

# BINA DARULAMAN BERHAD

(Incorporated in Malaysia)

## BOARD CHARTER

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DATE REVISED & ADOPTED BY THE COMPANY : 17.03.2019

VERSION : 3.0

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## INTRODUCTION

- 1.1. The Board of Directors (“The Board”) of Bina Darulaman Berhad (“the Company” and/or “BDB”) is committed to good corporate governance and ethical conduct as it is essential for delivering sustainable value, enhancing business integrity and maintaining stakeholders’ confidence towards achieving BDB’s corporate objectives. The Board has primary responsibility to the shareholders for the welfare of the Company and its subsidiaries
- 1.2. The purpose of this Board Charter is to provide clarity, amongst others: -
  - 1.2.1. Setting up the Board’s strategic intent and outlines the roles, responsibilities and powers that the Board and those it delegates to the Management through various Board Committees.
  - 1.2.2. Serves as a reference source and primary induction literature, providing insights to existing and prospective board members in carrying out their fiduciary duties as directors of BDB.
  - 1.2.3. Assisting the Board in the assessment of its performance and individual directors.
- 1.3. The Board Charter is subjected to the rules and regulations applicable to BDB, including the Companies Act 2016 (CA 2016), Bursa Malaysia Main Board Listing Requirements (MMLR), BDB’s Constitution and Malaysia Code of Corporate Governance Issued in 2017 (MCCG Code).

## **2.0. THE BOARD**

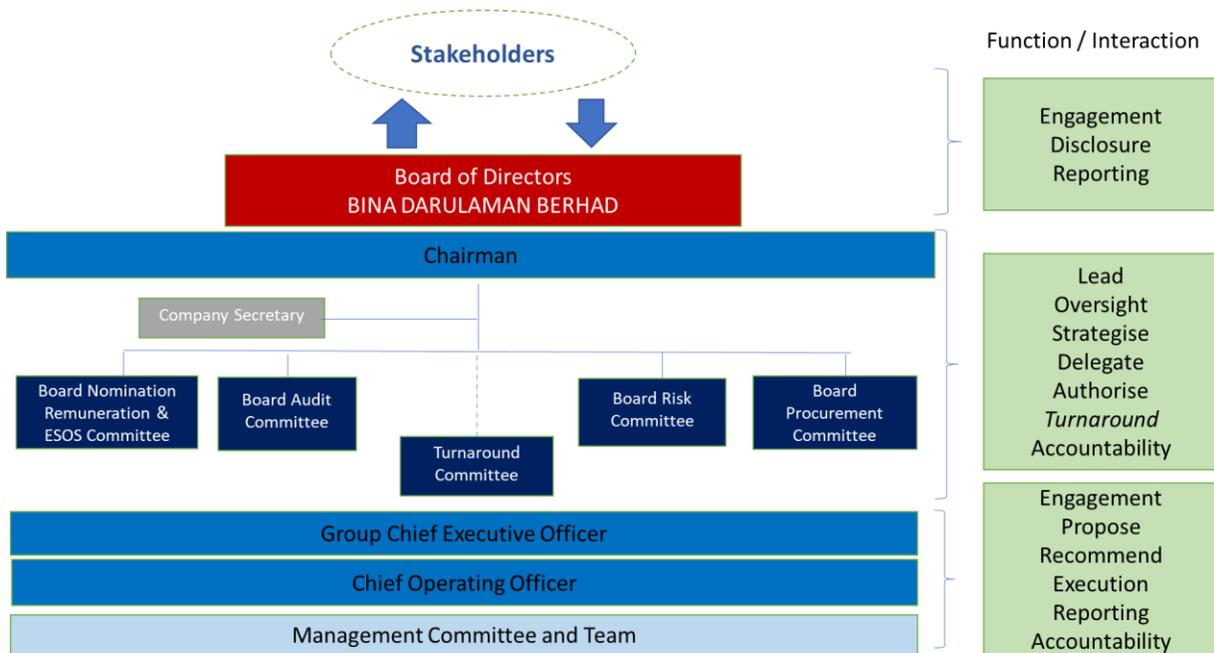
### **2.1. SIZE AND COMPOSITION**

The current constitution of the Company provides for a minimum of two (2) directors and a maximum of ten (10) directors, from time to time, the Board will

examine its size with view to determine the impact of its number for effectiveness.

