

ANCOM LOGISTICS BERHAD [Registration No.: 196601000150 (6614-W)] (Incorporated in Malaysia)	Date of Statement :	10/08/2023
	Last reviewed and approved by the Remuneration & Nomination Committee :	11/09/2023
	Approved by the Board of Directors :	15/09/2023

BOARD CHARTER

1. INTRODUCTION

This Board Charter is designed to provide the Board of Directors of the Company (collectively the “Board” and individually the “Director/s”) with greater clarity regarding the roles of the Board; the responsibilities of Directors of the Company in carrying out their roles and discharging their duties to the Company and its subsidiaries (“Group”); and the Board’s operating practices.

The Board has established this Board Charter based on the key values, principles and ethos of the Company, and the policies and strategy development are based on these considerations.

All Directors are expected to show good stewardship and act in a professional manner in accordance with the appropriate standards of good corporate governance.

The Board is committed to adopting a Corporate Governance Framework, which complies with the principles of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”), where applicable, to the Group’s unique operational and business environment.

2. PURPOSE

The Board Charter sets out the authority, roles, functions and composition of the Board to assist the Directors to be aware of their duties and responsibilities to effectively discharge their fiduciary duty in managing the affairs of the Group.

3. THE BOARD

3.1. Composition

The Constitution of the Company provides that the Board of the Company shall consist of a minimum of two (2) and a maximum of eleven (11) Directors. The ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) stipulates that at least two (2) or one-third (1/3) of the Directors, whichever is higher, shall be Independent Directors.

The Board is led by a Chairman who is an Independent Director and consists of an Executive Vice Chairman (“EVC”), a Non-Independent Non-Executive Director and four (4) Independent Directors. Management of the day-to-day business of the Company is led by the EVC and supported by the Unit Heads.

The Board should comprise Directors who are persons of calibre with a wide range of experience, business acumen, skills and functional knowledge in business and public services, and who come from diverse academic backgrounds encompassing legal, accounting, economics, corporate finance and marketing.

A majority of Non-Executive Directors should be present on the Board to provide the necessary checks and balances on the conduct of the EVC in managing the business of the Company and the Group. In particular, the Independent Non-Executive Directors shall be persons independent of management and free from any business or other relationship so as to bring an independent

judgement to bear on the issues of strategy, business performance, resources and standards of conduct and to provide independent views in the Board's discussion. Independent Non-Executive Directors should participate actively in the Board Committees of the Company.

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies. In addition, all Board members shall remain mindful of the limits of directorship in public listed companies specified by the Listing Requirements when accepting new directorship roles. The notification shall include an indication of time that will be spent on the new appointment.

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and the Board Committees. The Remuneration and Nomination Committee is tasked with reviewing and determining the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors annually. In assessing the suitability of candidates, consideration will be given to their competencies, commitment, expected contribution and performance.

3.2. Roles of the Chairman of the Board and EVC

The roles of the Chairman of the Board are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman of the Board carries out a leadership role and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities.

The principal duties and responsibilities of the Chairman of the Board are as follows:

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between Board and Management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

On the other hand, the EVC has overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the Management team which consists of the Deputy Chief Executive Officer, the Chief Financial Officers and the Head of the Operating Units.

3.3. Duties and Responsibilities

The Board is responsible for the Group's overall strategic direction, business and financial performance, risk management, internal control and management, information systems and investor relations. The principal duties and responsibilities of the Board are as follows:

- Formulate and chart the strategic direction and set out the Group's short-term and long-term plans and objectives;
- Review and approve the Group's key operational policies and initiatives and major investments in new business/ projects and funding decisions of the Group;

- Oversee and review the Group's business operations and financial performances;
- Ensure the Company's strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations;
- Oversee the development, implementation and review of the succession plan for the Directors and key senior management;
- Understand the principal risks of the Group's business;
- Oversee the development, implementation and reviewing/monitoring of the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company's financial and non-financial reporting; and
- Formulate and promote ethical and good corporate governance within the Group.

3.4. Board Committees

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

The Board has established an Audit Committee, and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and the Group. These Committees have the authority to act on behalf of the Board in accordance with their respective terms of reference.

There should be a clear and accepted division of responsibilities amongst the Directors of the Company to ensure a balance of power and authority such that no one Director has unfettered powers of decision. The division of responsibilities is to be regularly reviewed taking into consideration the operational, financial and business development aspects of the Company to ensure the Company's needs are consistently met.

Where the Board appoints a Committee, it should spell out the Committee's authority and in particular whether the Committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation which is subject to the Board's approval.

3.5. Board Meetings

Board meetings are held quarterly, with additional meetings convened as and when necessary, as determined by the Chairman.

