

# BOARD CHARTER

## OF INFORTECH ALLIANCE BERHAD

The Board Charter of INFORTECH ALLIANCE BERHAD (“the Company”) governs how the Company conducts its affairs.

The Board Charter has been adopted by and is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

### 1. Purpose of Charter

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of INFORTECH ALLIANCE BERHAD, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.

### 2. Authority

The Board derives its authority to act from the Memorandum and Articles of Association of the Company and the law and regulations governing companies in Malaysia.

### 3. Role of Board

The Board’s role is to:-

- ✓ represent and serve the interests of shareholders by overseeing and evaluating the Company’s strategies, policies and performance;
- ✓ monitor the Company’s performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company’s Memorandum and Articles of Association and within a framework of prudent and effective controls that enable risks to be assessed and managed;
- ✓ set, review and ensure compliance with the Company’s values; and
- ✓ ensure shareholders are kept informed of the Company’s performance and major developments affecting its state of affairs.

### 4. Delegation to Committees

The Board may from time to time establish Committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.

The Board shall, as a minimum, establish the following Committees and shall adopt charters setting out matters relevant to the authority, responsibilities, membership and operation of those Committees:-

- ✓ Audit Committee
- ✓ Nomination Committee
- ✓ Remuneration Committee

The Board may also delegate specific functions to ad hoc committees as and when required.

The powers delegated to these Committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

### 5. Relationship with Management

- a. Directors may delegate their powers as they consider it appropriate through appropriate manual of delegations or manual of authorities. However, ultimate responsibility for strategy and control rests with the Directors as guided by the Managing/Executive Director(s).
- b. The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- c. All Directors will be provided with advance notice of Board meetings, even those called at short notice.
- d. Every possible effort will be made to ensure that Board papers tabled at a Board meeting will be made available to all Directors attending, regardless of location.
- e. Any abstention, due to any reason whatsoever including but not limited to conflict of interest, must be indicated to the Chairman at the time the matter is being considered and recorded in the Minutes.

- 5.** (cont'd) f. The Management may be invited from time to time to Board meetings, as the Directors deem necessary.
- g. The management function is conducted by, or under the supervision of, the Managing/Executive Director(s) as directed by the Board and by other officers to whom management function is properly delegated by the Managing/Executive Director(s).

## **6. Board Responsibilities**

### **6.1 Responsibilities/Functions of the Board include:-**

- ✓ providing input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- ✓ monitoring corporate performance and implementation of strategy and policy;
- ✓ approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- ✓ monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee;
- ✓ reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance under the guidance of the Audit Committee. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;

- 6.1** (cont'd)
- ✓ selecting, appointing and evaluating from time to time the performance of, and planning succession of the Managing/Executive Director(s) under the guidance of the Nomination Committee;
  - ✓ reviewing procedures for appointment of senior management (namely the Finance Manager, the Operations Manager, the Engineering Manager and the Human Resource Manager);
  - ✓ ensuring that succession planning of the senior management is in place;
  - ✓ reviewing and approving remuneration of the Managing /Executive Director(s) and the Non-Executive Directors under the guidance of the Remuneration Committee;
  - ✓ monitoring Board composition, processes and performance with the guidance of the Nomination Committee;
  - ✓ monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; and
  - ✓ performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other person subject to ultimate responsibility of the Directors under the Companies Act, 1965.

### **6.2 Matters which are specifically reserved for the Board or its Committees include the following:-**

- 6.2** (cont'd)
- ✓ Appointment of the Chairman;
  - ✓ Appointment and removal of the Managing/Executive Director(s);
  - ✓ Appointment of Directors to fill a vacancy or as additional Directors;
  - ✓ Establishment of Board Committees, their membership and delegated authorities;
  - ✓ Approval of interim dividend and recommendation of final dividend for shareholders' approval;
  - ✓ Review of corporate governance principles and policies;
  - ✓ Approval of annual business plan;
  - ✓ Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
  - ✓ Calling of meetings of shareholders;
  - ✓ Review of whistle blowing reports either made through the Company's whistle blowing channel or through other means; and
  - ✓ Any other specific matters nominated by the Board from time to time.

## **7. Structure**

The Company's Memorandum and Articles of Association governs the regulations and proceedings of the Board. The Board, together with the Nomination Committee, determines the size and composition of the Board subject to the terms of the Company's Memorandum and Articles of Association.

### **7.1 Board Composition**

The Board should comprise a minimum of one third of Independent Non-Executive Directors and comprise Directors with a broad range of skills, diversity, expertise and experience from range of backgrounds.

- 7.1** (cont'd)
- The Chairman is appointed from amongst the Directors as approved by the Board. The majority shareholder may nominate the Chairman.

The Board regularly reviews the independence of each Independent Non-Executive Director in light of information relevant to this assessment as disclosed by each Independent Non-Executive Director to the Board.

A Director is considered independent for the purposes of service on the Board and Board Committees if the Director satisfies the standards adopted by the Board from time to time to assist it in its regular 'independence' determinations.

The Board only considers Directors to be independent where they are independent of Management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to interfere with - the exercise of their unfettered and independent judgement. The Nomination Committee reviews the independence of every Director.

### **7.2 Election and Re-election**

The Company complies with the regulations and the laws governing the election and re-election of Directors in addition to the provisions of its Memorandum and Articles of Association.

## **8. Review**

This Charter is to be reviewed by the Board as and when required.

This Charter is dated 28 November 2012.