## 2.2. STRUCTURE

The Board’s Governance Structure is as follows:-



## 2.3 APPOINTMENT & RE-ELECTION OF DIRECTOR

2.3.1. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Board of Nomination, Remuneration and ESOS Committee (“BNR and ESOS”).

2.3.2. New Directors are expected to have such expertise that qualifies to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the Company.

- 2.3.3. The directorships held by any board member at any one time shall not exceed 5 in publicly listed companies or such other number prescribed by the relevant regulatory authorities.
- 2.3.4. The Constitution of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting (“AGM”).
- 2.3.5. One-third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all the Directors shall submit themselves for re-election at least every three (3) years.

#### 2.4 **INDEPENDENT NON-EXECUTIVE DIRECTOR**

- 2.4.1. The Independent Directors have a responsibility to ensure that the interest of all shareholders be taken into consideration by the Board.
- 2.4.2. At least two (2) or one third (1/3) of the Board Members, whichever is higher are Independent Directors.
- 2.4.3. **The tenure** of an independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years.
- Upon completion of the nine (9) years, an independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director.
  - If the Board intends to retain an independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders’ approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12) year, the Board shall seek annual shareholders’ approval through a two-tier voting process.

2.4.4. Under the two-tier voting process, the shareholders' votes will be cast in the following manner at the same shareholders' meeting: -

- Tier 1: Large Shareholder(s) Votes
- Tier 2: Other Than Large Shareholder(s) Votes

Note : Large Shareholder means a person who is: -

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company; or
- is the largest shareholder of voting shares in the Company; or
- has the power to appoint or cause to be appointed a majority of the Directors of the Company
- 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.

2.4.5. 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 following outcome will determine if the resolution is successful: -

Tier	for / against / abstain	Outcome
1	For	Successful / Carried
2	For	
1	Abstain	Unsuccessful
2	For	
1	For	Unsuccessful
2	Against	

**2.5. ROLE AND PRINCIPAL RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN, DIRECTORS AND GROUP CHIEF EXECUTIVE OFFICER (“GCEO”)**

2.5.1. The Chairman of the Board and the Group Chief Executive Officer (“GCEO”) are held by different individuals.

2.5.2. The Chairman of the Board is a non-executive member of the Board.

**2.5.3. THE BOARD’S ROLE IS TO: -**

- a. Protect the interest of BDB.
- b. Provide thought leadership and advice in fine tuning corporate strategies, championing good governance and ethical practices and execution of these corporate strategies and plans for the long-term success of BDB.

**2.5.4. The Principal Responsibilities of the Board are: -**

- a. Promoting together with Senior Management, good corporate governance culture within the Company which reinforces ethical and professional behavior.
- b. Reviewing and adopting strategic plan for the Company.
  - Review, challenge and approve Management’s proposal on a strategic plan for the Company by bringing objectivity and breadth of judgment to the strategic planning process.
  - Ensure that the strategic plan for the Company supports long term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability;

- Monitor the implementation of the strategic plan by Management.
- c. Overseeing the conduct of the Company's business, including the formulation of -
  - strategy and performance objectives, control and accountability systems,
  - corporate governance framework, risk management practices and human capital management;
  - approve and monitor progress of major capital expenditure, fund raising, acquisitions and divestitures;
- d. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.
- e. Put in place measures that able to evaluate performance of senior management, training and development and; orderly Succession Planning.
- f. Reviewing the adequacy and the integrity of the management information and internal control systems of the Company

**2.5.5. THE BOARD CHAIRMAN'S ROLE: -**

- a. Leading the Board effectively by instilling good corporate governance and ensuring effectiveness in the performance of the Board's duties.
- b. Ensuring a balance of power and authority between the Board Chairman and Group Chief Executive Officer ("GCEO").

