



## **AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

## **Board Charter**

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## **Board Charter**

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### **1. Introduction**

The Board of Directors of the Company ("**Board**") acknowledges the importance and is committed to establish principles, policies and practices that promotes corporate governance, integrity, transparency, and accountability. This will be further reinforced by implementing good governance practices at all levels within the daily business operations of the Company and its subsidiaries ("**Group**") with the objective of fostering the long-term sustainability of the Group's business and safeguarding the interests of the shareholders and other stakeholders.

This Board Charter serves as a source reference for the Board. This Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the management, the different committees established by the Board, between the Chairman and chief executive officer of the Company ("**CEO**"). This Board Charter also sets out processes and procedures for convening of Board Meetings. It also assists the Board in the assessment of its own performance and that of its individual directors. The Board should publish and periodically review the board charter on the corporate website.

The Board derives its authority to act from the Constitution of the Company ("**Constitution**"), the Malaysian Companies Act 2016 ("**Act**"), the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") and any other applicable law and regulations governing companies in Malaysia.

The Board is the ultimate decision-making body.

### **2. Roles and Responsibilities**

#### **2.1 The Board of Directors**

A director of the Company ("**Director**") shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the Company and shall act with all honesty and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.

The Board is explicitly responsible for the stewardship of the business and affairs of the Company and in discharging its obligations on behalf of the shareholders.

The Board, in meeting goals and objectives of the Company, should amongst others, undertake the following responsibilities:

- (a) review and adopt the business plan and overall strategic directions for the Company including establishing Company goals and ensuring that the strategies are in place to achieve them;
- (b) promote good corporate governance culture together with senior management within the Company, which reinforces ethical, prudent and professional behaviour;

- (c) review, challenge and decide on management's proposals for the Company, and monitor its implementation by management;
- (d) ensure that a comprehensive system of policies and procedures is operative;
- (e) establish and review the strategic plan of the Company and ensure that it supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (f) ensure adherence to a high standard of ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Company's own governing documents, code of conduct and whistleblowing policies;
- (g) define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
- (h) be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principles is reviewed regularly;
- (i) approve specific financial and non-financial objectives and policies proposed by management relevant to the business and to monitor and ensure the integrity of the Company's financial and non-financial reporting;
- (j) ensure that the Company's financial statements are true and fair and conform to any applicable laws and/or regulations;
- (k) review processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas and ensure the implementation of appropriate systems to manage risks;
- (l) delegate authority for capital expenditure and review investment, capital and funding proposals are reserved for Board approval;
- (m) review succession planning for the management team and endorse senior executive appointments, organisational changes and high level remuneration issues;
- (n) provide oversight of performance against targets and objectives, and supervise and assess management's performance to determine whether the business is being properly managed;
- (o) provide oversight of reporting to shareholders on the direction, governance and performance of the Company as well as other processes that need reporting and other disclosure requirements;
- (p) develop and implement an 'investor relations programme' to ensure effective communication with shareholders and relevant stakeholders;
- (q) review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- (r) decide on the necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are undertaken.

In the normal course of events, the day-to-day management of the Company will be in the hands of the management and under the stewardship of the CEO.

The Directors have individual and independent access to the advice and dedicated support services of the company secretary in ensuring the effective functioning of the Board.

The Directors may interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the management. The Board may also seek advice from the management on issues under their respective purview.

In addition, any member of the Board may seek for independent professional advice at the Company's expense on specific issues in the discharge of his or her fiduciary duties by forwarding a request to the executive director of the Company who will then direct the same to an external service provider.

The powers and duties of the Board are defined in the Constitution of the Company and the Act.

Every Director shall observe the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM"). The Code of Ethics for Company Directors is set out in Appendix A of this Board Charter.

