



# **GDB HOLDINGS BERHAD**

**201301006623 (1036466-U)**

**(Incorporated in Malaysia)**

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## **BOARD CHARTER**

### **OVERVIEW**

The Board of Directors (“the Board”) of GDB Holdings Berhad (“GDB” or “the Company”) is fully committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance 2017 (“the Code”). The Board supports the highest standards of corporate governance and the development of best practices for the Group.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

### **1. COMPOSITION AND BALANCE OF THE BOARD**

#### **1.1 Size and Composition**

The Group is led by an effective and experienced Board comprising members who have varied experience in general business and financial aspects, as well as in the technical and operational aspects.

The presence of the Independent Directors on the Board and in meetings ensures that decisions made by the Board remains objective and independent, and that the interests of minority shareholders are addressed and are accorded with due consideration.

The Constitution of the Company provides for a minimum of two (2) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

## **1.2 Nomination and Appointments**

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.

All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board before he has any new Directorship or significant commitments outside the Company.

## **1.3 Re-election**

In accordance with the Company's Constitution, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting.

## **1.4 Independence**

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

## **1.5 Tenure of Independent Director**

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis. If the Board continues to retain the Independent Director after the twelfth (12) year, the board should seek annual shareholders' approval through a two-tier voting process.

## **1.6 Evaluation of the Directors and the Board's as a whole**

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the

Board’s Committees on an annual basis. In assessing suitability of a candidate, considerations will be given to the competencies, commitment, contribution and performance of the Director. The Nomination Committee is required to report annually to the Board an assessment of the Board’s and its committees’ performance. This will be discussed with the full Board. Every year, the Nomination Committee will evaluate each individual Director’s contributions to the effectiveness of the Board and the relevant Board committees.

## **2. ROLES AND RESPONSIBILITIES**

### **2.1 Board Responsibilities**

The Group Managing Director (“GMD”), Group Executive Director (“GED”) and Executive Director (“ED”) of the Company have the responsibilities to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

The Board is responsible for the overall corporate governance of the Group including reviewing, adopting and approving the Group’s overall strategic direction, business plans, key operational initiatives, annual budget, major acquisition or disposal of undertakings, capital commitments and funding decisions. Further, the Board also oversees the conduct and sustainability of the Group’s business, assuming the responsibility for succession planning, reviewing the risk management process and internal control systems to minimise the downside risks for the Group in its business endeavours and to ensure compliance with relevant rules and regulations.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board’s deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

### **2.2 Accountability and Audit**

#### **i. Financial Reporting**

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

**ii. Internal Control and Risk Management**

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board. The Group adopted a structured risk management framework with discussions involving different levels of Management to identify and address risks faced by the Group.

The Group has set up a Risk Management Committee with the primary objective to assist the Board in:

- a. carrying out its responsibility of overseeing the risk management framework and policies of the Group;
- b. ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
- c. determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

However, the Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's system of internal controls. The activities of the outsourced Internal Auditors are to be reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

The Board recognises that identification, evaluation and management of significant risks faced by the Group are an on-going process. The improvement of the system of internal controls is an on-going process and the Board maintains on-going commitment to strengthen the Company's control environment and processes.

### iii. Limits of Authority

The responsibilities and authority limits of the Board, GMD, GED, ED and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance. The responsibilities and authority limits are formally documented in the Standard Operating Procedures of Finance Department.

### iv. Relationship with Auditors

The Group has established a transparent and appropriate relationship with both the outsourced Internal Auditors and the External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Board and the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

## 2.3 Responsibilities of the Chairman and GMD, GED and/or ED

The Board ensures that the Chairman is an Independent Non-Executive member of the Board. The role of the Chairman and the GMD, GED and/or ED are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the GMD, GED and/or ED has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GMD, GED and/or ED are accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

## 2.4 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:-

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Risk Management Committee

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

## 2.5 Company Secretary

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

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

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

## 3. BOARD PROCESSES

### 3.1 Board Meetings

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. The Directors receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient details of matters to be deliberated during the meeting, and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which are deemed critical for the Directors knowledge and information in arriving at a sound and informed decision. Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

### 3.2 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

### **3.3 Directors' Remuneration**

The Board through Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the GMD, GED and ED.

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

### **3.4 Access to Information and Independent Advice**

The Directors have unrestricted access to information from the Management, the Company Secretary, the outsourced Internal Auditors as well as the External Auditors of the Group in furtherance of their duties. If the need arises, they are free to obtain independent professional advice at the Company's expense.

### **3.5 Investor Relations and Shareholders' Communication**

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development. The Company's corporate website at [www.gdbhb.com.my](http://www.gdbhb.com.my) serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

The Annual General Meeting (“AGM”) remains as a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

#### 4. CODE OF ETHICS AND CONDUCT

All Directors and employees of the Group in exercising and/or discharging their powers or duties shall comply with all applicable laws, rules and regulations including the constitution of the Group. The core areas of conduct include the following:-

- i. Compliance by the Board at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Observe high standards of corporate governance at all times.
- iii. Observe high standards of business, professional and ethical conduct, and to refrain themselves from offering, giving or receiving any gifts and any other form of benefits (in kind, cash, advantages and/or favour and etc) from persons or entities who deal with the Company where the gift would reasonably be expected to influence the performance of their duties in any aspect.
- iv. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.
- v. Not misuse information gained in the course of duties for personal gain or for political purposes.
- vi. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- vii. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- viii. Ensure full, fair, accurate, timely and understandable disclosure.



- ix. Declaration of any personal, professional or business interests that may conflict with responsibilities.

In the event of any violation of this Code of Ethics and Conduct by any Director or employee of the Group, the Board of the Company shall determine appropriate actions to be taken after considering all relevant information and circumstances.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

## **5. REVIEW OF THE BOARD CHARTER**

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference on the Company's corporate website.

## **6. BOARD APPROVAL**

This Board Charter (Version No. 2) was reviewed and revised by the Board of Directors of the Company on 29 May 2020.