**2.5.6. Key Responsibilities of The Chairman Include:-**

- a. To lead the Board in establishing and monitoring good corporate governance standards in the Company;
- b. To promote constructive and respectful relations among all Directors and between the Board and Management;
- c. Setting the board agenda and ensuring the provision of accurate, timely and complete information to Directors;
- d. To ensure the proper conduct at Board meetings and to ensure that all directors fully and actively contribute to board deliberations and allowing dissenting views to be expressed;
- e. To arrange for regular evaluation of the performance of the Board, its Committees and individual Directors;
- f. To Chair Board meetings and shareholders' meeting. In his absence, the Board members may elect from amongst themselves a Board member chair the meeting; and
- g. To ensure appropriate steps are taken to provide effective communication with stakeholders and they their views are communicated to the Board.

**2.5.7. INDIVIDUAL DIRECTOR'S ROLE**

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 Company;
- b. demonstrating good stewardship and acting in a professional manner
- c. acting with reasonable care, skill and diligence, exercise good and reasonable business judgement rule;



- d. avoiding conflicts of interest with the Company in a personal or professional capacity, including improper use of the property, information, opportunity of the Company or position as a Director or officer of the Company or engaging in business which is in competition with the Company;
- e. ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest;
- f. disclosure of and abstaining from voting on matters of material personal interest;
- g. exercising greater vigilance and professional skepticism in understanding and shaping the strategic direction of the Company and/or Company; and
- h. compliance with the Companies Act, securities legislation and the MMLR.
- i. Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training program and briefings.
- j. Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.
- k. Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company. 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.
- l. Every director should disclose the changes of their directorship to the Board by informing the Chairman of the Nomination Committee prior

to accepting other directorships in any other public listed company and subsequently, of any change of his/her directorships.

#### **2.5.8. THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR'S ROLE**

The key role and responsibility of the Senior Independent Non-Executive Director 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 GCEO.

#### **2.5.9. THE GROUP CHIEF EXECUTIVE OFFICER'S ("GCEO") ROLE**

The GCEO assumes the overall responsibilities for the execution of BDB's strategies in line with the Board's direction, driving the business activities and day-to-day operations of the Company towards achieving the corporate objectives and goals. Key Responsibilities of the GCEO include:

- a) To develop and to present to the Board for approval the strategic direction and business plans for the Company;
- b) To act as a conduit between the Board and the management to ensure the success of the Company's governance and management functions;
- c) To implement the policies, strategies and decisions adopted by the Board;
- d) To manage and direct the implementation of the Company's short and long-term business plan;

- e) To be responsible for and to oversee the day-to-day operations to ensure the smooth and effective running of the Company's business;
- f) To provide strong leadership to the Company including by effectively communicating the Company's vision and business strategy to the employees.

### **3.0. BOARD COMMITTEES**

3.1 The Board may from time to time as it considers appropriate establish Committees to assist the Board in carrying out its duties and responsibilities. The Board delegates some functions and roles to the following Committees with specific terms of reference: -

- Board Audit Committee ("BAC");
- Board Nomination, Remuneration and ESOS Committee ("BNRC and ESOS");
- Board Risk Management Committee ("BRMC"); and
- Board Procurement Committee ("BPC").

#### **3.2 Board Audit Committee ("BAC")**

3.2.1 The BAC comprises at least three (3) members Non-Executive Directors with a majority of the members are Independent Directors.

3.2.2 The Chairman of the BAC and the Chairman of the Board are held by different individual.

3.2.3 The BAC assists and supports the Board's responsibility of overseeing the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, risk management activities and independence of group's external and internal auditors.

3.2.4 The BAC Terms of Reference is available on the Company's website at [www.bdb.com.my](http://www.bdb.com.my)

### 3.3 **Board Nomination, Remuneration and ESOS Committee ("BNRC and ESOS")**

3.3.1 The BNRC comprises of both Executive and Non-Executive Directors. Members of BNRC can be appointed from the Independent and Non-Independent Directors.

3.3.2 The Chairman of BNRC is an Independent Director or Senior Independent Director.

3.3.3 The BNRC's primary responsibilities are: -

- a. Oversees matters relating to the nomination of new directors.
- b. Annually review the required mixed of skills, experience and other requisite qualities of Directors.
- c. Performing annual review and assessment of the effectiveness of the Board, its Committees and the contribution of each directors including familiarization with the Company's operations,
- d. Reviewing and recommending to the Board the remuneration packages for individual Executive Directors, the Chairman and the Senior Management team (General Manager grade) and assisting the Board in fulfilling its overall responsibility for its Employee's Share Option Scheme (ESOS).