The Board also reserves full decision-making powers in the following matters to ensure the direction and control of the Group is firmly in its hand:

- (a) approval of strategy plans and annual budget of the Group;
- (b) appointment/removal of the Board members, board committees, Company Secretary and auditors;
- (c) approval of the executive Directors' remuneration packages including service of contract of CEO/Chief Operating Officer and the Non-Executive Directors' fees and/or remuneration packages as well as for the key management team of the Group;
- (d) approval of the Auditors' fees;
- (e) approval of corporate plans and programs;
- (f) approval of Annual Report and Audited Financial Statements;
- (g) approval of new ventures, material acquisitions and disposal of undertakings and properties, investments/divestments, material litigations and material borrowings of the Group; and
- (h) approval of the changes to the management and control structure within the Group, including key policies, authority limits and bank mandate.

## **2.2 Chairman of the Board**

The Chairman shall be nominated and appointed from amongst the Board. The Chairman is responsible for instilling good corporate governance practices and ensuring the conduct and effectiveness of the Board.

The key responsibilities of the Chairman are as follows:

- (a) providing leadership to the Board together with the Board members in setting the values and standards of the Company, and overseeing the Board in performing its responsibilities effectively;
- (b) leading the Board in adoption and implementation of good corporate governance practices in the Company;

- (c) setting the Board agenda and ensuring that Directors receive complete and accurate information in a timely manner;
- (d) leading discussions and ensuring efficient and effective conduct at Board Meetings;
- (e) ensuring the integrity and effectiveness of the governance process of the Board;
- (f) maintaining a relationship of trust with and between the executive and non-executive Directors;
- (g) overseeing the effective discharge of the Board's supervisory role;
- (h) facilitating the effective contribution of all Directors;
- (i) encouraging active participation and allowing dissenting views to be freely expressed;
- (j) conducting Board meetings and leading the Board discussions/meetings;
- (k) briefing all Directors in relation to issues arising at meetings;
- (l) scheduling regular and effective evaluations of the Board's performance;
- (m) promoting constructive and respectful relations between Board members and between the Board and the management;
- (n) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole
- (o) representing the Board to shareholders; and
- (p) maintaining regular dialogue with the Board over all operational matters and consulting with the Board promptly over any matter that gives him or her cause for concern.

The Chairman will also act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions during board proceedings.

The Chairmain of the Board should not be a member of the Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**") or Remuneration Committee ("**RC**").

## 2.3 Chief Executive Officer

A CEO is considered an individual who:

- (a) is involved in and responsible for the day-to-day management of the Group;
- (b) is a full-time salaried employee of the Group; and
- (c) is the highest ranking officer across the Group.

CEO is, in essence, the conduit between the management and the Board in ensuring the effectiveness and success of the Company's management and governance function. CEO is responsible for the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth and efficient operations.

CEO is accountable to the Board for the achievement of Group's goals and objectives and he/she is accountable to the Board for the observance of management's limits of authority.

At each of its scheduled meetings, the Board should expect to receive from or through the CEO:

- (a) summary reports on the performance and activities of the Group and specific proposals for capital expenditure acquisitions and disposals; and
- (b) such assurances as the Board considers necessary to confirm that the management's limits are being observed.

CEO is expected to act within all specific authorities delegated to him/her by the Board.

Generally, the CEO is responsible for:

- (a) executive management of the Group's business, covering, inter-alia, execute the plan to build the corporate values and company standards, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge management's performance, and an analysis of management reports;
- (b) developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- (c) all material matters that affect or could affect shareholders and the markets in which the shareholders' interest are traded;
- (d) the effectiveness of the organisation and its management against relevant benchmarks;
- (e) directing and controlling all aspects of the business operations in a cost-effective manner;
- (f) review of succession planning for the Group, and ensure the systems thereof are in place;
- (g) developing the strategic direction of the Group and ensuring that the Group's strategies and corporate policies are effectively implemented;
- (h) effectively overseeing the human resource of the organisation with respect to key positions and succession planning in the Group hierarchy, ensuring the general well-being of employees, including the determination of remuneration as well as the terms and conditions of employment for senior management personnel and issues pertaining to discipline of all employees;
- (i) effectively representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;

- (j) assuring that the Group, corporate identity, products and services are of high standards and are reflective of the market environment;
- (k) ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- (l) providing assistance to members of the ARMC, NC and RC, as required, in discharging their duties;
- (m) assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis; and
- (n) ensuring the day-to-day business affairs of the Group are effectively managed.

