



# BOARD CHARTER

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## 1. INTRODUCTION

This Charter is prepared for the Board of Directors (“Board”) of Pasdec Holdings Berhad (the “Company”) and its subsidiaries (collectively the “Group”), insofar as it is applicable, to provide a concise overview of:

- i. The roles, functions, responsibilities and powers of the Board and the senior management
- ii. An awareness to the various legislations and regulations affecting their conduct
- iii. The powers delegated to various board committees of the Company
- iv. The policies and practices of the Board in respect of matters such as corporate governance, code of conduct, conflicts and declaration of interest, board meeting procedures, appointment and assessment of directors

## 2. BOARD OF DIRECTORS

2.1 The Board is responsible for the proper stewardship of the Group. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

2.2 Generally, a Director’s responsibilities include:-

- i. To be aware of the Group’s operating environment and promote safety and soundness of the Group;
- ii. To be diligent in undertaking his duties and avoid conflict of interest situation;
- iii. To understand his oversight role and exercise independent judgment in decision making;
- iv. To devote adequate time and attention to discharge his duties and responsibilities effectively; and
- v. To contribute actively to the functions of the Board and be able to provide sound and objective advice.

2.3 The Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the interest of the Company:-

- i. Adopting and reviewing a strategic plan for the Company;
- ii. Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed and sustained;
- iii. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

- iv. Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;
- v. Developing and implementing and investor relations programme or shareholder communications policy for the Company; and
- vi. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines.

The matters listed in **Appendix A** are reserved for the collective decision of the Board.

### **3. BOARD COMPOSITION**

#### **3.1 Principles**

The composition of the Board shall be determined using the following principles:-

- i. The number of board members shall be governed and shall not exceed the maximum as set out in the Company's Articles of Association.
- ii. The composition of the Board viz a viz executive versus independent directors shall at all times be in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements").
- iii. The Board shall comprise of members with an appropriate range and mix of skills, experience, expertise and diversity. The criteria for appointment of new directors shall be reviewed and recommended by the Nomination Committee.
- iv. The Chairman and Managing Director ("MD") are required to be held by separate persons with clear division of responsibilities between them.
- v. The position of the Chairman of the Board shall be filled by a non-executive director. This does not prevent another Director from chairing all or part of a meeting in the absence of the Chairman.
- vi. The Chairman and/or the MD are the official spokespersons for the Board unless otherwise determined.

#### **3.2 Board Review and Assessment**

The Nomination Committee reviews and recommends the criteria for appointment of new directors. In addition the Board periodically conducts a formal review of its own performance. The various mechanisms will act as a

regular check on the composition of the Board and the appropriateness of the mix of skills, experience, expertise and diversity of the Board.

### **3.3 Role of Chairman**

The Chairman represents the Board to the Shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Chairman will act as facilitator at the meeting of the Board and ensure that no Board Member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board Members are forthcoming.

The key roles and accountabilities of the Chairman include:-

- i. Providing governance in matters requiring corporate justice and integrity;
- ii. Managing Board communications and Board effectiveness and effective supervision over management;
- iii. Creating conditions for good decision making during Board and Shareholder meetings;
- iv. Ensuring Board proceedings are in compliance with good conduct and best practices;
- v. Protecting the interest and provide for the information needs of various Stakeholders;
- vi. Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- vii. Ensure that quality information to facilitate decision-making is delivered to the Board on timely manner; and
- viii. Ensuring compliance with all relevant regulations and legislation.

### **3.4 Independent Directors**

The Board recognises that various principles and factors are relevant in determining independence and considers that true independence is a matter of judgement in a particular circumstance. The criteria for determination of independence of a Director will be guided by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board may appoint from amongst its members a Senior Independent Director to whom shareholders' concern may be conveyed.

### **3.5 Shareholdings by Board Members in the Company**

Board Members may hold shares in the Company. When buying or selling shares in the Company, Board Members must strictly observe the provision of the Articles of Association, the Directors' Code of Ethics and all relevant legislative and regulatory requirements.

