

# GADANG HOLDINGS BERHAD

Registration No. 199301023376 (278114-K)

## BOARD CHARTER

### 1. Purpose

The purpose of the Board Charter is to provide a clear statement of the roles, responsibilities, processes and operations of the Board of Directors ("the Board") of Gadang Holdings Berhad ("Company" or "Gadang") for the benefit of both the Board and Management and to ensure the practices of the Board are consistent with and reflect the Board's commitment to best practice in corporate governance.

### 2. Authority

The Board derives its authority to act from the powers of the Board contained in the Constitution of the Company and the law and regulations governing companies in Malaysia. Where applicable, specific authority may only be granted upon approval of the shareholders in the general meetings.

### 3. Roles of the Board

#### 3.1 Duties and Responsibilities

The Board is collectively responsible for the proper stewardship of the business of the Company and its subsidiaries ("Group") and the creation of long-term value to its shareholders and other stakeholders. The Board is the ultimate decision-making body of the Group with the exception of matters requiring shareholders' approval. It sets strategic direction and vision of the Group. The Board takes full responsibility in leading, guiding and monitoring the entire performance of the Group and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.

The Board shall assume, among others, the following principal responsibilities:-

- (a) Promoting together with Senior Management, good corporate governance culture within the Group which reinforce ethical, prudent and professional behaviour.
- (b) Reviewing and adopting a strategic plan for the Group
  - Review, challenge and approve Management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgement to the strategic planning process;
  - Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability; and
  - Monitor the implementation of the strategic plan by Management.
- (c) Overseeing the conduct of the Group's business
  - Oversee the performance of Management to determine whether the business is being properly managed and ensure that there are measures in place against which Management's performance can be assessed;
  - Review, challenge and decide on Management's proposals for the Group and monitor its implementation by Management; and
  - Monitor compliance with established policies and procedures.

- (d) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
  - Understand the principal risks of the Group business and recognise that business decisions involve the taking of appropriate risks;
  - Set the risk appetite within which the Board expects Management to operate and ensure there is a sound risk management framework to identify, analyse, evaluate and monitor significant financial and non-financial risks; and
  - Monitoring the operational, financial and risk management processes of the Group and ensuring that internal control procedures are in place.
- (e) Succession planning
  - Ensure Senior Management has the necessary skills and experience; and
  - Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing, members of the Board, Board Committees and Senior Management.
- (f) Overseeing the development and implementation of a shareholder and stakeholder communications policy for the Company
  - Ensure that the Group has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions.
- (g) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group
  - Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
  - Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls; and
  - Ensure the integrity of the Group's financial and non-financial reporting.
- (h) Overseeing the Sustainability Risk and Opportunities
  - Setting the Group's sustainability strategies, priorities and targets;
  - Ensure the Group's sustainability strategies, priorities, targets and performance are communicated to its internal and external shareholders; and
  - To stay abreast with and understand the sustainability issues relevant to the Group and its businesses, including climate-related risks and opportunities.

### **3.2. Schedule of matters reserved for collective decision of the Board**

The following are matters which are specifically reserved for the Board:-

- (a) Strategic/business plans and annual budget;
- (b) Risk management policies;
- (c) Financial reporting, related party transactions, conflict of interest and capital financing;
- (d) New investments, divestments, corporate restructuring, including the establishment of subsidiaries or joint ventures;
- (e) Major capital expenditure; and
- (f) Appointment of new Directors, Chief Executive Officer (CEO) and other senior management positions based on recommendations of the Nomination and Remuneration Committee.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimise operational efficiency.

#### **4. Relationship Between the Board and Management**

Subject to the formal delegations of authority, the Board delegates the responsibility for the day-to-day management of the Company's affairs and operations to the Group Managing Director ("**Group MD**") and the management team. Management are accountable to the Board and are to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year. The Chief Financial Officer and Heads of Division shall attend Board meetings by standing invitation. Non-Executive Directors may communicate with members of the senior management team at any time.

#### **5. Position Description**

##### **5.1 Separation of functions between the Chairman and the Group MD**

The Board aims to ensure a balance of power and authority between the Chairman and the Group MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The roles of the Chairman and Group MD are distinct and separate.

##### **5.2 Role of the Board Chairman**

The Chairman plays a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders. He is responsible for instilling good corporate governance practices, leadership and, effectiveness of the Board. The Chairman of the Board shall not be a Chairman or member of the Board Committees.

The key responsibilities of the Chairman include the following:

- providing leadership for the board so that the Board can perform its responsibilities effectively;
- leading the board in the adoption and implementation of good corporate governance practices in the company;
- setting the board agenda and ensuring that directors receive complete and accurate information in a timely manner;
- leading discussions at meetings and ensure effective conduct of Board meetings;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between Board and Management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- performing other responsibilities assigned by the Board from time to time.

