independent director.

**(G) GUIDELINES FOR MEMBERSHIP OF THE BOARD (CONT'D)**

4.0 Independence

- 4.1 An Independent Non-Executive Director 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.
- 4.2 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 4.3 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests 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.
- 4.4 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 4.5 The Board undertakes to assess the independence of the Independent Directors on an annual basis upon readmission or when any new interest or relationship develops.

5.0 Time commitment of Director for accepting new directorships

- 5.1 Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board and the performance of its duties and to give sufficient time and attention to the affairs of the Company/ Group.
- 5.2 Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

**(H) PERFORMANCE OF THE BOARD**

1.0 Directors' Assessment / Board Evaluation

- 1.1 The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.
- 1.2 The Board evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment and an Assessment on the Independence of Independent Directors.
- 1.3 The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's roles and responsibilities.
- 1.4 For Individual (Self & Peer) Assessment, the assessment criteria include contribution to interaction, quality of input, and understanding of role.

**(H) PERFORMANCE OF THE BOARD (CONT'D)**

- 1.0 Directors' Assessment / Board Evaluation (Cont'd)
  - 1.5 The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company, and his involvement in any significant transaction with the Company.
- 2.0 Directors' Training and Development
  - 2.1 In addition to the mandatory programmes as required by Bursa Securities, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.
  - 2.2 The Nomination Committee shall assess the training needs of the Directors and ensure Directors have access to continuing education programme.
  - 2.3 The Board shall disclose in the Annual Report the trainings attended by the Directors.

**(I) MEETING**

- 1.0 Board Meeting
  - 1.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
  - 1.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as appropriate and promptly as possible.
  - 1.3 A full agenda and comprehensive Board papers should be circulated to all Directors in advance of each Board meeting.
  - 1.4 Full Board minutes of each Board meeting shall be kept by the Company Secretary and shall be available for inspection by any Director during office hours.
- 2.0 Annual General Meeting ("AGM")
  - 2.1 The Board regards the AGM as an important event in the corporate calendar, which all Directors and key senior executives should attend
  - 2.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides ample opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
  - 2.3 The Company must ensure that any vote of shareholders taken at the AGM on the resolution approving Related Party Transaction is taken on a poll.

- 2.4 To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
- 2.5 The Chairman and, where appropriate, the CEO should respond to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

3.0 Extraordinary General Meeting ("EGM")

- 3.1 The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring an immediate attention of the Company.

**(J) REMUNERATION POLICY**

- 1.0 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.
- 2.0 The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 3.0 No Director other than the CEO and Executive Directors shall have service contract with the Company.
- 4.0 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

**(K) ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- 1.0 Directors may access information on the Company/ Group and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.
- 2.0 Directors will be entitled to:
  - 2.1 Access members of the senior management via the CEO at any time to request relevant and additional information or seek explanations.
  - 2.2 Have access to internal and external auditors, without management's presence.
  - 2.3 Seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

**(L) FINANCIAL REPORTING**

1.0 Transparency

- 1.1 The Directors shall ensure 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.
- 1.2 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two months after the end of each quarterly financial period.
- 1.3 The auditors report shall contain a statement from the auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

2.0 Company Auditors

- 2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's auditors through its Audit Committee.
- 2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company's auditors. The Company shall ensure that the Company's auditors do not supply a substantial volume of non-audit services to the Company.
- 2.3 Appointment of the Company's auditors is subject to approval of shareholders at General Meetings. The Company's auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

**(M) SHAREHOLDERS COMMUNICATIONS**

1.0 Investor Relations

- 1.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 1.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 1.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 1.4 The Company leverage on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

**(M) SHAREHOLDERS COMMUNICATIONS (CONT'D)**

2.0 Other Stakeholders

- 2.1 In the course of pursuing the vision and mission of the Company, the needs and interests of other stakeholders are also taken into consideration.

3.0 Employees

- 3.1 The Board acknowledges that employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 3.2 The Company adopts comprehensive and documented policies and procedures with respect to the occupational safety and health with the objective of providing a safe and healthy working environment for all employees
- 3.3 In line with best practice, the Company has established an Occupational Safety and Health (OSH) Committee for the effective management of safety and health issues. It is a forum for discussion and the development of new ideas, for the improvement of safety and health programmes.

4.0 Environment

- 4.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 4.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 4.3 The Company supports initiatives on environmental issues.

5.0 Social Responsibility

- 5.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 5.2 The Company supports charitable causes and initiatives on community development projects

**(N) COMPANY SECRETARY**

- 1.0 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 2.0 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 3.0 The Company Secretary is a central source of information and advices to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 4.0 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
  - 4.1 Disclosure of interest in securities
  - 4.2 Disclosure of any conflict of interest in a transaction involving the Company
  - 4.3 Prohibition on dealing in securities
  - 4.4 Restriction on disclosure of price-sensitive information.
- 5.0 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 6.0 The Board members have unlimited access to the professional advices and services of the Company Secretary.

**(O) CONFLICT OF INTERESTS**

- 1.0 Directors must:
  - 1.1 disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflict of interest which may exist or be thought to exist as soon as they become aware of the issue
  - 1.2 take any necessary and reasonable measures to try to resolve the conflict
  - 1.3 comply with the Companies Act provisions on disclosing interests and restrictions on voting
- 2.0 If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be excused 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 states that those directors are satisfied that the interest should not disqualify the director from being present.
- 3.0 Directors are expected to advise the Company Secretary on any proposed Board or executive appointment to other companies as soon as practicable.