## **4. BOARD RENEWAL**

- 4.1 All Directors are required to submit themselves for re-election at least once every three years or such earlier time as provided under the Company's Articles of Association. A candidate appointed to the Board will be subject to retirement of the forthcoming Annual General Meeting following his/her retirement.
- 4.2 Re-election is subject to Shareholders' approval. When recommending a Director for re-election, the Board will balance its composition, skills and competencies with the tenure, performance, skills and competencies of the incumbent Director.
- 4.3 The Nomination Committee will assist the Board annually by reviewing the Board's composition and tenure and makes its recommendation to the Board on all nominations.

## **5. NEW APPOINTMENTS**

- 5.1 The screening and evaluation process for potential new directors and Directors to be nominated for re-election are delegated to the Nomination Committee.
- 5.2 On the appointment of new director, the new director is required to commit sufficient time to attend to the Company's meeting/matters before accepting his/her appointment to the Board.
- 5.3 New Board members shall be briefed on the terms of their appointment, their duties and obligations on the operations of the Group. Copies of the following shall be provided to the newly appointed Director:-
  - i. Board Charter;
  - ii. Memorandum and Articles of Association;
  - iii. Directors' Code of Ethics;
  - iv. Board committees' composition and term of references;

- v. Latest business plans;
- vi. Latest annual reports and financial statements; and
- vii. Organization Chart.

5.4 Directorship held by any Board member at any one time shall not exceed the limits as set out in the Main Market Listing Requirement. Executive Directors should not take on any new appointments to the board of other listed companies without the prior notification and consent of the Chairman of the Company.

5.5 The Board acknowledges and supports the importance of diversity, including gender, on the Board. Subject to the sustainability of candidates who have the requisite expertise in the core business segment of the Group, the Board will appoint new directors who fit the skills, criteria and diversity that have been identified when recruiting additional Directors and/or filling vacancies which arises in the Board.

## **6. BOARD ASSESSMENT**

### **6.1 Review of Board**

The Board is responsible for establishing performance criteria including job description and key performance indicators. The Board is to conduct an annual performance review as advised by the Nomination Committee.

### **6.2 Review of Independent Directors**

The Board is responsible for establishing the criteria on independence of Directors and is to conduct an annual review on the independence of Directors as advised by the Nomination Committee.

### **6.3 Review MD/Chief Executive Officer**

The performance of MD/Chief Executive Officer ("CEO") is assessed based on the Key Performance Indicators approved by the Board.

### **6.4 Board training program**

The Board believes in educational/training programmes to update the Board in relation to new developments pertaining to laws and regulations and the changing commercial environment in which the Group operates which may affect the Board and the Group.

In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad, Board members are also encouraged to attend training programmes which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

## **7. DIRECTORS' REMUNERATION**

- 7.1 The Board will determine the level of remuneration of the Board Members, taking into consideration the recommendations of the Remuneration Committee.
- 7.2 Non-executive Board Members will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board committees and for their attendance at meetings. The fee which is subject to the approval of the shareholders shall be fixed in sum and not by a commission or on percentage of profits/turnover.
- 7.3 The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 7.4 No Director other than the MD and Executive Directors shall have a service contract with the Company.

## **8. CONFLICTS AND DECLARATION OF INTERESTS**

- 8.1 The Companies Act, 1965 and the Main Market Listing Requirements imposes obligations on Directors in relation to disclosure of interests. Specifically these provisions and regulations relate to:-
  - i. Material personal interest in any matter relating to the affairs of the Company for which a Director will be required to give notice to other Directors of his interest except in certain circumstances specified in the provisions or regulations.
  - ii. Where a Director has a material personal interest in any matter that is being considered at a board meeting he/she must not, except with the approval of the Board be present, while the matter is being considered or vote on the matter.

