



# Alpha Power Engineering

## *Board Charter*

Approved by the board of Directors

Date

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# 1 Introduction

The purpose of this Board Charter (the “Charter”) is to describe the Corporate Governance framework of Alpha Power Engineering (the “Company”), especially the role, responsibilities, procedures of the Board of Directors (the “Board”) of the Company.

This Policy is complementary to the provisions regarding the Board of Directors contained in:

- a. the Myanmar Companies Law,
- b. the Company’s Constitution,
- c. the Company’s Code of Conduct.

The Board of Alpha Power will ensure that the Charter is enforced across the Company. The Board must also approve any modifications of this Charter and review and update it in a timely manner as needed.

## 2 Composition and structure

### 2.1 Board of Directors Profile

**2.1.1 Profile** – The Board of Directors shall prepare a profile of its size and composition, considering the nature of the business of the Company and its Subsidiaries and the desired expertise and background of the Board’s member. The Board of Directors Profile is posted on the Company’s website.

**2.1.2 Number of members** – The Board of Directors determines the number of members. The Board of Directors shall have a minimum of five (5) members and a maximum of nine (9).

**2.1.3 General composition** – A board member shall at all times meet the proper criteria as set forth by appropriate regulatory bodies. Furthermore, each Board member, shall:

- a. have adequate expertise and experience to perform his/her role as a Board member
- b. be able to act critically and independently of one another and the Management team
- c. be a person of good standing and reputation
- d. not have committed any sanctionable practice (or represented a company/person that has) (e.g., practices that involve corruption, fraud, collusion, etc.)
- e. at least one Board member shall be a financial expert, meaning he has expertise in financial administration, accounting for companies similar to the Company.

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## 2.2 Appointment

**2.2.1 Election** – The General Meeting of the shareholders elects members of the Board of Directors.

**2.2.2 Nomination** – A nomination or recommendation to the General Meeting of shareholders for a candidate for the Board of Directors shall state:

- a. the candidate's age,
- b. his/her profession,
- c. the amount and nature of his/her ownership in the Company,
- d. any convictions for any crimes involving dishonesty, fraud or breach of trust,
- e. the positions she/he holds or has held in the past five years (including memberships on any supervisory bodies or management team), and
- f. any other information relevant to an assessment of his/her suitability as a member of the Board of Directors.

The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the Board of Directors for appointment or reappointment of a Board member must be in accordance with this the criteria mentioned above.

**2.2.3 Reappointment** – Before recommending a member of the Board of Directors for reappointment, the Board of Directors must carefully consider his past performance on the Board of Directors.

**2.2.4 Vacancies** – Should a vacant Board seat materialize between General Meetings, the Board may elect a Board member to fill the vacancy until the next General Meeting. Their election should be based on the same process as described above.

## 2.3 Chairperson

**2.3.1 Election** – The Board of Directors shall elect a Chairperson.

**2.3.2 Duties** – The Chairperson of the Board of Directors is primarily responsible for the activities of the Board of Directors. He shall act as the spokesman of the Board of Directors and is the principal contact for the Management team. The Chairperson of the Board of Directors usually presides over General Meetings.

**2.3.3 Responsibilities** – The Chairperson ensures that:

- a. Board members, when appointed, participate in an induction program and, additional education or training programs as needed;
- b. Board members receive all information necessary for them to perform their duties;
- c. the Board of Directors has sufficient time for consultation and decision-making;

- d. the performance of the Management team members and Board members is evaluated at least once every year;
- e. the Board of Directors has proper contact with the Management team.

In addition, the Chairperson is primarily responsible for:

- a. ensuring the Board of Directors satisfies its duties,
- b. determining the agenda of Board of Directors meetings, chairing such meetings and ensuring that minutes are kept of such meetings,
- c. consulting with external advisers appointed by the Board of Directors,
- d. addressing problems related to the performance of individual Board members, and
- e. addressing internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result.

## 2.4 Corporate Secretary

**2.4.1 Corporate Secretary** – The Corporate Secretary assists the Board of Directors.

**2.4.2 General access** – All Board of Directors members may go to the Corporate Secretary for advice or to use his/her services on matters related to this Charter.

**2.4.3 Responsibilities** – The Company Secretary shall monitor and assist the Board in following the correct procedures and shall ensure that the Board of Directors complies with its obligations under the law, the Company's Constitution and this Charter. The Corporate Secretary shall assist the Chairperson of the Board of Directors in organizing the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs). The Corporate Secretary is the secretary of the Board of Directors.

## 3 Board responsibilities and members powers and duties

### 3.1 General Duties

**3.1.1 Duty of care and diligence** – Each member of the Board of Directors shall, when making a decision in exercise of his or her powers or discharging his or her duty of care and diligence:

- a. decide in good faith for a proper purpose,
- b. not have a material personal interest in the subject matter of the decision, and

c. rationally believe that the decision is in the best interests of the Company.

**3.1.2 Duty of Loyalty** – Each member of the Board of Directors shall, at all times, remain mindful of and discharge his or her duty to the Company. He or she shall NOT:

- a. improperly use his or her position or information obtained by him or her as a director to gain an advantage for him or herself or someone else; or cause detriment to the Company,
- b. conduct transactions in which he/she has a personal interest unless in accordance with Myanmar Companies Law, Alpha Power Engineering Code of Conduct, and the Related Parties Transaction Policy,
- c. disclose confidential information,
- d. enter into contractual relations with a competing company, or
- e. use assets and facilities of the Company for personal benefit.

