

TITLE : Board Charter Malaysia Venture Capital Management Berhad
VERSION : 4.0
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SUPERSEDES : Board Charter (Version 3.0) dated 29 June 2021

BOARD CHARTER

1.0 INTRODUCTION

The Board Charter is a charter of the Board of Directors (Board) of Malaysia Venture Capital Management Berhad (“MAVCAP” or “the Company”). The Board is accountable to MAVCAP’s shareholders for corporate governance and performance of the Company and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the Company’s activities.

This Board Charter must be read jointly with the following documents:

- i. Companies Act, 2016
- ii. Memorandum and Articles of Association of the Company (“the Constitution”)
- iii. Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporation issued by Securities Commission.
- iv. The Malaysian Code on Corporate Governance issued by Securities Commission Malaysia.
- v. Garis Panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan) issued by Bahagian Syarikat Perlaburan Kerajaan Kementerian Kewangan.
- vi. Terms of Reference of Board Committees.

2.0 OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting collectively on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company. This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles and shall constitute and form an integral part of each Director’s duties and responsibilities. This Board Charter would also act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management.

3.0 THE BOARD

The Company is led and controlled by the Board which assumes overall responsibility for corporate governance, strategic direction and investments made by the Company.

3.1 Size and Composition

The Board composition shall be in accordance to the Company's Articles of Association ("Constitution").

3.2 Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from Ministry of Finance ("MOF") and/ or Ministry of Science, Technology and Innovation ("MOSTI"). In making these recommendations, MOF/ MOSTI will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Directors bring to the Board.

At least one third of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election in the Annual General Meeting.

3.3 Chairman

The position of the Chairman shall be held by an Independent Non-Executive member of the Board, and must not have served as the Chief Executive Officer of MAVCAP in the past five years.

3.4 Non-Independent Non-Executive Directors (NINEDs)/ Independent Non-Executive Directors (INEDs)

The NINEDs are the representative from the controlling shareholders (MOF and MOSTI). The Board shall comprise a majority of INEDs at all times.

All INEDs and NINEDs must go through the NRC's assessment and Board's approval.

The NINEDs and INEDs fulfil a pivotal role in corporate accountability by providing independent view, advice and judgment to ensure a balanced and unbiased decision making process to ensure that the long term interests of all stakeholders are well protected. INEDs however should bring independence of judgement and objectivity to Board deliberations.

3.5 Chief Executive Officer (CEO)

The appointment or reappointment of CEO shall be subject to MOSTI's recommendation and approval by MOF in writing.

3.6 Duties and Responsibilities

3.6.1 Board’s Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

- i) reviewing, approving and monitoring the overall strategies and direction of the Company, including sustainability of the Group’s businesses;
- ii) overseeing and evaluating the conduct and performance of the Company’s businesses;
- iii) reviewing and manage principal risks affecting MAVCAP and to ensure the implementation of appropriate internal controls and mitigation measures;
- iv) reviewing the adequacy and integrity of the management information and internal control system of MAVCAP;
- v) ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- vi) review and approving key frameworks and policies; and
- vii) adopting succession planning program for senior management roles, where applicable.

3.6.2 Responsibilities between the Chairman and the Chief Executive Officer (“CEO”)

The positions of Chairman and CEO are held by different individuals. There is also a clear division of responsibilities between the Chairman and the CEO to ensure a balance of power and authority. The Chairman is responsible in ensuring Board effectiveness and implementation of policies. The day-to-day running of the businesses are the responsibilities of CEO.

The responsibilities of the Chairman, amongst others, are as follows:

- i) leading the Board in setting the values and standards of the Company;
- ii) ensuring efficient organization and conduct of the Board’s function and meeting;
- iii) ensuring effective communication with shareholders and relevant stakeholders; and
- iv) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The responsibilities of the CEO, amongst others, are as follows:

- i) overseeing the day-to-day operations to ensure the smooth and effective running of MAVCAP Group;

- ii) setting the overall strategic policy and direction of the Group’s business operations based on effective risk management controls;
- iii) ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations; and
- iv) implementing the policies, strategies and decisions adopted by the Board.
- v) aligned to government strategic policies and MOSTI’s KPI.

3.7 Board Meetings

The Board meets at least 4 times in a year with additional meetings being convened physically or virtually as and when necessary. Prior to the Board meetings, all Directors will receive the agenda together with a set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations/clarifications from management, where necessary, to facilitate informed decision making. Senior management and external advisers may be invited at the Board meetings when necessary, to furnish the Board with explanation and comments on the relevant agenda. Besides these Board meetings, the Board shall also exercise control on matters that require its approval by way of circular resolutions and informal meetings with sufficient information required to make an informed decision. Proceedings of the relevant meetings and the resolutions reached shall be properly recorded and duly minuted.

3.8 Board Committees

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.

The Chairman of the respective Committees are tasked to examine specific areas and issues and report to the Board on their deliberations together with recommendations. INEDs and NINEDs play a leading role in these Committees. Management and third parties are co-opted to the Committees as and when required.

3.9 Directors’ Training & Continuing Education

The Company acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board’s skills and knowledge in discharging its responsibilities.

3.10 Assessment and Evaluation of Board Performance

The Board will complete an annual evaluation assessment of the Board and individual members of the Board as prescribed in the “Garis Panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan)”.

4.0 COMPANY SECRETARY

The Board shall appoint the Company Secretary, who plays advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. The Company Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities.

All Directors shall have full access to the advice and services of the Company Secretary who ensure that Board procedures are adhered to at all times and advise the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislation and regulations.

5.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors shall have full and unrestricted access to all information pertaining to the Company's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. All directors may also obtain independent professional advice, at the Company's expense, if required, in furtherance of their duties.

6.0 ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Company's financial position and prospects at the end of the financial year, primarily through the annual financial statements. The Board is assisted by the Audit Committee to oversee the Company's financial reporting processes and the quality of its financial reporting.

6.2 Internal Control

The Board recognises the importance of a sound risk management and internal control system for good corporate governance. The Internal Audit ("IA") function is considered an integral part of the assurance framework within the Group. IA function plays an intermediary role in that it assists in the discharge of the oversight function which is delegated by the Board to the Audit Committee.

6.3 Relationship with Auditors

The Board maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences.

7.0 CODE OF ETHICS AND CONDUCT ("THE CODE")

In line with good corporate governance practices, the Board has made a commitment to uphold the highest standards of professionalism. This Code sets out the broad principles and standard of business ethic and conduct of the Company, as follows:

1. Compliance at all times with this Code of Ethics and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. Does not misuse information gained in the course of duties for personal gain or for political purposes, nor seek to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
6. Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
7. Declaration of any personal, professional or business interests that may conflict with directors' responsibilities including on Board committees or working groups where a conflict of interest is likely to arise.
8. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.

7.1 Declaration of Interests and Related Party Transactions

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company secretary changes in the following:

1. Shareholding in the Company and its related corporation, whether direct or indirect; and
2. Directorships or interest in any other corporations.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the Companies Act, 2016. The Director concerned shall not participate in deliberations and shall abstain from casting votes in any matter arising thereof unless otherwise provided for in the Companies Act, 2016.

7.2 Guidelines of Acceptance of Gifts

The following set our guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts other than of token value should generally be refused.

8.0 REVIEW OF THE BOARD CHARTER

The Board Charter was revised and adopted by the Board on **29 September 2021**. Any subsequent amendment to the Charter can only be approved by the Board. The Board Charter should be reviewed at least once in every 3 years and updated 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.