### **5.3 Role of Group MD**

The Group MD is responsible for:

- the development (in conjunction with the Board) and implementation of short, medium and long-term corporate strategies for the Group, preparing business plans and reports with senior management and reporting/presenting to the Board on current and future initiatives;
- managing a team of executives responsible for all functions contributing to the success of the Group;
- ensuring that the Group has the appropriate risk management practices and policies in place;
- the efficient and effective operation of the Group;
- the assessment of business opportunities which are of potential benefit to the Group;
- bringing material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- serves as the chief spokesperson for the Group.

### **5.4 Role of Non-Executive Directors**

The primary role of the non-executive Directors is to act as a bridge between Management and stakeholders, particularly shareholders. They are to provide the relevant checks and balances on the acts of the Board and Management of the Company, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

Non-executive directors have four (4) main responsibilities, which are to:

- advise and direct Management in the development and evaluation of strategy;
- monitor Management's strategy implementation and operational performance;
- satisfy themselves that financial information is accurate; and
- review to ensure that the risk management and internal control systems are robust and defensible.

### **5.5 Role of Senior Independent Non-Executive Directors**

The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman; an intermediary for other Directors when necessary; and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman and/or Group MD.

### **5.6 Role of Individual Directors**

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. Broadly, these include:

- (a) acting in good faith and in the best interests of the Group;
- (b) demonstrating good stewardship and acting in a professional manner with sound mind;
- (c) acting with reasonable care, skill and diligence subject to the business judgement rule;
- (d) avoiding conflicts of interest with the Group in a personal or professional capacity, including improper use of the property, information, opportunity of the Group or position as a Director or officer of the Group or engaging in business which is in competition with the Group;
- (e) ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest;
- (f) disclosure of and abstaining from voting on matters of material personal interest;
- (g) exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and/or Group;
- (h) compliance with the Companies Act 2016, securities legislation and Bursa Malaysia Securities Berhad Listing Requirements.

Every Director shall devote sufficient time to prepare for and attend Board meetings, Committee meetings, Directors' continuous training programme and briefings.

Every Director must keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Group.

Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

## **6. Board Membership**

### **6.1 Size & Composition**

The Constitution provides that the number of Directors shall not be less than three (3) nor more than twelve (12). The Board has power under the Constitution to appoint a Director to fill a casual vacancy or as an additional Director.

### **6.2 Independence**

- (i) Independent Directors are directors who are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.
- (ii) At any one time, at least two (2) Directors or one third (1/3) of its Board (whichever is the higher) are independent Directors. If the number of Directors is not 3 or a multiple of three (3), then the number nearest one-third (1/3) shall be used. In the event of any vacancy in the Board resulting in non-compliance as stated earlier, the Company must fill the vacancy within three (3) months.
- (iii) The Chairman must be a non-executive member of the Board.

- (iv) Where the Chairman is not an Independent Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.
- (v) The tenure of an Independent Non-Executive Director (“INED”) shall be limited to a cumulative term limit of nine (9) years without further extension. Upon completion of nine (9) years, an INED may, subject to the Nomination and Remuneration Committee’s recommendation and Board approval, continue to serve on the Board as a Non-Independent Non-Executive Director from the ninth year onwards.

### **6.3 Appointments and Re-elections**

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination & Remuneration Committee (“**NRC**”). In making these recommendations, the NRC will consider the required mix of skills, experience and diversity, including gender, age and ethnicity, where appropriate, which the Directors bring to the Board.

The Constitution of the Company provides that any new director so appointed shall be subject to re-election at the next annual general meeting (“AGM”) to be held immediately following the appointment. Further, at every AGM, one-third (1/3) of the Board shall retire from office and be eligible for re-election and that all Directors shall submit themselves for re-election once every three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered as “active politician” if he is a member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

### **6.4 New Directorship**

Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, Directors shall notify the Chairman. The notification shall include an assurance that they will allocate sufficient time to fulfil their responsibilities at Gadang.

### **6.5 Induction**

The Board has an induction procedure for new members, to make sure new members are adequately acquainted with the Board’s purpose, responsibilities and practices. Induction of Directors include, but not limited to, the following:-

- introduction to the Group’s businesses;
- provision of a copy of this Charter, recent board minutes, relevant company policies, most recent annual and interim reports to shareholders and information on the time commitment needed, as well as specific information about the Group; and
- site visits to major operating locations.

## **7. Performance**

### **7.1 Remuneration**

The remuneration of the Directors is generally determined at levels which would attract and retain highly competent Directors with the right attributes and calibre. The Board shall be guided by the established Remuneration Policy. The fees and benefits shall be approved by the shareholders at the Annual General Meeting.

### **7.2 Continuing Professional Education**

Directors are expected to undertake any necessary continuing professional education to enable them to discharge their duties. Management will brief the Board on changes in the legislative, regulatory or industry framework which impact the Company but this is not a substitute for the Directors' own efforts.

