



**DGB ASIA BERHAD**  
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## **BOARD CHARTER**

### **OVERVIEW**

The Board of Directors (“Board”) of DGB Asia Berhad (“the Company”) acknowledges the importance of adopting good corporate governance practices that are in line with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 (“the Code”) in discharging its duties and responsibilities to safeguard and enhance shareholders’ value and financial performance of the Company and its subsidiary companies (“the Group”). The Board supports the highest standards of corporate governance and the development of best practices for the Group.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

### **1. COMPOSITION AND BALANCE OF THE BOARD**

#### **1.1 Size and Composition**

The wide spectrum of knowledge, skills and experience of the Board gives added strength to the leadership which is necessary for the effective stewardship of the Company.

The Board has within it, professionals drawn from various backgrounds; bringing in-depth and diversity in experience, expertise and perspectives to the Company’s business operation. The Board is comprised of individuals who are committed to business integrity and professionalism in all its activities.

The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of twenty (20) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness. At least half of the Board comprises independent directors.

## 1.2 Nomination and Appointments

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee is responsible for making recommendation for appointments to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skill, knowledge, expertise, experience, professionalism, integrity and/or other commitments. The Company Secretary will ensure that all appointments are properly made and that all legal and regulatory obligations are satisfied and complied.

All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new Directorship or significant commitments outside the Company.

## 1.3 Re-election

In accordance with the Company's Constitution, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one third (1/3) of the Directors, or if their number is not three or a multiple of three, then the number nearest to one third (1/3) are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting, and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

## 1.4 Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

## 1.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process as set out in the Code.

## **1.6 Evaluation of the Directors and the Board's as a whole**

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance.

The Nomination Committee is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. Every year, the Nomination Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees.

## **2. ROLES AND RESPONSIBILITIES**

### **2.1 Board Responsibilities**

No individual or group of individuals dominates the Board's decision-making. Together, the Directors possess the wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

The Managing Director and Executive Directors have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct. The Independent Directors provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Company's strategy so as to safeguard the interests of minority shareholders and to ensure that higher standards of conduct and integrity are maintained by the Group.

The stewardship responsibilities and duties of the Board focuses principally on strategies, financial performance and critical business decisions that may include the following:-

- i. Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.
- ii. Overseeing and evaluating the conduct and sustainability of the businesses of the Group.
- iii. Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties.
- iv. Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.

- v. Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.
- vi. Establishing key performance indicators and succession plan.
- vii. Overseeing the development and implementation of the shareholder communications policy for the Company.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

## **2.2 Accountability and Audit**

### **i. Financial Reporting**

The Board aims to present a balanced and meaningful assessment of the Group's financial performance and prospects through the annual audited financial statements and quarterly interim financial reports to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

In preparing the financial statements, the Directors are required to select appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with accuracy at any time the financial position of the Company which enables them to ensure that the financial statements comply with the Companies Act 2016. The Directors also have responsibility for taking such steps as are reasonable to safeguard the assets of the Group for prevention and detection of fraud and other irregularities.

The Audit Committee plays a crucial role in assisting the Board to scrutinize the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

### **ii. Internal Control and Risk Management**

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

The Board recognizes that identification, evaluation and management of significant risks faced by the Company are an on-going process. The improvement of the system of internal controls is an on-going goal and the Board maintains on-going commitment to strengthen the Company's control environment and processes.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

### **iii. Relationship with Auditors**

The Group has established a transparent and appropriate relationship with the Group's Auditors, in seeking professional advices and ensuring compliance with the applicable accounting standards and statutory requirements in Malaysia. The Audit Committee of the Company has been explicitly accorded the power to communicate directly with both the Internal Auditors and External Auditors of the Group. The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The Company has put in place an Assessment Policy together with a formal annual performance evaluation of the Internal and External Auditors by the Audit Committee. The objective of the Internal and External Auditors Assessment Policies is to outline the guidelines and procedures for the Audit Committee to review, assess and monitor the performance, suitability, objectivity and independence of the Internal and External Auditors respectively.

## **2.2 Responsibilities of the Chairman and Managing Director**

The Board ensures that the Chairman is a non-executive member of the Board. The role of the Chairman and the Managing Director are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Managing Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Managing Director is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

The responsibilities of the Chairman, amongst others, are as follows:-

- i. To provide leadership to the Board.

- ii. To oversee the effective discharge of the Board’s supervisory role.
- iii. To facilitate the effective contribution of all Directors.
- iv. To conduct and chair Board Meetings and General Meetings of the Company.
- v. To manage Board communications and Board effectiveness and effective supervision over Management.
- vi. To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
- vii. To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
- viii. To promote constructive and respectful relations between Board members and between the Board and the Management.
- ix. Together with the Managing Director, represents the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.