**3.1.3 Duty to disclose** – A Board of Directors member shall immediately report to the Chairperson of the Board of Directors any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning members of his/her family. The Board member concerned shall not take part in the assessment by the Board of Directors of whether a conflict of interest exists.

**3.1.4 Time commitment** – Each member of the Board of Directors shall commit adequate time to the position, including time to attend Board meetings and, time to prepare him/herself for meetings.

**3.1.5 Participation** – Each member of the Board of Directors shall participate in Board discussions and voice his or her concerns openly to the Board. The Director shall ensure objectivity of analysis, including by not being unduly influenced by the Chairperson.

**3.1.6 Adherence to corporate governance policies, code of conduct, and applicable laws** – Board members and employees of the Company shall understand the Policies included in this Charter as their joint obligation, and accordingly, obligate themselves to ensure that its provisions and spirit are adhered to and acted upon throughout the Company. Further, all Board members and employees shall agree to act in accordance with all applicable laws and regulations and ethical standards of business conduct. The Board shall have primary responsibility for ensuring the development of, compliance with, and periodic review of corporate governance and conduct policies and practices in the Company, including the regular update of these policies.

## 3.2 Responsibilities

**3.2.1 Accountability** – The Board is accountable to the shareholders of the Company for creating long-term value for the shareholders while taking into account the interest of its stakeholders.

**3.2.2 Responsibilities** – The following are the primary functions of the Board:

- a. reviewing, approving and monitoring the Company's long-term strategic objectives, business plans and performance targets,

- b. reviewing and approving the annual operating budget,
- c. supervising and advising the management team and overseeing the general business of the Company,
- d. overseeing (i) the integrity of the financial statements, (ii) the performance, qualifications, and independence of the external auditor,
- e. overseeing and approving the risk management framework, policies and procedures to effectively manage risk,
- f. ensuring compliance with legal and regulatory requirements,
- g. reviewing and approving major decisions on (i) the organizational structure, (ii) the establishment of subsidiary companies, (iii) the establishment of branches and representative offices, and (iv) capital allocations and expenditures in line with the approved Authority Matrix,
- h. reviewing and/or approving transactions with related parties,
- i. selecting and recommending directorship candidates for election by shareholders,
- j. defining the remuneration and incentive schemes, including key performance indicators, for the Chairperson and members of the Board, as well as for key executives of the Company,
- k. appointing and, as necessary, dismissing key executives of the Company,
- l. developing succession plans and development objectives for key executives,
- m. assessing the effectiveness of the Company's governance practices and policies and making changes as needed,
- n. discussing its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board of Directors. At least once a year, the Board of Directors shall (without the Management team being present) discuss the activities of the Management team and those of its individual members and the effectiveness of such activities,
- o. approving and reviewing the Company's values, ethical standards, and mission,
- p. ensuring that obligations to shareholders and others key stakeholders are met.

**3.2.3 Securing information** – The Board of Directors and its individual members each have responsibility for obtaining all information from the Management team and the External Auditor needed to carry out their duties. If the Board of Directors thinks it is necessary, it may obtain information from officers and external advisers of the Company. The Company shall aid the Board of Directors in obtaining such information. The Board of Directors may require certain officers and external advisers to attend its meetings.

**3.2.4 Access to information** – Each member of the Board of Directors has access to the books and records of the Company, if useful in the performance his duties. Board of Directors

members shall consult with the Chairperson of the Board of Directors and the Corporate Secretary before exercising their rights.

- 3.2.5 Use of experts** – The Board of Directors may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board of Directors and shall be paid by the Company. A Board of Directors member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert’s report or conclusion.

## 4 Board evaluation

- 4.1 Annual assessment** – The Board shall conduct an annual assessment of its performance in the preceding year. The criteria to be used in the assessment include:
- a. whether the Board is functioning effectively;
  - b. whether the roles and responsibilities of the Board members and management are aligned with the long-term success of the business; and
  - c. Whether the board has set a strong culture for the Group to follow.

## 5 General Meeting

- 5.1 Compliance with law** – The Board of Directors shall ensure all laws are complied with, regarding the rights of shareholders.
- 5.2 General Meeting** – The Board of Directors shall determine the date and place of any General Meeting and a record date for the exercise of the voting and any other rights attached to the Company’s shares at such a meeting. Unless there is an overriding company interest to act otherwise, the Board of Directors shall efforts to provide owners with all information necessary or requested for the owners to properly act at the general meeting. If the Board of Directors believes the Company does have an overriding interest, it must state why it so believes.

The General Meeting of Shareholders shall include all shareholders entitled to vote and shall be the highest decision-making authority of the Company. The shareholders pass resolutions related to key business issues through the Annual General Meeting (AGM) where mission critical matters related to the Company’s business development and operations are discussed such as the approval of financial statements and the Annual Report (at such time as the Company decides to produce an annual report), dividend payments, profit distributions, remuneration for Board members and commissioners, the appointment of the independent auditor, amendments to the Articles of Association, and the delegation of authority to the Board to follow up on matters debated and approved at the AGM.





Board Charter



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