

# **BOARD CHARTER**

## **INTRODUCTION**

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The Board Charter, which serves as a strategic guidance and effective oversight of management, is also intended to provide a concise overview of:

1. clarification of the roles and responsibilities of the Board, individual director, chairman, chief executive officer and management to facilitate the Board, individual director, chairman, chief executive officer and management's accountability to the Company and its shareholders;
2. delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities; and
3. Board operating procedures and practices pertaining to meetings, training and development, code of conduct and declarations on conflicts of interest.

## **BOARD STRUCTURE**

### **A. Composition**

- The number of directors shall not be less than 2 and not more than 15 as set out in the Company's Articles of Association.
- In accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company must ensure that at least 2 directors or 1/3 of the Board, whichever is the higher, are independent directors. If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

### **B. Appointment and Re-election**

- The Board is responsible to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Combined Nomination and Remuneration Committee ("CNRC"). The CNRC will consider the required mix of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.
- In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. It provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately.

## **ROLES AND RESPONSIBILITIES**

### **Responsibilities of the Board**

1. Understanding shareholders' expectations and contribute to the development of strategies in their best interest and enhance shareholders' value;
2. Conscious balance of other stakeholders' interest, where appropriate, in line with Government policies and increasing shareholders' value;
3. Ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
4. Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
5. To ensure high standards of ethics and corporate behaviour in the conduct of business;
6. Commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, ensure sustainability of the Company, the monitoring of performance and succession planning;
7. Commitment to understanding and implementation of appropriate measures to manage key risk factors of the Company; and
8. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems.

### **Responsibilities of Individual Director**

Directors are accountable to their shareholders and should use their best efforts to ensure that the Company and Group are properly managed and constantly improved so as to protect and enhance shareholder value, and to meet the Company's obligations to all parties with which the Company interacts, i.e. its stakeholders. Their responsibilities include, amongst others, the following:

1. Directors are appointed to act in the interests of the Company and an important area of their legal responsibilities derives from trust law - the fiduciary duty to act in the interests of the Company, which includes the interests of the shareholders;
2. They are under a duty to exercise reasonable skill and care in the discharge of their functions;
3. Directors are required to exercise the utmost good faith towards the Company in all their actions and to act honestly in the exercise of the powers and in the discharge of the duties of their office;
4. Directors are expected to be actively involved not only in Board meetings but general meetings of shareholders;

5. Acquiring knowledge about the business of the Company and Group, the statutory and regulatory requirements affecting effective discharge of their duties, being aware of the physical, political and social environment in which it operates;
6. Assisting the Chairman in providing the Company and Group with effective leadership; and
7. Being available to advise management between Board meetings when necessary.

## **Responsibilities of Chairman**

The Chairman is elected by the Board members to provide leadership at Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring integrity and effectiveness of the Board and its committees.

The Chairman is required, amongst others, to:

1. Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members and senior management;
2. Ensure a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode is present;
3. Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making;
4. Monitor the performance of the individual and collective roles of the directors and the Board;
5. Maintain a regular and constructive dialogue with the Group Managing Director and senior management in respect of all material matters affecting the Company and the Group and to consult with the other Board members promptly and appropriately; and
6. Chair all meetings with the shareholders i.e. Annual General Meeting and Extraordinary General Meeting.

## **Responsibilities of Chief Executive Officer**

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company. The Chief Executive Officer is appointed by the Board on recommendation of the Combined Nomination and Remuneration Committees.

The Chief Executive Officer is accountable to the Board, amongst other things, on the following:

1. The Chief Executive Officer has a direct reporting line to the Board and not to the shareholders of the Company. The Chief Executive Officer is the link between the Board and management of the Company;
2. Develop and recommend to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical performance targets;
3. Develop and recommend to the Board the annual business plans, budgets, actions plans and risk management policies that support the Company's long term strategy that reflect current business environment and trends;
4. Ensure management of day-to-day business affairs, continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies sanctioned by the Board;
5. Ensure that the Company has an effective management team and structure, management development program and succession plans; and
6. Ensure that effective internal Company and Group controls and governance measures are deployed.

## **Responsibilities of the Management**

The responsibilities of the Management, in general, are:

1. Developing and proposing for the Board's approval, strategic plan and annual budget for the Company to ensure achievement of the objectives set by the Board;
2. Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company that were approved by the Board are met;
3. Running and managing the operations of the Company in a proper manner and in accordance with the Board approved strategic plan within the authority limit set by the Board;
4. Setting up of an appropriate and effective internal control measures and risk management framework. Identifying, assessing key risks, managing and monitoring key risks;
5. Assisting the Board in the establishment of Company or Group's policies by developing such policies for the Board's review and approval for Company and Group's adoption and implementing the approved policies;
6. Developing effective management information and internal control systems of the Company to ensure that integrity and adequacy of the systems are intact;

7. Reporting to the Board periodically on the performance of the Group against the approved plan and budget as well as other matters that is under the Board's purview in order to enable the Board to discharge its responsibilities effectively; and
8. Reporting to the Board on matters that required their decision/approval or of significance to the Company and Group.

## **Responsibilities of Board Committees**

The Board has set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decision on behalf of the Board and the Company. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision making.

