



**RGB International Bhd. (603831-K)**  
(Incorporated in Malaysia)

## **BOARD CHARTER**

(Last Revision Date: 17 April 2019)

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## 1. OVERVIEW

The Board of Directors (“the Board”) of RGB International Bhd. (“the Company”) collectively leads and is responsible for the success of the Company and its subsidiaries (“the Group”) by providing entrepreneurial leadership and direction as well as supervision of the management. The Board is the ultimate decision making body.

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

## 2. BOARD STRUCTURE

### 2.1 Board Balance and Mix

- The number of directors shall be not less than 2 but not more than 9 as set out in the Company’s Constitution. At any one time, at least 2 or half of the Board members, whichever is higher, shall be independent directors.
- All newly appointed directors shall retire and be re-elected by the shareholders at the Company’s annual general meeting.

### 2.2 Tenure of Directors

- Pursuant to the Company’s Constitution, an election of directors takes place subsequent to their appointment each year where 1/3 of the directors or if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire by rotation from office and shall be eligible for re-election at each annual general meeting and that each director shall retire from office at least once in every 3 years and shall be eligible for re-election.
- The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot.
- The tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director’s re-designation as a non-independent director. Otherwise, the Board must justify and seek shareholders’ approval at the Company’s annual general meeting in the event it retains the director as an independent director. If the Board continues to retain the independent director after the 12 years, the Board shall seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the same shareholders’ meeting:
  - Tier 1: Only the Large Shareholder(s) of the Company votes; and
  - Tier 2: Shareholders other than Large Shareholder(s) votes.

Large Shareholder means a person who:

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- is the largest shareholder of voting shares in the Company;
- has the power to appoint or cause to be appointed a majority of the directors of the Company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

### **2.3 Nomination and Appointments**

- The appointment of a new director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination Committee.
- The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company.
- The Nomination Committee will screen, conduct initial selection of internal and external candidates, perform requisite evaluation and assess the candidates' ability to discharge their duties effectively and efficiently, prior to making recommendations to the Board for its approval. The Nomination Committee will also ensure candidates possess the appropriate skills, knowledge, expertise, experience, professionalism and integrity to effectively discharge his or her role as a director.
- The Company Secretary is responsible for ensuring that relevant procedures pertaining to the appointments of new directors are properly executed.
- Upon the appointment of a new director, the Company Secretary will advise the director of his/her principal responsibilities and explain the restrictions to which he/she is subject to concerning price-sensitive information and dealings in the Company's securities. The Company Secretary will provide up-to-date corporate governance materials published by the relevant bodies.
- The newly appointed directors will have to attend the induction programme which conveying, inter alia, the Company's background, structure, culture, values and policies.
- The directorships held by any Board member at any one time shall not exceed 5 in listed companies.

## 2.4 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorships in listed companies. The notification shall include an indication of time that will be spent on the new appointments.

## 2.5 Company Secretary

- The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required.
- The roles and responsibilities of the Company Secretary shall include, but are not limited to the following:
  - managing all Board and Board Committees meeting logistics, attending and recording minutes of all Board and Board Committees meetings and facilitating Board communications.
  - advising the Board on its roles and responsibilities.
  - facilitating the orientation of new Directors and assist in Directors' training and development.
  - advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements.
  - managing processes pertaining to the annual shareholder meeting.
  - monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.
  - serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

## 2.6 Board Committees

- As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to certain Committees with each operating within clearly defined terms of reference. The Chairman of the various Committees will report to the Board on the outcome of the Committee meetings.
- The Board has established the following Committees to assist the Board in the execution of its duties:
  - a) Audit Committee
  - b) Remuneration Committee
  - c) Nomination Committee
  - d) Employees' Share Option Scheme ("ESOS") Committee
  - e) Credit Review & Risk Assessment ("CRRA") Committee

f) Executive Committee

- The Chairman of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings.

## **2.7 Board's Relationship with Shareholders**

- The Board will maintain an effective communications policy that enables both the Board and the management to communicate effectively with shareholders and the general public.
- 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.

## **3. ROLES AND RESPONSIBILITIES**

### **3.1 Role of Board**

- The functions of the Board are to:
  - a) monitor the compliance with all relevant statutory and legal obligations.
  - b) ensure that the Group's core values, vision and mission and shareholders' interests are met.
  - c) ensure that the Company has appropriate corporate governance structures in place and together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.
  - d) review and set the Group's strategic plan and direction and ensure that the strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
  - e) review, challenge and decide on the management's proposals for the Group and monitor its implementation by the management.
  - f) supervise and assess performance of the management to determine whether the business is being properly managed.
  - g) review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines and ensure there is a sound framework for reporting of internal controls.