## 2.4 Non-Executive Directors

A non-executive Director (“NED”) is considered an individual who:

- (a) is not an employee of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect; and/or
- (b) is not a full-time salaried employee of the Company or its subsidiary companies; and/or
- (c) is not an employee of the Company but is standing as a nominee for substantial shareholders; and/or
- (d) has no direct or indirect pecuniary interest in the Company other than their directors’ emoluments and their “permitted” holdings of shares in the Company.

The role of the NED is frequently described as having two (2) principal components: monitoring executive authority and contributing to the development of strategy.

The role of the NED can be further clarified as follows:

Strategy:	Constructively challenge and contribute to the development of strategy.
Performance:	Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
Risk:	Satisfy themselves that the financial and non-financial information presented is accurate and that financial and non-financial controls as well as systems of risk management are robust and defensible.
People:	Responsible for determining appropriate levels of remuneration of Executive Director and have a prime role in appointing, and where necessary, removing senior management as well as succession planning.

NED may act as a bridge between management, shareholders and other stakeholders.

They should provide the relevant checks and balances, focusing on shareholders’ and other stakeholders’ interests and ensuring that high standards of corporate governance are applied.



## 2.5 Independent Directors

An independent director is considered an individual who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed company. Without limiting the generality of the foregoing, an independent director is one who:

- (a) is not, and has not been within the last three (3) years, an officer of the Company or any related corporation of the Company (each corporation is referred to as “**said Corporation**”). For this purpose, “**officer**” has the meaning given in Section 2 of the Act but excludes a director who has served as an independent director in any one or more of the said Corporation for a cumulative period of less than twelve (12) years;
- (b) is not a major shareholder of the said Corporation;
- (c) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- (d) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- (e) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities;
- (f) has not engaged in any transaction with the said Corporation 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 engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities;
- (g) has not served as an independent director in any one or more of the said Corporation for a cumulative period of more than twelve (12) years from the date of his first appointment as an independent director.

Independent director helps to provide independent judgement in the decision making of the Board. The independent director is essential for protecting the interests of shareholders and can make significant contributions to the Company’s decision making by bringing in the quality of detached impartiality. Since an independent director has no conflict of interests in the discharge of his or her duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye to provide a capable check and balance for the executive Directors and with an inquiring mind.

An independent director is especially important in areas where the interests of management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.

In considering independence, it is necessary to focus not only on whether a director’s background and current activities qualify him/her as independent but also whether the director can act independently of management.

The independence assessment based on the criteria of independent director as prescribed under MMLR is carried out annually.

The tenure of an independent director shall not exceed a term limit of nine (9) years from the date of first appointment. Upon completion of the nine (9) years, the independent director may continue to serve on the Board subject to the Directors' re-designation as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process as prescribed under Practice 5.3 of the MCCG 2021.

As for the retention of an independent director above twelve (12) years:

- i. the independent director must have served a cooling-off period of at least three (3) years;
- ii. the Company must justify the appointment of such person as an independent director and explain why there is no other eligible candidate in the statement accompanying the notice of general meeting; and
- iii. an immediate announcement on the appointment of such independent director.

## **2.6 Senior Independent Director**

Where the Board appoints a Senior Independent Director ("**SID**"), the role of the SID includes:

- (a) acting as an intermediary for another Director when necessary;
- (b) serving as the key person outside the management of the Company to whom shareholders or stakeholders may convey their concerns to; and
- (c) communicating concerns received from the shareholders/stakeholders through appropriate channel.

## **2.7 Company Secretary**

The appointment and removal of the Company Secretary shall be a matter of the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.