The responsibilities of the Managing Director, amongst others, are as follows:-

- i. To ensure the efficient and effective operation of the Group.
- ii. To manage the overall business and oversees the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- iii. To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.
- iv. To develop and recommend to the Board the operational plan and annual budget that support the Company or the Group’s long-term strategy.
- v. To ensures continuous improvement in the quality and value of the products and services provided by the Group.
- vi. To ensure that the Company or the Group achieves and maintains a satisfactory competitive positions within its industry.
- vii. To formulate and oversee the implementation of major corporate policies.
- viii. To report to the Board periodically on the financial positions of the Group which include forecast results as required from time to time.

- ix. To serve as the chief spokesperson for the Group.
- x. To reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
- xi. To responsible for the financial management of the Company and/or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
- xii. To bring material matters to the attention of the Board in an accurate and timely manner.

In the event that the Company does not have a Managing Director in office at any point in time, all the provisions of the Board Charter that apply to the Managing Director during the period of such absence shall apply to the Executive Director(s) or such other person appointed by the Board to have overall in charge of the Company, unless the Board decides otherwise that certain provisions are not to apply or are to apply with modification and/or revision.

### **2.3 Board Committees**

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee

The Committees shall operate under clearly defined terms of reference. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

### **2.4 Company Secretary**

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary 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 compliance with laws, rules, procedures and regulations affecting the Company.

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 suitable qualified and capable of carrying out the duties required.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

### **3. BOARD PROCESSES**

#### **3.1 Board Meetings**

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. The Directors receive notices of meetings prior to the date of the meetings, highlighting the agenda complete with a full set of Board papers to provide sufficient details of matters to be deliberated during the meetings. Information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which is deemed to be critical in arriving at a sound and informed decision.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

#### **3.2 Directors' Training**

There has been greater awareness of the importance and benefits of attending and participating in the training and continuing training programmes that will enhance the Directors' knowledge and skill so as to effectively discharge their duties as Directors. In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors will continue to attend relevant training programmes to keep abreast with developments on a continuous basis in compliance with the ACE Market Listing Requirements of Bursa Securities.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes. The Board shall disclose in the Annual Report the trainings attended by the Directors.

#### **3.3 Directors' Remuneration**

The Board through Remuneration Committee established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Directors' remuneration is determined in accordance to the performance and their capability to the Company. The Board recognizes that levels of remuneration must be sufficient to attract, retain and motivate the directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the Managing Director or executive Board Members.

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.



### 3.4 Access to Information and Independent Advice

The Directors, whether as a full board or in their individual capacities, have full and timely access to all relevant information on the Group's businesses and affairs to discharge their duties effectively. The Directors also have direct access to the advice and services of the Company Secretaries and to obtain independent professional advice, whenever necessary, at the expense of the company.

### 3.5 Investor Relations and Shareholder Communication

The Board recognizes the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, circulars to shareholders, quarterly financial results and the various announcements made from time to time.

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.

The annual general meeting remains as a principal forum used by the Company for communication with its shareholders. All shareholders, including private investors, have an opportunity to participate in discussions with the Board on matters relating to the Group's operation and performance at the Company's annual general meeting. Alternatively, they may obtain the Company's latest announcements via the Company's website at [www.dgbasia.com](http://www.dgbasia.com) or via the Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## 4. CODE OF ETHICS AND CONDUCT

All Directors and employees of the Group in exercising and/or discharging their powers or duties shall comply with all applicable laws, rules and regulations including the constitution of the Group. The core areas of conduct include the following:-

- a. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- b. Observe high standards of corporate governance at all times.
- c. Observe high standards of business, professional and ethical conduct, and to refrain themselves from offering, giving or receiving any gifts and any other form of benefits (in kind, cash, advantages and/or favour and etc) from persons or entities who deal with the Company where the gift would reasonably be expected to influence the performance of their duties in any aspect.

- d. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.
- e. Not misuse information gained in the course of duties for personal gain or for political purposes.
- f. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- g. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- h. Ensure full, fair, accurate, timely and understandable disclosure.
- i. Declaration of any personal, professional or business interests that may conflict with responsibilities.

In the event of any violation of this Code of Ethics and Conduct by any Director or employee of the Group, the Board of Directors of the Company shall determine appropriate actions to be taken after considering all relevant information and circumstances.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

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

The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference at the Company's website.

## **6. BOARD APPROVAL**

This Board Charter was reviewed and revised by the Board of Directors of the Company on 29 May 2020.