- iii. Disclosure of details of his/her interest or change in interest in the Company's securities on appointment within the prescribed period.
- 8.2 Each Director has a duty to maintain the confidentiality of information he/she obtained or learnt by virtue of his/her position as Director. Disclosure of such information by the Director should only be made after consultation with the Chairman or the Board.
- 8.3 The Director does not participate in deliberations of the Board or a Board Committee on matters in which he/she is or is deemed interested.

## **9. DELEGATION TO COMMITTEES**

- 9.1 The Board establishes Committees to help discharge its responsibilities. For each standing Committee the Board adopts a formal Terms of Reference setting out the matters relevant to the composition, role, function, responsibilities and administration of such Committees.
- 9.2 The Board has, as at the date of this Charter, established the following committees and amongst others, they have been charged with the following roles and responsibilities:-

### **i. Audit Committee**

- a. Ensure the financial statements comply with applicable financial reporting standards.
- b. Establish policies and procedures to assess the suitability and independence of external auditors.
- c. Establish policies and procedures governing circumstances for contracts of non-audit services to be entered into with external auditors.
- d. Review and assess the key business risks of the Company and the risk management framework of the Group.
- e. Review and implement the internal control systems of the Group.
- f. Review and assess the competency of the internal audit function of the Group.



**ii. Nomination Committee**

- a. Assess and recommend new Directors to the Board.
- b. Undertake the annual review on the composition of the Board in terms of appropriateness of size, determine the required mix of skills, experience and core competencies and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.
- c. Implement and conduct assessment on the effectiveness of the Board as a whole, the Board Committees and individual contribution of each Board member.
- d. Assess and recommend to the Board the re-election of Director who are due for retirement in accordance with the Articles of Association of the Company.
- e. Undertake an annual assessment on the independence of Independent Directors.

**iii. Remuneration Committee**

Establish formal and transparent remuneration policies and procedures.

**iv. Tender Committee**

Establish formal policies and procedures with regards to the administration and award of tenders by the Company.

**v. Executive Committee**

Control functions of investment and certain levels of operation of the Group.

All Committees shall have access to the appropriate external and professional advice needed to assist the Committees in fulfilling its role.

The Board also delegates specific functions to Ad Hoc Committees on a "as need" basis. The terms of reference and powers delegated to any such committee will be agreed by the Board at the time the Committee is established as set out in the Board resolutions.

## **10. BOARD OPERATION STANDARDS AND POLICIES**

### **10.1 Board Meetings**

The Board shall meet at regular intervals throughout the year and shall consider where applicable:-

- i. Operational report(s), the financial results and cash flow projections;
- ii. Review the reports and recommendations of the Audit Committee;
- iii. Approve the quarterly announcement and quarterly financial statements to Shareholders and the public;
- iv. Matters which are reserved for its collective decision;
- v. Significant capital expenditure and acquisitions;
- vi. Significant disposal of the Company/Group assets;
- vii. Major issues or opportunities;
- viii. Committee minutes/Boards Circular Resolution for notation;
- ix. Changes in directorships and disclosure of interests;
- x. Disclosure of dealings by Directors/principal officers;
- xi. Summary of share ownership movement;
- xii. Review the Company and Group goals and the strategies for achieving the goals;
- xiii. Approve the operational plan and budget;
- xiv. Consider and, if deem appropriate, declare or recommend the payment of dividends;
- xv. Review/approve the reports and recommendations from the Audit Committee; and
- xvi. Any other matters requiring its authority.

### **10.2 Attendance**

The Company Secretary attends meetings of the Board and Board Committees as secretary. Senior Management are invited to attend meetings (or parts of meetings) from time to time where the Board requires their involvement or assistance.

### **10.3 Minutes**

Full minutes of each meeting are kept by the Company Secretary and are available for inspection by any director during office hours. All minutes are signed by the Chairman and entered into the minutes book and are available for inspection by any Director.

