

## **BOARD CHARTER**

### **1.0 Introduction**

The Board of Directors of Advance Information Marketing Berhad (the “Board”) is responsible for ensuring that Advance Information Marketing Berhad (the “Company”) and its subsidiaries (the “Group”) are well managed at all times. In this regard, the Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

### **2.0 Objective**

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

### **3.0 Board**

#### **3.1 Composition of the Board**

The Board shall consist of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and the Group.

The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the potential candidate would bring to the Board.

In accordance with Rule 15.02 of the ACE Market Listing Requirements, the Company must ensure that at least two (2) or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by the shareholders.

The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness vis-à-vis the needs of the Company and the Group as well as the requirements set out in the relevant law(s), regulation(s) and code(s).

#### **3.2 Tenure of Directors**

The Articles of Association of the Company provides that every newly appointed Director be subjected to re-election at the Company’s next Annual General Meeting (“AGM”) subsequent to their appointment. Further, one third of the Board shall retire from office and be eligible for re-election at every AGM, and all Directors shall submit themselves for re-election at least every three (3) years.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board must justify and seek the shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

### **3.3 External Board Appointments**

Any Board Member, whilst holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director's performance as a Board Member. All such appointments must first be discussed with the Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment.

## **4. Duties and Responsibilities of the Board**

4.1 The Board's duties and responsibilities include without limitation the following:

- (i) review and adopt strategic plans and direction for the Company and Group and monitor implementation by Management;
- (ii) oversee the conduct of the business of the Company to evaluate whether the business is being properly managed;
- (iii) identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- (iv) succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- (v) ensure measures are in place to assess Management's performance;
- (vi) develop and implement a Corporate Disclosure Policy, including an investor relations programme or Shareholder Communication Policy for the Company;
- (vii) review the adequacy and the integrity of the Company's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines; and
- (viii) ensure that the Company adheres to high standards of ethic and corporate behavior.

4.2 Matters which are specifically reserved for the Board are appended in Annexure A.

## **5. Roles of the Chairman, Executive Directors, Individual Directors and Senior Independent Non-Executive Director**

### **5.1 The Chairman**

The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and other stakeholders. The roles of the Chairman, amongst others, are as follows:

- (i) lead the Board in setting its values and ethical standards of the Company and monitor the workings of the Board;
- (ii) chair meetings of the Board and stimulate debates on issues and encouraging positive contributions from each Board Member;

- (iii) consult with the Executive Directors and Company Secretary in setting agenda for Board Meetings and ensures all relevant issues for the effective running of the Company's business are on the agenda;
- (iv) ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group;
- (v) ensure the integrity of governance process and issues;
- (vi) chair meetings of shareholders;
- (vii) promote constructive and respectful relations between Directors, and between the Board and Management;
- (viii) ensure effective communication with shareholders and relevant stakeholders
- (ix) guide and mediate Board actions with respect to organisational priorities and governance concerns; and
- (x) perform other responsibilities assigned by the Board from time to time.

The Chairman should allow every board resolution to be voted on and ensure the will of the majority prevails. In determining policies matters, the Chairman should ensure that the following are carried out:

- (a) all directors are properly briefed on issues arising at Board meetings;
- (b) there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations.

## **5.2 Executive Directors**

The Executive Directors are responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. The roles of the Executive Directors are as below:-

- (i) develop strategic direction for the Group;
- (ii) ensure the Group's strategies and corporate policies are effectively implemented;
- (iii) supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- (iv) ensure that the Board's decisions or directives are implemented or adhered to;
- (v) ensure the efficiency and effectiveness of the operation for the Group;
- (vi) provide strong leadership to employees
- (vii) assess business opportunities which are of potential benefit to the Group; and
- (viii) keep Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

## **5.3 Individual Directors**

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

- (i) acting in good faith and in the best interests of the Company as a whole;
- (ii) acting with care and diligence and for proper purpose;
- (iii) avoiding conflicts of interest wherever possible; and
- (iv) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

#### **5.4 Independent Non-Executive Directors**

The Independent Non-Executive Directors shall provide independent judgment and objectivity without being subordinated to operational considerations. The Independent Non-Executive Directors help to ensure that the interests of all shareholders and not only the interests of a particular group, and that all relevant matters and issues are objectively and impartially considered by the Board.