The Board, assisted by the Nomination and Remuneration Committee, shall evaluate and determine the training needs of the Directors on an on-going basis, by determining areas that would best strengthen their contribution to the Board.

### **7.3 Board Evaluation & Assessment**

The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board, through the Nomination and Remuneration Committee ("NRC"), reviews and evaluates its own performance and the performance of its Committees as well as the performance of individual Directors on an annual basis. All such assessments shall be properly documented. The Board shall also engage independent expert to facilitate objective and candid board evaluation, when necessary.

The results of the performance assessment will form the basis of the NRC's recommendation to the Board for the re-election of Directors as well as for the necessary training and development needs for the Board, Board Committees and individual Board members.

## **8. Board Committees**

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities. However, the Board will not delegate any of its decision making authority to those Committees.

The Board has established the following Committees:

- (a) Audit Committee ("AC")
  - The AC assists the Board to fulfil its oversight responsibilities for financial reporting process, internal control systems and the internal and external audit functions.
- (b) Nomination and Remuneration Committee ("NRC")
  - The NRC assists the Board in proposing new nominees for the Board and Board Committees, developing and establishing competitive remuneration policies and packages for Directors and Senior Management and assessing the performance of the Board and Board Committees on an ongoing basis.
- (c) Board Risk & Sustainability Committee ("BRSC")
  - The BRSC is to assist the Board in ensuring the enterprise risk management framework is consistently adopted throughout the Group and is within the parameters established by the Board. The BRSC is also responsible to ensure that risk management is embedded in the business operations.



Each formally constituted Committee will have a written Terms of Reference, approved by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each of the Directors within the time frame set out in the relevant Committee's Charter, together with a clear list of recommendations and/or other matters and issues for the consideration of the full Board at the next Directors' meeting.

Membership of Board Committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors.

Membership of the AC, NRC and BRSC will be restricted to the Non-Executive Directors. The specific requirements of each Committee are set out in its Terms of Reference.

The Board has sole responsibility for the appointment of Directors to Committees and expects that, over time, the Directors will rotate on and off various Committees taking into account the needs of the Committees and the experience of the individual Directors.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's self-assessment process.

## **9. Meetings**

Board meetings are held regularly (at least 4 times a year to coincide with key dates in the financial reporting), as determined annually in advance by the Board. The agenda for each meeting is dictated by the needs of the Company and the matters set out in the annual agenda for attention at a particular meeting.

An additional Board meeting can be convened by a Director, or the Company Secretary at the request of any Director, at any time by giving all Directors seven days' notice in writing. A meeting may, with the consent of all Directors, be convened with less notice.

The quorum for a Board meeting shall be a minimum of two (2) Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.

The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by all the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened.

Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

## **10. Declaration of Interests**

Directors must take all reasonable steps to avoid situations where their personal interests conflict with the interests of the Company.

Where a potential or actual conflict arises, Directors are required to declare the nature and extent of any conflict of interests, whether direct or indirect, or whether actual or potential, with the Company or its subsidiaries, and if so required to recuse themselves from any deliberation and decision relating thereto. Every Director shall adhere to the procedures provided by the relevant laws and Gadang's Conflict of Interest Policy.



## **11. Independent Professional Advice to Directors**

In the furtherance of a Director's duties to the Company, the Director may obtain independent professional advice at a reasonable cost to the Company if the Chairman gave approval before the advice was obtained (or if the Chairman refused to give approval, the Board gave approval before the advice was obtained) in accordance with the flowchart attached as Appendix 1.

A copy of the advice received by the Director will be made available to all members of the Board at the same time as it is received by the Director who requested the advice.

## **12. Role of the Company Secretary**

The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who plays an important advisory role and 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 sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Group.

The roles and responsibilities of the Company Secretary shall include, but not limited to the following:

- Advising the Board on its roles and responsibilities;
- Facilitating the orientation of new Directors and assist in Directors training and development;
- Proper maintenance of the Group's statutory records, register books and documents;
- Attend and ensure proper conduct and procedures at Annual General Meeting, Extraordinary General Meeting, Board Meetings, Board Committees' Meetings and any other meetings and the preparation of minutes thereat;
- Monitoring corporate governance development and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

## **13. Stakeholder Liaison**

The Company encourages effective communication with stakeholders and has strategies in place to effect this. The Company stakeholders include members, employees, Government funding bodies and the community. The full Board is required to attend the Company's Annual General Meeting.

## **14. Review of the Board Charter**

The Board will regularly review this Charter and the Terms of Reference of its Committees and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practice.

*Revised and approved by the Board on 23 October 2024.*

Flowchart for Gadang's Board of Directors or Board-appointed sub-committees to seek independent professional advice

