

## **1 Introduction**

The Board of Directors (Board) is accountable to Shareholders for the performance of Arris Holdings Berhad and its related bodies corporate (Group Members). In carrying out its responsibilities, the Board undertakes to serve the interests of Shareholders honestly, fairly, diligently and in accordance with applicable laws while having due regard to the interests of employees, franchisees and the broader community.

## **2 Functions Of The Board**

The functions that the Board has adopted (which may be delegated to appropriate Board Committees) include:

- 2.1 Appointing a Managing Director to manage the day-to-day affairs of the Company. This entails:
  - Identifying a suitable individual and negotiating appropriate terms of employment.
  - Clarifying the scope of the role, and the delegated authorities.
  - Agreeing operational and financial performance targets.
  - Providing appropriate performance incentives.
- 2.2 Overseeing governance of the Company's assets: This includes:
  - Appointment, compensation and oversight of the Company's external auditors, including assessing whether the auditors meet the required standards for independence and maintenance of an efficient and effective audit.
  - Charting the direction, strategies and financial objectives for the Company and its subsidiaries.
  - Approving strategic plans and monitoring the Company's performance against them.
  - Approving the annual and half-year financial reports, liaising with the Company's auditors.
  - Reviewing the application of accounting policies and reporting of financial information to shareholders, regulators and the general public.
  - Approving other major decisions of the Company, including major business transactions, capital expenditure and appointment of senior executives.
  - Taking steps to identify the significant risks facing the Company and its assets, and that appropriate control, monitoring and reporting mechanisms are in place.
- 2.3 Undertaking actions that enhance the Company's standing with shareholders, stakeholders and the general community. This includes:
  - Setting governance policies and codes of conduct.
  - Taking appropriate action in the event of breaches of these standards.
  - Maintaining regular communications with shareholders and other stakeholders.
  - Overseeing the entity's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- 2.4 Taking steps to provide for assessment and renewal of the Board as appropriate:
- Instituting a process for evaluating appropriate Board skills and recruiting individuals able to discharge the responsibilities of Directors.
  - Submitting candidates for election at shareholder meetings, including rotation and re-election of existing Directors.
  - Nominating a Chair of the Board.
  - Undertaking an annual process of self-critique and review, and
  - Satisfying that the entity's remuneration policies are aligned with the entity's purpose, values, strategic objectives and risk appetite.

### **3 Responsibilities Of Directors**

- 3.1 Directors must comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:
- Acting in good faith and in the best interests of the Company as a whole;
  - Acting with care and diligence and for proper purpose;
  - Avoiding conflicts of interest wherever possible and where these do arise declaring and managing these in accordance with the intent and content of this Charter, the Companies Act, the NSX Listing Rules and the Company's Code of Conduct;
  - Not making improper use of information gained through the position of Director and from taking improper advantage of the position of Director; and
  - Ensuring that the Company's compliance with the Constitution, all applicable laws and regulations, the NSX Listing Rules, this Charter and all applicable Board policies and procedures.
- 3.2 Directors will not take any opportunity discovered through the use of Company property, information or position for themselves or use Company property (including the Company's name), information or position for personal gain.
- 3.3 Directors will not accept gifts or personal benefits of any value from any external party if it could be perceived that these could compromise or influence any decision by the Company.
- 3.4 Directors will only trade in the Company's securities in accordance with the Company's Securities Trading Policy and Guidelines.
- 3.5 Directors are expected to support the letter and spirit of Board decisions.
- 3.6 Subject to the Company's continuous disclosure obligations under the NSX Listing Rules, Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

## 4 Chairman Of The Board

- 4.1 Where practical, the Chair should be a non-executive Director. If a Chair ceases to be an independent Director then the Board will consider appointing a lead independent Director.
- 4.2 Where practical, the Chief Executive Officer should not be the Chair of the Company during his or her term as Chief Executive Officer or in the future.
- 4.3 The Chair's role includes:
- Conducting the Annual General Meeting and other Shareholder meetings efficiently such that Shareholders as a whole have adequate opportunity to air their views and obtain answers to their queries;
  - Ensuring effective communication with Shareholders and ensuring that members of the Board develop an understanding of the views of the major Shareholders (if applicable);
  - Providing coherent leadership of Arris, including representing Arris and understanding the views of Shareholders;
  - Promoting the highest standards of corporate governance and seeking compliance with the provisions of the Arris Code of Ethics and Conduct (**Code**) wherever possible;
  - Setting the agenda for Board meetings;
  - Conducting meetings competently and ethically, and providing effective leadership in formulating the strategic direction for Arris;
  - Ensuring the members of the Board receive accurate, timely and clear information, in particular about Arris' performance, to enable the Board to make sound decisions, monitor performance effectively and provide advice to promote the success of Arris;
  - Ensuring that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and Arris;
  - Ensuring effective implementation of Board decisions;
  - Promoting effective relationships and open communication, both inside and outside the Board Room, between non-executive Directors and senior executives;
  - Managing the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues. Where appropriate, arranging for informal meetings before the Board meeting to enable thorough preparation for Board discussion. Non-executive Directors should have sufficient time to consider critical issues and should not be faced with unrealistic deadlines for decision-making;
  - Building an effective and complementary Board (the membership of which is skilled and appropriate for Arris' needs), initiating change and planning succession in Board appointments, subject to Board and Shareholders' approval;
  - Providing a properly constructed induction programme for new Directors that is comprehensive, formal and tailored on all aspects of Arris' operations. This includes, issuing formal letters of appointment for new Directors setting out the key terms and conditions relative to that appointment, and the expectations of the role of Director;

- Addressing development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team;
- Ensuring that the performance of individuals and of the Board as a whole and its Committees is evaluated periodically;
- Ensuring that the Board is providing leadership and vision and working in a constructive partnership with Management;
- Being the Board's representative in dealings with management ensuring that its views are communicated clearly and accurately;
- Establishing a close relationship of trust with the Chief Executive Officer, providing support and advice whilst respecting executive responsibility;
- Ensuring that independent Directors meet separately on a regular basis to consider, among other things, senior executive performance; and
- Overseeing the role of Company Secretary, including, reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board.