The key role of the Company Secretary is to provide unimpeded advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board.

The Company Secretary is responsible for advising the Directors on all governance matters required for its satisfactory operation and supporting the Board by ensuring adherence to the Board's policies and procedures.

All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Company.

The primary responsibilities of the Company Secretary shall include:

- (a) ensuring that Board procedures and applicable rules are observed;

- (b) maintaining records of the Board and ensuring effective management of the organisation's records;
- (c) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (d) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements; and
- (e) carrying out other functions as deemed appropriate by the Board from time to time.

The Company Secretary also plays an important role in good governance by helping the Board and its committees' function effectively and in accordance with their terms of reference and best practices.

### **3. Membership**

#### **3.1 Composition and Balance**

All Directors shall be of full age and the number of directors (disregarding alternate Directors) shall not be less than two (2) and not more than twelve (12) (unless otherwise determined by ordinary resolution). One of whom must be a woman Director.

The Company must ensure that at least two (2) or one-third (1/3) of the Board, whichever is higher, are independent directors.

The Board shall consist of individuals with diverse background who are equipped with sufficient professional and technical knowledge, to effectively represent the interests of shareholders in setting the Company's strategy and ensuring its implementation.

NED will be expected to meaningfully contribute to the Board's deliberations. The NED will be independent of the management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

Executive Directors will be engaged under service contracts. Upon the expiry of his or her tenure as stipulated in the service contract, the Board may also, with the recommendation of the NC and if considered appropriate, appoint him or her as a NED until the conclusion of the next annual general meeting, whereby he or she shall be eligible to offer himself or herself for re-election.

The roles of the Chairman and CEO are distinct. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

In the event of any vacancy in the Board resulting in non-compliance with Paragraph 15.02(1) of the MMLR, the Company must fill the vacancy within three (3) months from the time the position became vacant.

The Board shall disclose the Company's policy on gender diversity for the Board and senior management in its Annual Report.

### **3.2 Appointment to the Board**

The Board appoints its members through a formal and transparent selection process which is consistent with the Company's Constitution.

New nominees to the Board shall be identified and recommended by the NC for review by the Board. The selection of candidates is facilitated through recommendation from the Directors and management including independent sources to identify suitable qualified candidates from related industries and professions.

The appointment of the new board member and senior management shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

### **3.3 Board Assessment, Re-election and Re-appointment**

A review of the Board, individually and collectively, shall be conducted annually by the NC, which shall then present their recommendations to the Board. The Board shall in turn recommend to shareholders the retiring Directors proposed for re-election/re-appointment at an annual general meeting, after evaluating their performance.

The Board shall consider the current board composition and the tenure of each Director in the appointment and re-appointment of a Board member.

The criteria used in the performance assessment of the Board, board committees and individual Directors include:

- (a) appropriate size, composition, degree of independence, right mix of expertise, experience and skills within the Board and the board committees;
- (b) open communication of information and active participation within the Board and board committees;
- (c) clear understanding of the Board and board committees' roles and responsibilities and the Group's direction and strategy; and
- (d) the characteristics, integrity, competency and time commitment of the members of the Board and board committees in discharging their duties.

Board members have no fixed term of appointment but are subject to retirement by rotation every three (3) years.

Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company. He/she shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In accordance with the Company's Constitution, one-third (1/3) of the Directors or if their number is not a multiple of three, then the number nearest to one-third (1/3), are required to retire from office at the annual general meeting in every subsequent year. The retiring Director may offer himself/herself for re-election.