The roles of an Independent Non-Executive Director, amongst others, are as follows:-

- (i) provide independent judgment on issues relating to strategy, performance, resources allocation and standards of conducts;
- (ii) participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making;
- (iii) provide a check and balance to the Board.

#### **5.5 Senior Independent Non-Executive Director**

The roles and responsibilities of the Senior Independent Non-Executive Director include the following:-

- (i) ensure all Independent Non-Executive Directors have an opportunity to provide input on the agenda;
- (ii) advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Non-Executive Directors to perform their duties effectively;
- (iii) consult the Chairman regarding Board meeting schedules to ensure the Independent Non-Executive Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- (iv) serve as the principal conduit between Independent Non-Executive Directors and the Chairman on sensitive issues, for example issues that arise from 'whistle blowing'.
- (v) serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Executive Directors.

### **6. Board Committees**

6.1 The Board may from time to time establish Committees as it may consider appropriate to assist the Board in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution its duties and responsibilities:

- (i) Audit Committee;
- (ii) Nomination Committee;
- (iii) Remuneration Committee; and
- (iv) Risk Management Committee.

- 6.2 The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such minutes will be included in the Board papers.

## **7. Management of risks**

- 7.1 The Board regards risk management as an integral part of the business operation and had always considered good management of risks as a key factor in the development of corporate strategies and investment decisions.
- 7.2 The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed – internally and externally.
- 7.3 The Board must appreciate the business risk issues and key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives.
- 7.4 The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's assets and reputation are suitably protected.

## **8. Board Meetings**

- 8.1 The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. The Articles of Association of the Company stipulates the procedures for convening board meetings and the size and required attendance for the Board's quorum.
- 8.2 Board meeting agendas shall be the responsibility of the Chairman with input from Board Members and the Company Secretary. The Chairman may also ask Management to participate in this process.
- 8.3 Management is responsible for providing the Board with the required information in an appropriate and timely manner.
- 8.4 During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and the results are deliberated and considered.
- 8.5 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

## **9.0 Share dealings by Board Members**

- 9.1 Board members are allowed to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Board members on the Company's performance and share value and therefore will be in the interests of all shareholders.
- 9.2 When buying or selling shares, Board members must strictly observe the provisions of the Company's Articles, the Company's own internal rules and all relevant legislative or regulatory procedures, and should follow any procedural recommendations prescribed by the Board from time to time.

## **10.0 Board Evaluation and Performance**

- 10.1 The Nominating Committee shall evaluate the performance of the Board members on an annual basis.
- 10.2 The Board committees shall also regularly be reviewed by the Nominating Committee to ascertain their performance and effectiveness.

## **11.0 Financial Reporting**

- 11.1 In presenting the financial performance during quarterly reporting and at the end of the financial year, the Board aims to present an objective assessment of the Group's position and prospects.
- 11.2 The Board shall ensure that the financial statements are prepared in accordance with the approved accounting standards and the Companies Act, 1965, so as to give a true and fair view of the state of affairs of the Company and the Group.

## **12.0 Directors' Remuneration**

- 12.1 The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors. The Directors shall abstain from deliberations and voting on their own remuneration.
- 12.2 The performance of Directors is measured by the Directors' contribution to both the Board and the Company. The Executive Directors' remuneration is structured according to the skills, experience and performance of the Executive Directors.
- 12.3 In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibility undertaken by the particular Non-Executive Director.

## **13.0 Directors' Training and Induction for Newly Appointed Directors**

- 13.1 In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable the Directors to effectively discharge their duties and maintain active participation in the Board deliberations. With assistance from the Nomination Committee, the Board shall assess further training programme needs of the Directors on an on-going basis.
- 13.2 Additionally, the Board is regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to the Directors' duties and responsibilities.
- 13.3 The Board shall ensure compliance of the mandatory accredited programme of Bursa Securities for newly appointed Directors. Appropriate induction programme for newly appointed Directors shall be carried out by Management.