## **5 Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.

## **6 Board Committees**

6.1 Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties the Board will establish the following committees, each with written terms of reference:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

6.2 The charter of the Committees is approved by the Board and reviewed following any applicable regulatory changes.

6.3 The Board will ensure that the Committees are sufficiently funded to enable them to fulfil their roles and discharge their responsibilities.

6.4 Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.

- 6.5 The minutes of each Committee meeting shall be made available to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- 6.6 Where the Board considers that the Company will not gain any benefit from a particular separate committee, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.

## **7 Board Structure**

- 7.1 The Arris Holdings Berhad's Board is comprised of a minimum of three Directors.
- 7.2 The composition of the Board is subject to shareholder approval. All nominations for appointment to the Board are reviewed by the current Board. At each annual general meeting, one third of the Board will retire and, if those Directors so choose, will offer themselves for re-election.
- 7.3 The Board comprises two executive directors (Mr. Lim Hock Loh and Ms. Por Yan Chew) and one non-executive director (Dato' Lawrence Teo). The executive directors are substantial shareholders of the Company and are not considered to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this relationship, the Board believes that Mr. Lim Hock Loh and Ms. Por Yan Chew are able and will make quality and independent judgments in the best interests of the Company on all relevant issues before the Board. Dato' Lawrence Teo is considered not to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status.
- 7.4 The Board recognises that the NSX recommends the majority of directors should be independent. The company does not follow this recommendation.

## **8 Conflict Of Interest**

### **8.1 Directors must:**

- disclose to the Board any actual or potential conflicts of interest or duty, or matter that may bear on their independence, which may exist or be thought to exist as soon as they become aware of the issue; and
- comply with the provisions of the Companies Act on disclosing interests and the Conflict of Interests Policy.

### **8.2 A Director who is interested in a transaction may attend a meeting of the Board at which a matter relating to the transaction arises but while the Company is listed on the NSX:**

- shall not be included among the Directors present at the meeting for the purposes of a quorum;
- may not vote on any matter relating to the transaction;

except where otherwise provided in the Constitution and Companies Act.

### **8.4 Directors are expected to advise the Chair, or if a chair is not appointed, the Chief Executive Officer, of any proposed board or executive appointments to other companies as soon as practicable.**

### **8.5 A non-executive Director should inform the Chair, or if a chair is not appointed, the Chief Executive Officer, before accepting any new appointment as a director of another listed entity, any other material directorship or other position with a significant time commitment attached.**

### **8.6 As noted in the Company's Code of Conduct, any conflict, or potential conflict of interest, identified by any Director must be disclosed using the Conflict of Interest Form.**

## **9 Board Meeting**

### **9.1 The Board shall determine the frequency and duration of the Board and Committee meetings. The Board meets formally at least four times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings. The Chair of the Board shall convene additional meetings upon request of any Board member who considers it necessary.**

- To adequately cover financial, strategic and major risk areas, the Chair shall establish meeting agendas.
- The Company Secretary acts as Secretary to the Board.
- Senior members of management attend Board meetings to present reports on, or seek approvals with, their areas of responsibilities.
- Part of each meeting is also taken up in private session (with only the Board members present) to discuss management issues or matters of a particularly sensitive nature.

- The external auditor meets with the Board as part of the half year and full year financial accounts preparation.
- 9.2 Questions arising at a meeting of Directors are to be decided by a majority of votes of the Directors present and voting and, subject to the Companies Act and Arris' Constitution, each Director has one vote.

## **10 Performance Review**

The Chair, or where a chair is not appointed, the Chief Executive Officer, will conduct an annual performance review of the Board that:

- Compares The Performance Of The Board With The Requirements Of Its Charter;
- Critically Reviews The Mix Of The Board; And
- Suggests Any Amendments To The Charter As Are Deemed Necessary Or Appropriate.

## **11 Access To Information And Independent Advice**

- 11.1 All Directors have unfettered access to Arris records and information they consider necessary to fulfil their responsibilities. Directors also have access to the Company Secretary and other senior management to seek explanations and information. Directors receive regular detailed financial and operational reports and may request elaboration or explanation of those reports at any time.
- 11.2 The Board collectively, and each Director individually, has the right to seek independent professional advice at Arris' expense to help them carry out their responsibilities. While the Chair's prior approval is needed, it may not be unreasonably withheld.

## **12 The Board's Relationship To Management**

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the CEO. The Board must ensure that the CEO and the management team is appropriately qualified and experienced to discharge their responsibilities and will put in place procedures to assess their performance and the performance of executive directors. The Company will have a written agreement with each senior executive setting out the terms of their appointment.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board will put in place a number of mechanisms to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of budgets and regular monitoring actual performance against budget; and

- procedures to be put in place to incorporate presentations covering key relevant areas of the Company's operations to each Board meeting by financial, operations, exploration and marketing management.

### **13 Review**

- Any amendments to this Charter must be approved by the Board.
- Any questions in relation to the Board Charter should be directed to the Chairman.
- This policy is reviewed annually by the Board.