### **3.4 Qualification, Vacation of Office and Removal of Directors**

A person shall not hold office as a director of Avaland or whether directly or indirectly be concerned with or takes part in the management of Avaland, if the person:

- (a) is an undischarged bankrupt;
- (b) has been convicted by a court of law, whether within Malaysia or elsewhere, of any offence:
  - i. in connection with the promotion, formation or management of a corporation;
  - ii. involving bribery, fraud or dishonesty or where the conviction involved a finding that he/she acted fraudulently or dishonestly; or
- (c) has been convicted by a court of law of an offence under the securities laws of Malaysia or the Act,

within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

The office of Director shall, ipso facto, be vacated if the Director:

- (a) resigns his/her office by notice in writing under his/her hand sent to or left at the registered office;
- (b) has retired in accordance with the Act or the Constitution of the Company but is not re-elected;
- (c) is removed from his/her office of director in accordance with the Act or the Constitution of the Company;
- (d) becomes disqualified from being a director under Section 198 or 199 of the Act;
- (e) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
- (f) due to natural and unnatural death (deceased);
- (g) is absent for more than 50% of the total Board meetings held during a financial year; or
- (h) otherwise vacates his/her office in accordance with the Constitution of the Company.

Where a director is removed from office, Avaland must forward to Bursa Securities a copy of any written representations made by the director in question at the same time as copies of such representations are sent to members of the Company under Section 207(3)(b) of Act, unless copies of such representations need not be sent out by reason of the circumstances specified in Section 207(5) of Act.

### **3.5 New Directorship**

All Board members are expected to devote adequate time and attention to their duties. They shall notify the Chairman in written either by letter or electronic means before accepting any new appointment of directorships and must not hold more than five (5) directorships in public listed companies.

#### **4. Board Committees**

The Board has established and is supported by ARMC, NC and RC which consist of a majority of independent directors to provide independent oversight on management.

Each committee operates under clearly defined terms of reference. The committees are authorised by the Board to deal with and deliberate on matters delegated to them within the terms of reference. The term of reference set forth the purpose, authority, responsibilities, membership and operations of the abovementioned board committees.

The Board may establish any committees from time to time as it deems necessary to assist the Directors in carrying out their duties and responsibilities.

Other committees, namely the management and/or executive committees, may be set up to review the daily operations of the Group.

The terms of reference of ARMC, NC and RC of Avaland are accessible at the Company's website at <https://www.avaland.com.my/>.

#### **5. Board Meetings and Process**

- (a) The Board shall meet at least (4) times a year, with additional meetings to be convened when necessary.
- (b) The quorum shall be two (2) Directors.
- (c) Unless otherwise determined by the Directors, the notice and meeting papers for all Board Meetings shall be circulated to Directors at least seven (7) clear days in advance of the meeting to ensure they are well informed and have sufficient time to seek any additional information or clarification.
- (d) The Directors may participate at a Board meeting by means of telephone or video conferencing or by means of other communication equipment or electronic means which enable all persons participating at the meeting to hear and/or see each other for the entire duration of the meeting.
- (e) Management who are not Directors may be invited to attend Board meetings on matters relating to their areas of responsibility, where necessary. The external parties such as the auditors, solicitors and consultants may be invited to attend Board Meetings, as and when the need arises.
- (f) Resolution of any meetings by the Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the Meeting shall have a second or casting vote.
- (g) The minutes of the Meeting must accurately reflect the deliberations and decisions of the Board, including whether any Directors abstained from voting or deliberating on a particular matter.
- (h) The minutes shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

- (i) A resolution in writing signed by or approved by letter, telegram, telex, facsimile or electronic means by majority of the Directors at the time it is entitled to receive a notice of the meeting of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
- (j) All Directors must meet the minimum 50% attendance requirement imposed by MMLR.

## **6. Directors' Remuneration**

The Board recognised that the levels of remuneration must be sufficient to attract, retain and motivate the Directors with quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The executive Directors' remuneration will depend on the financial performance of the Group and the achievement of their annual key performance indicators ("KPI") (including strategic measures, the competitive performance metrics and enhancement of shareholders' value).

In the case of NED, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular NED.

## **7. Directors' Indemnity**

The Company has in place a liability insurance policy for Directors and officers in respect of the liability arising from holding office as director and management of the Company. The insurance however will not indemnify him/her against any liability which by law would otherwise attach him/her in respect of any negligence, default, breach of duty or breach of trust.

