



# **Board Charter**

**(incorporating amendments up to 21 February 2023)**



## **1. Purpose of the Board Charter**

This Board Charter sets out the principles for the operation of the Board of Directors ("the Board") of N2N Connect Berhad ("N2N") and its subsidiaries within the N2N Group ("the Group") and describes the functions of the Board and those functions delegated to the Management of the Group.

The Board has primary responsibility to the shareholders for the welfare of the Group. The Board is responsible for guiding and monitoring the business and the affairs of the Group. The Group recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Group.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. This Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes. This Board Charter shall form an integral part of each Director's duties and responsibilities.

## **2. Composition of the Board**

- The Board shall be of a size and composition with the benefit of diversity in perspectives and skills to understand properly and deal with the current and emerging issues of the business of N2N.
- The Board shall comprise of at least two (2) Directors or one-third (1/3), whichever is higher, of the Board of Directors who are Independent Directors. If the number of directors of N2N is not 3 or a multiple of 3, then the number nearest to 1/3 must be used.
- The appointment of a new member to the Board is only made after consultation, deliberation with and recommendation by the Nomination and Remuneration Committee.
- The Board recognises the importance of having a clearly accepted division of power and responsibilities as the head of N2N to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Managing Director ("MD") separate.
- A Director shall inform the Board's Chairman before he/she accepts any new directorships in other Public Listed Companies.
- The Board shall obtain time commitment from newly appointed Directors at the time of appointment.
- The tenure of an independent Director shall not exceed a cumulative term of nine years. The Board may, in exceptional cases and subject to the assessment of the Nomination and Remuneration Committee on an annual basis, recommend for an independent Director who has served a consecutive or cumulative term of nine years to remain as an independent Director subject to Shareholders' approval.

### 3. Role of the Board

- The principal responsibilities of the Board, including those adopted from the Malaysian Code of Corporate Governance ("the Code") are:
  - reviewing and adopting a strategic plan for the Group;
  - overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
  - identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
  - developing and implementing a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
  - reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - ensuring that N2N's financial statements are true and fair and conform with the accounting standards;
  - monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
  - ensuring that N2N adheres to high standards of ethics and corporate behaviour; and
  - endorsing the Anti-Bribery and Anti-Corruption Policy, making clear that it attaches strategic importance to the implementation of said policy.
  
- In overseeing the conduct of the Group's Business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established.

### 4. Role of the Chairman

The Chairman is primarily responsible for:

- Leading the Board in the oversight of management, the adoption and implementation of good corporate governance practices and ensuring the integrity of the governance process and issues;
- Representing the Board to shareholders and chairing general meetings of shareholders;
- Maintaining regular dialogue with the MD over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- Functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming;
- Ensuring that all Directors are enabled and encouraged to participate in its activities;
- Ensuring that Executive Directors look beyond their executive function and accept their share of responsibilities in governance;

- Guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- Performing other responsibilities assigned by the Board from time to time.

## **5. Role of the Managing Director**

The position of the MD is to ensure the effective implementation of the Group's Business Plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.

The MD is responsible to the Board for the following:

- executive management of the Group's Business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- developing long-term strategies and short-term profit plans;
- set, review and ensure compliance with the Group's value; directing and controlling all aspects of the business operations;
- effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy;
- ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- be the official spokesperson for the Group and responsible for regulatory, governmental and business relationships;
- ensures compliance with governmental procedures and regulations;
- coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Financial Controller;
- maintains and facilitates a positive working environment and good employee relations;
- assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis; and

- in discharging the above responsibilities, the MD can delegate appropriate functions to the senior management, who shall report to the MD.

## 6. Board Processes

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions.

- Frequency
  - The Board shall meet regularly, at least on a quarterly basis. Special Board meetings shall be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.
  - Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report.
  - Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- Agenda
  - The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.
- Meeting Papers
  - Board papers and agenda items are to be circulated at least five (5) business days prior to the meeting.
  - The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting. The draft minutes shall be circulated together with the Board papers at the following Board meeting. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.
- Access to Information and Independent Professional Advice
  - All Directors (executive and non-executive) have the same right of access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of N2N, subject to a formal written request to the Chairman / Acting Chairman furnishing satisfactory and explicit justification for such request.
  - All Directors shall have access to the advice and services of the Company Secretary. The Board shall recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
  - The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at N2N's expenses.
- The conduct of the Directors are guided by the authority limits approved by the Board of Directors.

## 7. Company Secretary

- The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.
- The key role of the Company Secretary shall include:
  - provide unhindered advice and services for the Directors, as and when the need arises;
  - enhance the effective functioning of the Board;
  - preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
  - ensure that Board procedures and applicable rules are observed;
  - maintaining records of the Board and ensure effective management of organisation's statutory records;
  - preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
  - assisting the communications between the Board and Management; and
  - providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

## 8. Board Committees

- The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities.
- Where a Committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.
- A number of standing committees with written terms of reference has been established namely the following:

### *Audit Committee*

Audit Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group. The Audit Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

### *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as to identify candidates to fill board vacancies, and nominating them for approval by the Board, as and when the need arises. The Committee also recommends to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary.

### *Option Committee*

The Option Committee is involved in administering the Long Term Incentive Plan ("LTIP") / Employee Share Option Scheme ("ESOS") and grant Options in accordance with the By-Law, recommending to the Board to establish, amend and revoke ByLaws, make rules and regulations to facilitate the implementation of the LTIP / ESOS, determining all questions of policy and expediency and to construe and interpret the provisions contained in the By-Laws in the best

interest of the Group and the Eligible Employees, and to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Group and the Eligible Employees.

#### *Risk Management Committee*

The Risk Management Committee looks at the effectiveness of N2N's risk management framework (for financial and non-financial risks) and supporting systems. This includes reviewing N2N's risk appetite, management's performance, changes that should be made to the risk management framework, key policies that support the risk management framework, material risks identified in N2N's risk profile, reports from management on new/emerging risks, monitors the management of N2N's data governance and information security risks, and reports in relation to material risk incidents or issues, reviewing the lessons learned, and monitor resolution and implementation of remedial actions as appropriate.

### **9. The Board's Relationship with Shareholders and Stakeholders**

- The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.
- It is the role of the Board to ensure that the Annual General Meetings ("AGM") and Extraordinary General Meetings or Meeting of Members ("MOM") of N2N are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM and MOM.
- The Board will focus its efforts on the following best practices to enhance the effectiveness of the AGM and MOM:
  - ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
  - encourage poll voting on substantive resolution and make an announcement of the detailed results showing the number of votes cast for and against each resolution;
  - ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately; and conduct a business presentation with a question and answer session, where appropriate and if required.
- The MD shall take responsibility for addressing queries from Shareholders, stakeholders and analysts.

### **10. Induction Process**

- Induction of newly appointed Directors may include, but not limited to, the following:
  - furnishing of a copy of the previous board minutes for at least the past six (6) months; the Business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities, if any;
  - visits to key sites; and a formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions

## **11. Directors' External Commitments and Conflict of Interest**

- N2N's Constitution stipulates that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Group shall declare his interest in accordance with the provisions of the Companies Act, 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.
- Should there be an actual, potential or perceived conflict of interest between N2N or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of N2N.
- An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

## **12. Representation of N2N**

The Board appoints the MD to speak on behalf of the Group and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.

## **13. Periodic Review**

This Charter and all Board Committee Charters and Policies shall be reviewed annually by the Board.

*[End of document]*



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