#### **14.0 Company Secretary**

- 14.1 The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities.
- 14.2 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- 14.3 All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

#### **15.0 Investor Relations and Shareholder Communication**

- 15.1 The Board shall endeavor to familiarise itself with issues of concern to Shareholders.
- 15.2 The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public.
- 15.3 The means of communication to shareholders and investors, amongst others, are as follows:
- (i) the general meetings of the Company;
  - (ii) timely announcements and disclosures made to Bursa Securities, which includes release of financial results on quarterly basis, awards of material contracts, changes in the composition of the Group and any other material information that may affect the decisions of shareholders and investors;
  - (iii) press conference and/or press release to the media;
  - (iv) conducts regular dialogues with financial analysts; and/or
  - (v) meetings with institutional investors;
- as and when necessary.
- 15.4 The Board shall also implement a corporate disclosure policy which would apply to the Company and the Group.

#### **16.0 Access to Information and Independent Advice**

- 16.1 The Directors, collectively or individually, have unrestricted access to the advice of the Company Secretary and senior management and may also seek independent professional advice and information in the furtherance of their duties and responsibilities at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions.
- 16.2 Fees for independent professional advice shall be payable by the Company subject to the following:-

- (i) first, discuss with the Chairman;
- (ii) provide a written notice to the Company Secretary of his intention to seek independent advice with brief summary of the subject matter; and
- (iii) the Board shall be notified and approval be obtained prior to the engagement of the professional advisors.

16.3 Independent advice sought shall exclude those of personal interests relating to the Director's personal disputes in matters that are not related to or affect the Board or the Company as a whole.

## 17.0 Code of Ethics and Conduct

17.1 In the performance of his duties, a Director shall at all times observe the following:

- (i) Corporate Governance
  - (a) should have a clear understanding of the aims and purpose, capabilities and capacity of the Company and the Group;
  - (b) should devote sufficient time and effort to carry out their duties and responsibilities, attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. Directors should notify the Chairman and Company Secretary before accepting any other new directorships;
  - (c) should ensure at all times that the Company and Group is properly managed and effectively controlled;
  - (d) should stay abreast of the affairs of the Company and Group and be kept informed of the Company and Group's compliance with the relevant legislation and contractual requirements;
  - (e) should insist on being kept informed on all matters of importance to the Company and Group in order to be effective in corporate management;
  - (f) should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship;
  - (g) should have access to the advice and services of the Company Secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
  - (h) should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company and Group;
  - (i) should disclose immediately all contractual interests whether directly or indirectly with the Company and Group;
  - (j) should neither divert to his own advantage any business opportunity that the Company or Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
  - (k) should at all times act with utmost good faith towards the Company and Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
  - (l) should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company and/or Group is at stake.

- (ii) Relationship with Shareholders, Employees, Creditors and Customers
  - (a) should be conscious of the interest of shareholders, employees, creditors and customers of the Company and the Group;
  - (b) should at all times promote professionalism and improve the competency of management and employees; and
  - (c) should ensure adequate safety measures and proper protection to workers and employees at the workplace.
  
- (iii) Social Responsibilities and the Environment
  - (a) should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
  - (b) should be more proactive to the needs of the community and to assist in society-related programmes; and
  - (c) should ensure that the activities and the operations of the Company and the Group do not harm the interest and well-being of society at large.

## **18.0 Review of the Board Charter**

- 18.1 This Board Charter was adopted by the Board on 22 April 2013. The Board Charter shall be periodically reviewed and updated in accordance with the practicality and needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.
  
- 18.2 The Board Charter is made available for reference in the Company's website at [www.aim-net.com.my](http://www.aim-net.com.my).

## **SCHEDULE OF MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD**

The following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- delegation of powers to Board Committees;
- receiving and approving reports and recommendations from Board Committees;
- approving strategic business plans, mergers and acquisitions of a substantial value;
- major investment or divestment of current businesses;
- changes to the group structure;
- provision of indemnities or corporate guarantees; and
- appointment of a senior independent director from among the members.