## **8. Directors' Continuous Training and Induction Programme**

All Directors of the Company shall undergo continuous training as an on-going process to equip himself/herself to effectively discharge his/her duties as a director of the Company.

The Company also provides an induction programme for new members of the Board, to ensure that they have comprehensive understanding of the operations of the Group and the Company.

## **9. Financial Reporting**

The Board aims to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to Bursa Securities.

The Directors are responsible for ensuring that the annual financial statements of the Company and Group are prepared in accordance with the provisions of the Act and the applicable approved accounting standards in Malaysia which give a true and fair view of the Group and of the Company's state of affairs, results and cash flows.

## **10. Related Party Transactions and Conflict of Interest Situations**

The Board through its ARMC, review all related party transactions and conflict of interest situations (if any) of the Group on quarterly basis.

A Director, who has interest in a transaction, must abstain from deliberating and voting on the resolution, in respect of such transaction at the Board meeting and at the annual general meeting or extraordinary general meeting convened to consider the said matter.

#### **11. Trading on Insider Information**

A Director and principle officer (“**Affected Persons**”) must not deal in listed securities of the Company or other listed companies as long as he/she is in the possession of price sensitive information relating to such listed securities.

Notices on closed period for trading in the Company’s shares are sent to Affected Persons on a quarterly basis, specifying the closed period where they are prohibited from dealing/trading the Company’s shares.

#### **12. Access to Information and Independent Advice**

The Directors have direct access to the management to seek further information, explanations and updates on any aspect of the Group’s operations and businesses as well as the advice and services of the Company Secretary.

The Directors, individually or collectively, are entitled to obtain outside legal or other independent advice at the expense of the Company.

#### **13. Code of Ethics and Conducts**

The Board established a Code of Conduct and Ethics for the Company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Board together with management has also established and has implemented policies and procedures to promote integrity and transparency across the organisation and has set up a channel on whistleblowing to encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.

The Code of Conduct and Ethics and Whistleblowing Policies of Avaland are published on the company’s website at <https://www.avaland.com.my/>.

#### **14. Investor Relations and Shareholder Communication**

The Company values the importance of dissemination of relevant and material information on the development of the Group to its shareholders and stakeholders in a timely and equitable manner. The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness.

The Company’s corporate website at [www.avaland.com.my](http://www.avaland.com.my) serves as one of the most convenient ways for the shareholders and members of the public to gain access to corporate information, announcements, quarterly results, annual reports, media releases, etc.



The annual general meeting is the principal forum for annual dialogue and interaction with all shareholders who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Company. The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of shareholder communication. This includes notice for the annual general meeting are circulated to the shareholders at least twenty-eight (28) days prior to the meeting.

The presence of all Directors will provide opportunity to shareholders to effectively engage each Director. Having the chair of board sub-committees present will facilitate these conversations and allow shareholders to raise questions and concerns directly to those response.

In facilitating greater shareholders participation, the Company shall consider leveraging on technology to facilitate electronic voting and remote shareholder participation.

## **15. Review**

The Board Charter shall be reviewed by the Board periodically, where necessary, in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at <https://www.avaland.com.my/>.

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Approved and adopted by the Board on 23 February 2022.



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# **APPENDIX A**

## **CODE OF CONDUCT AND ETHICS**

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## **AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

## **Code of Conduct and Ethics**

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## **AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

### **CODE OF CONDUCT AND ETHICS**

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#### **INTRODUCTION**

The board of directors ("**Board**") has adopted this Code of Conduct and Ethics ("**Code**") for the directors of the Company. The Code covers a wide range of business practices and procedures. It does not cover every issue that may arise but sets out basic principles to guide all the directors of the Company and its subsidiary companies.

Appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the Company's reputation and the success of its operations. Directors consider that the highest standards of business conduct and ethical behaviour should govern the exercise of their duties and responsibilities as directors. This Code describes the standards of business conduct and ethical behaviour for directors in the performance and exercise of their responsibilities as Directors or when representing the Company.