At the end of each calendar year, the Company Secretaries draw up a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year. This facilitates the Directors to plan their attendances at the Board/Committee meetings. The Company Secretary should ensure that notice to convene a Board meeting is to be served not less than seven (7) days before the meeting. A Board meeting however, may be convened by a shorter notice than seven (7) days provided that the issue to be deliberated is a matter of urgency.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly Interim Financial Reports or the annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal. The Company Secretary should

ensure that meeting materials are circulated to the Directors at least five (5) business days prior to the Board meetings.

The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretaries ensure that the minutes are circulated for the Directors' review and comments in a timely manner.

Senior management or professional advisers appointed by the Company to advise the Company on its corporate proposals are invited to attend the Board meetings and to provide the Board with explanations or clarification to facilitate the Board in making informed decisions.

The decisions of the Board are decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote except where only two (2) Directors are present or only two (2) Directors are competent to vote on the particular issue. In the event there are personal interests/conflict of interests in respect of any matter, the Director concerned must declare his interests and excuse himself from the discussion and the meeting and abstain from voting on the matter.

In the intervals between Board meetings, Board decisions are obtained via circular resolutions which are supported with Board papers to provide the necessary information for informed decisions by the Board. The circular resolutions shall be effective if they are signed by a majority of the Directors.

3.6. Re-election

In accordance with the Company's Constitution, a Director is subject to retirement and be eligible for re-election at the next annual general meeting of the Company after his appointment.

The Constitution also provides that at least one-third (1/3) of the Board members shall be subject to retirement by rotation every year and that each Director shall retire at least once every three (3) years and be eligible for re-election at the annual general meeting. The EVC and Managing Director of the Company (if any) are also subject to retirement at least once every three (3) years and are eligible for re-election at the annual general meeting. In the event of any vacancy in the Board, resulting in non-compliance with the Listing Requirements and/or the MCCG 2017, the vacancy must be filled within three (3) months from the date of non-compliance.

Motions to re-elect Directors are voted on individually unless a resolution for the re-election of two (2) or more Directors by a single resolution is passed at the annual general meeting without any vote against it.

3.7. Familiarisation with Business and Ongoing Training

New members of the Board are provided with background material and are offered Management briefings on strategic and other issues affecting the Company and the Group. Directors are expected to acquire and maintain sufficiently detailed knowledge of the Company's and the Group's business and their ongoing performance to enable the Board to make informed decisions on the issues before the Board.

Directors are encouraged to attend appropriate courses and training programmes at the Company's expense to ensure they are able to perform their duties as Directors of the Company at the highest standards.

3.8. Tenure of Independent Directors

The Board had adopted the criteria set out under the definitions of “independent director” in the Listing Requirements to assess the independence of Directors.

At the time of their appointment, the Independent Directors provided a declaration to Bursa Securities confirming that they are independent directors as defined under Rule 1.01 of the Listing Requirements. The Independent Directors shall also provide the same declaration annually to the Board.

The Board noted recommendation of Practice 5.3 of the MCCG that the tenure of an Independent Director should not exceed a term limit of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years in the same capacity, it should provide justification and seek annual shareholders’ approval through a 2-tier voting process.

Pursuant to the definitions in the Listing Requirements, an Independent Director shall be one who has not served as an independent director in the Company or any of the companies in the Group for a cumulative period of more than twelve (12) years from the date of his first appointment as an independent director.

4. ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to information of the Company and the Group. They interact with Management on an on-going basis to seek further information, updates or explanation on any aspect of the Group’s operations or businesses. The Directors also have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matters connected with the discharge of their responsibilities as they may deem necessary and appropriate at the Company’s expense.

5. COMPANY SECRETARIES

The Company Secretaries play an advisory role to the Board in formulating the Company’s Constitution and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company’s secretarial practices, particularly with regard to ensuring compliance with the Company’s Constitution, the Board policies and procedures, the statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. They are also responsible for regularly updating and apprising the Board of new regulations issued by the regulatory authorities.

The Company Secretaries are also involved in managing all Board and Committee meetings, attending and recording minutes of all Board and Committee meetings and facilitating Board communication and orientation of new Directors and assisting in Director training and development. They are also involved in managing processes pertaining to the annual general meetings, monitoring corporate governance developments, and assisting the Board in applying governance practices to meet the Board’s needs and stakeholders’ expectation.

They are also to serve as a focal point for stakeholder communication and engagement on corporate governance issues.

6. CODE OF CONDUCT AND ETHICS

The Board will continue to adhere to the Code of Conduct and Ethics of the Company, which was adopted by the Board on 26 July 2018.

7. REVIEW OF THE BOARD CHARTER

The Board will review and update the Board Charter periodically to take into consideration the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.