3.3.4 The BNRC Terms of Reference is made available on the Company's website at [www.bdb.com.my](http://www.bdb.com.my)

### 3.4 **Board Risk Management Committee (“BRMC”)**

3.4.1 The BRMC comprises at least two (2) Non-Executive Directors. Majority of the members of BRMC are Independent Directors.

3.4.2 The BRMC is primarily responsible for assisting the Board in overseeing risk management and internal control related matters for BDB. It also reviews the efficiency of internal controls of BDB periodically.

### 3.5 **Board Procurement Committee (“BPC”)**

3.5.1 The BPC comprises at least three (3) Non-Executive Directors, the majority of whom are Independent Directors. The BPC is primarily responsible for monitoring the procurement activities of the Group.

3.5.2 BPC is to operate under defined terms of reference, and its authority are stated in the terms of reference.

## 4.0. **BOARD PROCESSES**

### 4.1. **Board Meetings**

- a. The Board shall conduct at least four (4) scheduled meetings annually, with any additional meetings to be convened if required.
- b. The quorum required for the board meetings shall be at least two (2). In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.
- c. All Directors are encouraged to attend and participate actively in the deliberations, especially when due notice has been served. As and when the need arises, Senior Management, other external parties such as the auditors, solicitors, advisors, experts and/or consultants can be invited attend the Board meeting.

- d. Participation at Board meetings are normally face to face. However, other means can also be deployed telephone conferencing, video conferencing and/or any other interactive means of audio or audio-visual communications.

#### **4.2. Board Meeting Materials**

- a. Notices and agenda of meetings together with all board papers and meeting materials shall be distributed at least five (5) business days prior to the Board meetings to ensure that the Board have sufficient time to review and prepare for Board meetings.
- b. Upon conclusion of the Board meetings, the minutes of the meetings are circulated in a timely manner. The minutes of the meetings shall accurately reflect deliberations of the Board, including whether any director abstained from voting or deliberating on a particular matter.

#### **4.3. Access to Information and Independent Professional Advice**

- a. The Board shall have access to all information pertaining to the Company allow the Board to discharge its duties effectively.
- b. Any Director is entitled to obtain independent professional advice relating to the affairs of the Company as such Director considers necessary for the discharge of his duties and responsibilities as a Director.

### **5.0. FINANCIAL REPORTING AND AUDIT**

- 5.1. The Board and the BAC are to ensure that BDB's financial statements are: -
  - 5.1.1. Prepared in accordance with applicable approved accounting standards.
  - 5.1.2. The disclosure timeline, format and content are in compliance with rules and regulation, including provisions of the Bursa's MMLR.

- 5.1.3. The Board, with the assistance of the BAC, shall oversee and manage the financial reporting and internal control policies and will maintain for appropriate relationship with the Company's Auditors.
- 5.1.4. The Board, through the BAC, shall also assess the suitability, objectivity and independence of the Company Auditor.
- 5.1.5. The appointment of the Company's Auditors is subject to the approval of shareholders at general meeting. The Company Auditors have to retire during the Annual General Meeting every year and be subject for re-appointment by the shareholders of the Company for the ensuing year.

## **6.0. DIRECTORS' REMUNERATION**

- 6.1. The Company has in place policies and procedures regarding remuneration and aims to set remuneration at levels which are sufficient to attract, motivate and retain the Directors needed to achieve the Company's long-term objectives, taking into consideration all relevant factors including the complexity of the Company's business and its performance, the skills and experience of the relevant Director and his or her responsibilities, contribution and commitment to the Company.
- 6.2. The components of remuneration for the GCEO and the Executive Directors shall be aligned with the Company strategy and its performance. In the case of Non-Executive Directors, the level of remuneration shall commensurate with the level of contribution, commitment, experience, expertise and responsibilities undertaken by the particular Non-Executive Director. A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.

- 6.3. The Company shall at all times make full and proper disclosure of the remuneration of all Directors as required under the appropriate laws, regulations and best practices.