Accordingly, this Code is established to reflect the Board's commitment to such standards. No code can offer a complete guide to cover all possible situations that might be encountered, and the directors must exercise judgment in applying the principles embodied in this Code to any particular situation. The provisions of this Code are in addition to, and not in substitution for, any obligation imposed upon a director by agreement, common law, equity, statute or regulation. Compliance with this Code will not relieve a director from any such obligations.

#### **1. Compliance with Laws, Rules and Regulations**

- 1.1 Each director in exercising and/or discharging his/her powers or duties shall comply with all applicable laws, rules and regulations including the constitution of the Company, and shall use all reasonable efforts to oversee compliance by employees and other directors with all applicable laws, rules and regulations governing their conduct.
- 1.2 Directors have a responsibility to be sufficiently familiar with legislation or regulations that apply to their directorships and to recognise potential liabilities, seeking legal advice where appropriate in accordance with the Company's internal procedures governing the seeking of external advice by any Director.
- 1.3 Directors must not engage in or give the appearance of being engaged in any illegal or improper conduct that is in violation of this Code or that indicates a casual attitude toward compliance with laws, regulations or this Code.

#### **2. Corporate Governance**

- 2.1 Directors should have a clear understanding of the aims and objectives, capabilities and capacity of the Company and should at all times exercise their powers for the purposes they were conferred, for the benefit and prosperity of the Company.
- 2.2 Directors should disclose immediately all contractual interests whether directly or indirectly with the Company.

- 2.3 The directors should at all times act with utmost good faith towards the Company and its subsidiaries in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her duties.
- 2.4 Each director should devote sufficient time and effort to attend meetings and to know what is required of the Board and of each director, and to discharge those functions. Therefore, directors should limit the number of directorships they take up in accordance with the amount of available time at their disposal for the discharge of their duties.
- 2.5 Directors should ensure that at all times, the Company is properly managed and effectively controlled and should insist on being kept informed on all matters of importance to the Company, in order to be effective in corporate management.
- 2.6 Directors should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant legislation and contractual requirements.
- 2.7 A director should be willing to exercise independent judgment and, if necessary, oppose positions which in his/her view, are to the detriment of the Company or are contrary to the best interests of the Company.
- 2.8 Directors 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.

### **3. Conduct of Business and Fair Dealing**

- 3.1 No director shall:
  - (a) compete with the Company by providing services to a competitor; whether as an employee, officer or director;
  - (b) profit, or assist others to profit, from confidential information or business opportunities that he/she gains by virtue of his/her directorship of the Company;
  - (c) improperly influence or attempt to influence any business transaction between the Company and another entity, in which a director has a direct or indirect financial interest or acts as an employee, officer or director; or
  - (d) take unfair advantage of any customer, supplier, competitor or other person through manipulation, concealment, misrepresentation of material facts and/or other unfair practice.

### **4. Conflicts of Interest**

- 4.1 Every director has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company, or which divides his/her loyalty to the Company. Each director must deal at arm's length with the Company and should disclose to the Chairman or Chief Executive Officer, any conflict or any appearance of a conflict of interest on his/her part.
- 4.2 Any activity which even appears to present such a conflict must be avoided or terminated unless, after such disclosure to the Board, it is determined that the activity is not harmful to the Company or otherwise improper. The end result of the process of disclosure, discussion and consultation may well be the approval of certain relationships or transactions on the grounds that, despite initial appearances, no conflict in fact exists.

## **5. Use of Non-Public Information and Disclosure (Insider Trading)**

- 5.1 A director who has in his/her possession important information about the Company that has not been disclosed to the public, must keep such information confidential. Directors who have access to confidential information about the Company or any other entity are not permitted to use or share that information for the purposes of trading in the securities of the Company, the securities of the other entity, or for any purpose other than the conduct of the Company's business.
- 5.2 Directors shall maintain the confidentiality of any non-public information obtained in the course of the performance of their duties on behalf of the Company, except when disclosure is authorised or legally mandated.