#### **10.4 Confidentiality**

All attendees at Board Meetings, whether as officers and/or fiduciaries, are required to keep all information presented to (whether written or oral) or discussed during the meetings confidential.

#### **10.5 Board Papers**

The Company will provide the Directors with timely and quality information in a form and manner appropriate for them to discharge their duties effectively. The agenda and comprehensive Board papers are to be circulated in advance of each Board meeting. The Company Secretary will supervise the filing and storage of all board papers.

#### **10.6 Company Secretary**

All directors have access to the Company Secretary.

#### **10.7 Independent Advice**

Directors are able to obtain the advice of professional advisers, with the prior approval of the Chairman, to assist them to carry out their duties.

#### **10.8 Directors And Officers Liability Insurance**

Directors are entitled to an appropriate level of Directors and Officers insurance coverage.

### **11. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

#### **11.1 Access To Management and Information**

Board members should be given unrestricted access to the Group's Management and to the information pertaining to the Company and/or Group including from the Company and/or Group's auditors and consultants.

Board Members must use proper judgement to ensure that the contact is not distracting to the business operation of the Group and the functioning of Management. Any such contact must be made through the MD/CEO.

## **11.2 Position of MD/ CEO**

The Board will link the Company's governance and management functions through the Chairman with the MD/CEO. All Board authority conferred on Management is delegated through the MD/CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

## **11.3 Accountability of MD/CEO**

The MD/CEO is accountability is accountable to the Board for the achievement of the Company's goal and for the observance of the management authorities.

The MD/CEO shall be the head of the Management of the Company and Group and its capacity is answerable to the Board.

The key role of the MD/CEO, amongst others include:-

- i. Developing the strategic direction of the Group;
- ii. Ensuring that the Group's strategies and corporate policies are effectively implemented;
- iii. Ensuring that Board decision are implemented of short and long term business plan;
- iv. Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- v. Keeping Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Boards members;
- vi. Ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development.
- vii. Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- viii. Developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- ix. Ensuring the day-to-day business affairs of the Group are effectively managed.

#### **11.4 Management Authorities**

The MD/CEO is expected to act within all specific authorities delegated to him by the Board. The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk.

#### **11.5 Leadership Development**

There shall be a periodic report by the MD/CEO to the Nomination Committee and/or Board on succession planning.

### **12. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ECT**

12.1 The Board will use its best endeavour to familiarise itself with issues of concern to Shareholders.

12.2 The Board believes that Management speaks for the Group. Nevertheless, individual Board Members may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman/MD.

### **13. CODE OF CONDUCT**

13.1 The Board and Management are expected to conduct themselves with the highest ethical standards, behave ethically and professionally at all times and to protect and promote the reputation of the Company.

All Directors and staff of the Group are to:-

- i. Act honestly, fairly and professionally in all business dealings
- ii. Foster a culture of integrity
- iii. Work together to promote a safe, ethical and professional workplace.
- iv. Comply with the laws, rules and regulations under which the Company conducts its business
- v. Respect the local communities wherever the Company operates

The Board is responsible for establishing, compliance and evaluating the effectiveness of the Company's Code of Business Conduct & Work Ethics.

The Directors' Code of Ethics is set out in **Appendix B**.

### **13.2 Whistleblowing Policy**

The Board has established a Whistleblowing Policy where Directors or employees are able to report violations of laws, rules and regulations or the Company's Code of Conduct and Ethics and potential ethic violations or non-compliance to appropriate nominated persons.

### **13.3 Corporate Disclosure Policies And Procedures**

The Board has established Corporate Disclosure Policies and Procedures where guidelines are set out to regulate communications by the Company both internal and external.

### **13.4 Sustainability Policy**

The Board has in place a Corporate Social Responsibility and Sustainability Policy to promote activities that extend the organization's social policy on environmental protection and preservation, a conducive workplace for employees, and supporting the community in the vicinity and market place.