- h) understand the principal risks affecting the Group and recognise that business decisions involve the taking of appropriate risks.
  - i) set the risk appetite within which the Board expects the management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
  - j) establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
  - k) initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for Directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
  - l) ensure that senior management has the necessary skills and experience and succession plans are in place for the Board members and senior management.
  - m) promote better investor relations and shareholder communications and ensure that the Group has in place procedures to enable effective communication with stakeholders.
  - n) ensure the integrity of the Group's financial and non-financial reporting.
- The following matters are reserved for decision by the Board on the basis of any recommendation that may be made from time to time by the Board Committees and/or the management:
    - a) Board structure and remuneration
      - Appointment and recommendation for removal of Directors.
      - Appointment and removal of Company Secretary.
      - Appointment of Board Committees and their members.
      - Approval of terms of reference of Board Committees and amendments to such terms.
      - Approval of remuneration packages for Executive Directors and senior management.
      - Recommendation of directors' fees for Non-Executive Directors for shareholders' approval.
    - b) Financial
      - Approval of quarterly financial results and audited financial statements.
      - Approval for the release of financial announcements.
      - Approval of interim dividends for payment and recommendation of final dividend or other distribution for shareholders' approval.
      - Adoption of any significant change in the accounting policies and practices of the Group.

- c) Operational
  - Approval of the Group's strategic plan and annual budget.
  - Approval of limits of authority and any revisions or amendments thereto.
  - Approval of major corporate and financial affairs as well as expenditures as set out in the Expenditure Controls and Delegation of Authority Policy.
  
- d) Other matters
  - The granting of powers of attorney by the Company.
  - Recommendations for the alteration of the Constitution of the Company.
  - Alteration of the accounting reference date and registered office of the Company.
  - Any other significant business decision.
  - Any other matter requiring the convening of a general meeting of shareholders.
  - Any other matters as may be required by the laws or the governing authorities.

### **3.2 Role of Chairman**

The Chairman is responsible for:

- a) leadership of the Board.
- b) overseeing the effective discharge of the Board's supervisory role.
- c) facilitating the effective contribution of all Directors and allowing dissenting views to be freely expressed.
- d) conducting the Board's function and meetings and ensuring the information is delivered to the Directors on a timely basis.
- e) briefing all the Directors in relation to issues arising at meetings.
- f) leading the Board in establishing and monitoring good corporate governance practices in the Group.
- g) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
- h) scheduling regular and effective evaluations of the Board's performance.
- i) promoting constructive and respectful relations between Board members and between the Board and the management.

### **3.3 Role of Managing Director**

The Managing Director is responsible for:

- a) strategic business direction, plans and policies of the Group.
- b) the efficient and effective operation of the Group.
- c) day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- d) bringing material matters to the attention of the Board in an accurate and timely manner.

### **3.4 Role of Senior Independent Non-Executive Director**

The responsibilities of the Senior Independent Non-Executive Director shall include:

- a) acting as a sounding board for the Chairman and an intermediary for other Directors when necessary.
- b) serving as the principal conduit between the Independent Non-Executive Directors and the Chairman on sensitive issues.
- c) serving as the designated contact for shareholders and other stakeholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Managing Director.

### **3.5 Role of Individual Director**

The Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors including:

- a) acting in good faith and in the best interests of the Group.
- b) acting with care and diligence of reasonable person subject to business judgement rule.
- c) avoiding conflicts of interest with the Group in a personal or professional capacity.
- d) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.
- e) ensuring Board information, discussions, deliberations and decisions that are not publicly known confidential and not used for personal interest or their employers' interest.

- f) disclosure of and abstaining from voting on matters of material personal interest.
- g) compliance with the company and securities regulations and listing requirements.

### **3.6 Role of Committees**

- The roles and responsibilities of Audit, Remuneration, Nomination, CRRA and Executive Committees are set out in the terms of reference of each Committee. The ESOS Committee administers the ESOS of the Company in accordance with the Bye-laws of the scheme.
- The written policies and procedures for each department are in place to enhance overall group performance.

## **4. BOARD PROCESSES**

### **4.1 Board Meetings**

- Meetings will be conducted on a quarterly basis. The Company Secretary will prepare and circulate a timetable for all required to attend the meeting.
- The quorum of Board meeting is 2 members, present in person.
- Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to the Directors and approved by the Board at the subsequent meeting. Directors' Circular Resolutions approved by majority of the Directors are as valid and effectual as if the resolutions had been passed at the meeting of the Directors. The resolutions are to be recorded in the Company's minutes book kept by the Company Secretary.
- Actions on all matters arising from any meeting are reported at the following meeting.
- The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

### **4.2 Notices and Meeting Papers**

- The notice of Board meetings shall be issued at least 5 business days prior to the meeting.
- As a best practice and allow ample time for Directors to study and evaluate the matters to be discussed and subsequently make effective decisions, the Board paper and agenda items shall be circulated at least 5 business days prior to the meeting.

- Minutes prepared following the Board meeting will be circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. Issues discussed in arriving at each Board's decision shall be recorded.

#### **4.3 Access to Information**

- The Directors have unrestricted access to the advice and services of the Company Secretary and senior management staff in the Group and may obtain independent professional advice at the Company's expense in the furtherance of their duties.
- Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Board.
- The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

#### **4.4 Directors' Training**

The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

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

The Board Charter shall be reviewed by the Board annually to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remains consistent with the Board's objectives and responsibilities.