**(P) APPLICATION**

- 1.0 The principles set out in this Charter are:
  - 1.1 Kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.
  - 1.2 Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- 2.0 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 3.0 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.
- 4.0 Any update to the principles and practices set out in this Charter will be made available on the Company's website, as and when necessary.

## **INSTACOM GROUP BERHAD – APPENDIX A**

### **Terms of Reference of Audit And Risk Management Committee**

#### **1. Composition**

- (a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.
- (b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.
- (c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.
- (d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.
- (e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.
- (f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.
- (g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

#### **2. Duties and Responsibilities**

The duties and responsibilities of the Committee shall include the followings :-

##### ***Matters relating to External Audit***

- (a) To review the nomination of external auditors and their audit fees;
- (b) To review the nature, scope and quality of external audit plan/arrangements;
- (c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;
- (d) To review the external auditors' audit report;
- (e) To review with the external auditors, their evaluation of the system of internal accounting controls;
- (f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;
- (g) To review any letter of resignation from the external auditors;
- (h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
- (i) To review the assistance given by the Company's officers to the external auditors.

## **INSTACOM GROUP BERHAD – APPENDIX A**

### ***Matters relating to Internal Audit function***

- (a) To review the effectiveness of the internal audit function;
- (b) To review the internal audit programme and results of the internal audit process;
- (c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;
- (d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (e) To review the assistance and co-operation given by the Group and its officers to the internal auditors.

### ***Risk Management and Internal Control***

- (a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;
- (b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and
- (c) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

### **3. Authority**

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company :

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which the Committee needs to perform the duties;
- (c) have full access to any information which the Committee requires in the course of performing its duties;
- (d) have unrestricted access to all employees of the Group;
- (e) have direct communication channels with the external auditors;
- (f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and
- (g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

### **4. Meetings and Minutes**

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

## **INSTACOM GROUP BERHAD – APPENDIX A**

### **5. Internal Audit Function**

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action.

## **INSTACOM GROUP BERHAD – APPENDIX B**

### **Terms of Reference of Nomination Committee**

#### **1. Members**

- (a) The Committee shall be appointed by the Board of Directors (“Board”) and shall consist of not less than 2 members of which comprising exclusively non-executive directors, the majority of whom shall be independent directors.
- (b) In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.
- (c) The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

#### **2. Chairman**

The Chairman shall be elected by the Committee from among their members.

#### **3. Functions**

The Committee shall :-

- (a) assess and recommend to the Board of Directors, the candidates for all directorships to be filled by the shareholders or the Board of Directors. In making its recommendations, the Committee should consider, amongst others, the candidates skills, knowledge, expertise and experience, professionalism and integrity.
- (b) In the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidate’s ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- (c) Consider recommendation of candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability by any other senior executive or any director or shareholder.
- (d) Recommend to the board, directors to fill the seats on Board Committees.
- (e) Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each existing individual Director and thereafter, recommend its findings to the board.
- (f) Review training programs for the Board of Directors and ensure that all newly appointed Directors undergo appropriate induction programs and receive continuous training.
- (g) Annually review the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the board.
- (h) Develop the criteria for recruitment process of and annual assessment of the Directors, in particular the Independent Non-Executive Directors.
- (i) Apply the process as determined by the Board of Directors, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual director, including Independent Non-Executive Directors, as well as the Chief Executive Officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- (j) Review Board’s succession plans.
- (k) Facilitate achievement of Board gender diversity policies and targets.

## **INSTACOM GROUP BERHAD – APPENDIX B**

### **4. Meetings**

The Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Committee should disclose the number of committee meetings held in a year and the details of attendance of each individual member in respect of meetings held in the Company's annual reports. The quorum shall be 2 members with majority of Independent Non-Executive Directors. The Committee should be entitled to the services of a Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, for the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the ACE Market Listing Requirements of Bursa Securities and/or other regulatory authorities.

### **5. Access to Advice**

The Committee, whether as a full Committee or in their individual capacity, is entitled to take independent professional advice at the Company's expense, if necessary.

## **INSTACOM GROUP BERHAD – APPENDIX C**

### **Terms of Reference of Remuneration Committee**

**1. Objectives**

The Committee is formed for the purpose of assisting the Board in determining the remuneration of the Directors so as to ensure that the Company and its subsidiaries (“the Group”) could attract and retain the Directors with relevant and necessary skills and experience to the Group successfully.

**2. Members**

The Committee shall be appointed by the Board of Directors and shall consist of not less than 2 members of which comprising wholly or mainly Non-Executive Directors. In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months. The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

**3. Chairman**

The Chairman shall be elected by the Committee from among their members.

**4. Functions**

The Committee shall:

- (a) Establish formal and transparent Board remuneration policies and procedures.
- (b) Recommend to the Board of Directors, the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary and the Executive Directors shall play no part in decisions on their own remuneration. Determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be determined by the Board of Directors as a whole and the individuals concerned should abstain from discussing their own remuneration.

**5. Meetings**

The Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Committee should disclose the number of committee meetings held in a year and the details of attendance of each individual member in respect of meetings held. The quorum shall be 2 members with majority of Non-Executive Directors.

The Committee should be entitled to the services of a secretary.

**6. Access to Advice**

The Committee, whether as a full Committee or in their individual capacity, is entitled to take independent professional advice at the Company’s expense, if necessary.