### **Audit and Risk Management Committee**

The duties and responsibilities of the Committee should include the following:-

#### **(A) External Audit**

1. To consider the nomination and appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, the audit plans and ensure proper coordination where more than one audit firm is involved;
3. To review with the external auditor, his observation and evaluation of the system of internal control;
4. To review with the external auditor, his audit report;
5. To review the quarterly results and year-end financial statements of the Company, prior to the approval by the Board of Directors, focusing particularly on:-
  - any changes in or implementation of major accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
6. To discuss problems and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss;
7. To review the External Auditor's management letter and management's response;

**(B) Internal Audit**

1. To approve any appointment or termination of senior staff members of the internal audit function;
2. To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
3. To review any appraisal or assessment on the performance of members of the internal audit functions;
4. To review the structure, competency and resources of the internal audit function, and ensure that it is independent of the activities it audits and it has the necessary authority to carry out its work;
5. To review the scope of internal audit programme, processes and reports of the internal audit programme, and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
6. To consider the major findings of internal investigations and management's response;

**(C) Risk Management**

1. Set the guideline and influence the culture of risk management within the GDEX Group. This includes:
  - embedding risk management and control framework in all aspects of the Group's activities;
  - communicating the GDEX's approach to risk;
  - determining what types of risk are acceptable and which are not;
  - setting the standards and expectations of staff with respect to conduct and probity;
2. Determine the board's acceptable risk appetite or level of exposure for GDEX's Group;
3. Approve major decisions affecting the GDEX's risk profile or exposure;
4. Establish and maintain an adequate monitoring and reporting mechanism;
5. Identify and assess risks and monitor the management of fundamental risks to reduce the likelihood of unwelcome surprises;
6. Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively;
7. Review the risk management framework, processes, responsibilities and assess whether they provide reasonable assurance that risks are managed within tolerable ranges and approve changes or improvements to key elements of its processes and procedures;

8. Solicit formal feedback on the adequacy of risk management and internal control from the Internal Auditor, Chief Financial Officer and Group Chief Executive Officer;

**(D) Others**

1. To consider any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company; and
3. To consider other topics as defined by the Board of Directors.

**Combined Nomination And Remuneration Committee**

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of non-executive Directors, majority of whom are independent.

The Committee shall consist of at least three members.

The duties and responsibilities of Combined Nomination and Remuneration Committee are as follows :

1. To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
2. To review and recommend new nominees for appointment to the Board of Directors when deem necessary.
3. To assess the performance of Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
4. To recommend to the Board, Directors to fill the seats on Board Committees.
5. To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
6. To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.
7. To orientate and educate new Directors on the nature of business, the corporate strategy, current issues within the Group, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors.

8. To recommend to the Board the framework of Executive Directors' remuneration package.
9. To recommend to the Board any performance related pay schemes for Executive Directors.
10. To consider the appointment of the advisers or consultants as it deems necessary to fulfill its functions.
11. To act in line with the directions of the Board.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.

## **BOARD PROCESSES**

Processes and procedures for convening Board meeting :

### **Scheduling of Board meetings**

The Board meets at least 4 times every year based upon a schedule set on yearly basis.

Apart from the pre-scheduled Board meetings, the Board may for the purpose of urgent matters, convenes ad-hoc Board meetings at any time during the year.

### **Agenda item for Board meetings**

The agenda of the meeting is decided upon focusing on matters that requires Board decision, approval, directions and on items that are truly the Board's responsibility.

The Secretary shall discuss with the Managing Director on the agenda item. The final agenda for the meeting would be given to the Managing Director for his approval and clearance.

Any Director may request for inclusion of any matter in the agenda for a particular Board meeting. The request must be sent 7 days before the meeting for the Managing Director's approval.

### **Board meeting materials distributed in advance**

The Managing Director will inform/remind the relevant head of department to submit their report/materials on presentation to the Secretary at least 7 days before the meeting.

All meeting materials as well as the notice and agenda will be compiled in a meeting file and to be distributed to all the Directors within an appropriate timeline for perusal. In case where the subject matter/agenda item is price sensitive or otherwise confidential or in a state of flux, the presentation is directly made at the meeting.

### **Convening a Board Meeting**

The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise two (2) Directors.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote except when only two Directors are present and form a quorum or only two are competent to vote on the question at issue, the Chairman shall not have a casting vote.

### **Board and Directors Professional Development**

The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations.

The Board and its Director's professional development are:

1. Newly appointed Board members are mandated to attend the Mandatory Accreditation Programmes required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment;
2. Newly appointed Board members, when taking up office, are to attend the Company's induction program, where they are fully briefed on the terms of their appointment, duties and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates;
3. Formal training and continuous education programs and workshops for the directors encompassing topics on directorship, business, industry, regulatory and legislative; and
4. Informal sessions and discussion forums for the directors to share experiences and have constructive deliberations.

### **Code of Ethics and Conduct**

The Board commits itself and its Directors to the Code of Ethics and Conduct adopted by the Group.

## **Disclosure and Conflict of Interest**

The Articles of Association of the Company stipulates that every Director shall comply with the provisions of section 131 and 135 of the Companies Act 1965 in connection with the disclosure of the following:

1. interest in shares, debentures, participatory interests, rights, options; and
2. interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on conflict of interest are, among others, the following:

1. Directors must act in good faith at all times, where believing to be in the best interest of the Company. The definition of “interest” shall bear the meaning provided in Section 6A of the Malaysian Companies Act, 1965;
2. Directors have a general duty to make disclosure by giving written notice within a stipulated period of the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements; and
3. No director may vote in respect of any other contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.

## **REVIEW OF BOARD CHARTER**

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation 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 [www.gdexpress.com](http://www.gdexpress.com).