## **6. Use of Company Funds, Assets and Information**

- 6.1 Each director shall protect the Company's funds, assets and information and shall not use the Company funds, assets or information to pursue personal opportunities or gain.
- 6.2 No Company funds, assets or information shall be used for any unlawful purpose.
- 6.3 No undisclosed or unrecorded funds or assets of the Company shall be established for any purpose.

## **7. Social Responsibilities and the Environment**

- 7.1 The Company shall constantly conceptualise and implements corporate social responsibility programmes and initiatives to minimise environmental impact.
- 7.2 Directors shall be responsible to maintain a safe and healthy workplace by following safety rules and practices and by reporting accidents, injuries and unsafe equipment, practices or conditions. Group related work is performed in a safe manner, free from the influences of alcohol, illegal drugs or controlled substances. The use of alcohol, tobacco or illegal substances inside the workplace is not tolerated.
- 7.3 Directors shall ensure that the activities and the operations of the Company do not harm the interests and wellbeing of society as a whole.
- 7.4 The Company is committed to providing all directors, officers and employees with an environment that respects their basic human rights and is free from discrimination and harassment. Each director is responsible for taking all reasonable precautions to not demonstrate behavior that can be reasonably construed as discriminatory or harassing in nature, whether on grounds of gender, race, religion or sexuality. Directors are encouraged to report all incidents of discrimination and harassment to the Chairman.

## **8. Proper Records and Communication**

- 8.1 Directors must not make or engage in any false record or communication of any kind, whether internal or external, including but not limited to:
  - (a) false expense claims, attendance, production, financial or similar reports and statements; and
  - (b) false advertising, deceptive marketing practices or other misleading representations.

## **9. Spokesman**

- 9.1 Only the Chairman, Chief Executive Officer and executive directors are authorised spokesmen of the Company. Other appointed agents may sometimes be appointed to speak on behalf of the Company temporarily, by the Chairman, Chief Executive Officer or executive directors.
- 9.2 Only the authorised spokesman or other authorised person is allowed to address the public, approve announcements, make press releases, clarify rumours and/or authorise the publication of any contents on the Company's website on behalf of the Company.

## **10. Whistleblowing**

- 10.1 Whistleblowing is a specific mechanism by which a worker or stakeholder can report or disclose through established channels, concerns about any violations of the Code, unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/ has taken place/ may take place in the future.
- 10.2 Only genuine concerns should be reported under the whistleblowing procedures. Under the Company's whistleblowing policy, such report should be made in good faith with a reasonable belief that the information and any allegations in it are substantially true, and the report is not made for personal gain. Malicious and false allegations by the whistleblower will be viewed seriously and treated as a gross misconduct and if proven, may lead to dismissal or termination of the whistleblower who abuses this system. The identity of the whistleblower will always be kept in strictest confidentiality.
- 10.3 The whistleblowing policy is accessible at the Company's website at <https://www.avaland.com.my/>.

## **11. Breaches of the Code**

- 11.1 In case of breaches of this Code including violations of laws, rules, regulations or the Company's policies by any director, the director or other directors are required to:
- (a) as soon as possible, disclose the violations to the Chairman and the rest of the directors;
  - (b) use best efforts to reduce the magnitude of damage/loss, if any; and
  - (c) strictly observe the whistleblowing policy.

## **12. Waiver of the Code**

- 12.1 In extraordinary circumstances and where it is clearly in the Company's best interests to do so, the Chairman, upon recommendation by the Audit and Risk Management Committee and approval by the Board, may waive a director's compliance with any provision of this Code. Conditions may be attached to such a waiver.

## **13. Review of this Code**

- 13.1 The Board shall periodically review and reassess the adequacy of this Code and make such amendments to this Code as the Board may deem appropriate.
- 13.2 This Code is accessible at the Company's website at <https://www.avaland.com.my/>.