#### **7.0. BOARD REVIEW PROCESS**

- 7.1. The Board recognizes the importance of conducting board assessments to evaluate the effectiveness and performance of individual Directors, the Board as a whole and its Committees.
- 7.2. The Board shall conduct annual board assessments against clear evaluation criteria and performance and sustainability indicators and shall disclose to details and outcome of such assessments to shareholders.

#### **8.0. DIRECTORS' TRAINING AND CONTINUING EDUCATION**

- 8.1. In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia") for newly appointed Director, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.
- 8.2. The Board shall assess and evaluate the training needs for the Directors on a continuous basis and the Company Secretary shall assist the Board by proposing internal or external training, seminar, workshop and briefing to the Board.

## 9.0. COMPANY SECRETARY

- 9.1. The Board recognizes that the Company Secretary plays an important advisory role to the Board and its Committees. The Board shall appoint a Company Secretary to provide sound governance advice, ensure adherence to all laws, rules, procedures and regulations affecting the Company and to advocate the adoption of corporate governance best practices.
- 9.2. The Company Secretary shall have the following roles and responsibilities:
- a. Manage all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate board communications;
  - b. Advise the Board on its roles and responsibilities;
  - c. Facilitate the orientation of new directors and assist in director training and development;
  - d. Advise the Board on corporate disclosures and compliance with company and securities regulations and Bursa Listing Requirements;
  - e. Manage processes pertaining to the annual shareholders' meeting;
  - f. Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholder's expectations;
  - g. Serve as a focal point for stakeholders' communications and engagement on corporate governance issues.
  - h. All Board members shall have unlimited access to the advice and services of the Company Secretary. The Company suitably qualified and competent to carry out his/her functions effectively and shall undertake continuous professional development.

## **10.0. ANNUAL GENERAL MEETING (AGM)**

- 10.1. Annual General Meeting (AGM) of the Company is conducted on an annual basis. The Company regards the AGM as the principal forum for dialogue with shareholders and all Directors and key senior management are expected to attend.
- 10.2. The Company shall take proactive measures to ensure that shareholders are able to ask questions and vote during the AGM. The Chairman and the respective chairmen of the respective Board Committees shall, where appropriate, provide meaningful responses to any shareholders' queries.
- 10.3. To ensure that shareholders are provided with more time to prepare for the AGM, the Company shall serve the notice for the AGM at least 28 days prior to the meeting.
- 10.4. The Company shall consider leveraging on utilising technology at AGMs to facilitate shareholder participation and to enhance proceedings.

## **11.0. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

- 11.1. The Board acknowledges the importance of having ongoing communication and engagement with shareholders and for all shareholders to have access to high quality information relating all material business matters affecting the Company.
- 11.2. The Company shall ensure the timely disclosure of all material or mandatory announcements and financial results as prescribed by laws and regulations. Material information includes material development or issues relating to performance and operations, corporate structure or strategy.
- 11.3. Communications with shareholders are also facilitated via the following channels:
  - The Company's Investor Relations function;

- Press conferences and media briefings;
- Participation in institutional investors' forums both locally and overseas.
- Financial analyst and fund manager briefings; and
- The Company's website at [www.bdb.com.my](http://www.bdb.com.my)

## 12.0. **CODE OF ETHICS AND CONDUCT**

12.1. The Board acknowledges the importance of observing the highest standards of ethical conduct at all times and has adopted the Code of Ethics and Conduct which is to be observed by all Directors, management and employees.

12.2. The Code of Ethics is made available for reference on the Company's website at [www.bdb.com.my](http://www.bdb.com.my).

## 13.0. **WHISTLE BLOWING POLICY**

13.1. The Board has established a Whistleblowing Policy to provide an avenue for the all stakeholders of the Company to raise concerns of improper conduct or malpractices within the Group.

13.2. The Whistleblowing Policy is made available for reference on the Company's website at [www.bdb.com.my](http://www.bdb.com.my)

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

14.1 This Board charter has been adopted by the Board on 17 March 2019 and shall be periodically reviewed and updated taking into consideration the needs of the Company as well as any development in laws, rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

14.2 The Board Charter is made available for reference on the Company website at [www.bdb.com.my](http://www.bdb.com.my)