

## **BOARD CHARTER**

### **1. INTRODUCTION**

The Board of Directors (“Board”) of CEKD Berhad (“CEKD” or the “Company”) recognises that good corporate governance practices and culture are CEKD’s keys to the success, sustainability and survival in the ever changing social, economic and political eco-systems in the business environment locally and globally. The Board is, therefore, fully committed to applying the necessary principles to ensure good corporate governance is practiced throughout the Company in all its business dealings in respect of its shareholders and other stakeholders.

This Board Charter sets out the key corporate governance principles adopted by the Board of the Company.

### **2. PURPOSE OF THE BOARD CHARTER**

The role of the Board Charter is to promote and protect the interests of the CEKD Group (“Group”). The Board shoulders the ultimate responsibility of determining the direction of the Group, thereby ensuring the long-term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies.

### **3. BOARD STRUCTURE**

#### **3.1. Composition of the Board**

- 3.1.1. The Board consists of qualified individuals with diverse skills set, experiences and knowledge that are necessary and relevant to the Group’s business operations. The composition and size of the Board is such that it facilitates the decision making of the Company.
- 3.1.2. The number of directors shall not be less than two (2) nor more than nine (9) as set out in the Company’s Constitution.
- 3.1.3. The Board shall be helmed by a Chairman, appointed by the Board, and comprise at least two (2) members or one-third (1/3) of the Board, whichever is higher, who are Independent Directors (“IDs”) and at least one (1) Director of the Company is a woman in accordance with the Listing Requirements.

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- 3.1.4. Pursuant to the Company's Constitution, one-third (1/3) of the Directors or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. Any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately.
- 3.1.5. An Independent Director is one who is independent from management, free from any relationship or any transaction, which may interfere with their independent judgement or the ability to act in the best interest of Company and are willing to express his/her opinion at the Board Meeting free of concern about their position or position of any third party.
- 3.1.6. A Director shall notify the Board's Chairman before he/she accepts any new directorships in other Public Listing Companies.

**3.2. Appointments**

- 3.2.1. New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.2.2. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nominating Committee. For the assessment and selection of Directors, the Nominating Committee shall consider objective criteria, merit with due regard to prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors and the criteria set out in the Fit and Proper Policy and Gender Diversity Policy of the Company:
  - character and Integrity;
  - experience and competence;
  - time and commitment;
  - industry skills and knowledge expertise;
  - professionalism;
  - diversity in term of age, gender and cultural background;
  - contribution and performance;
  - in the case of candidates for the position of IDs, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from IDs;
  - the candidate is not an active politician; and

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- Other factors as and when the Nominating Committee may deem fit.

3.2.3 In the case of candidates for the position of Independent Non-Executive Directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

3.2.4 The Nominating Committee shall also access the composition of the Board, using selection criteria and a skills matrix outlined in the Fit and Proper Policy adopted by the Group. The assessment aims to ensure that the Board has an appropriate mix of skills to optimise its performance as a whole. It also considers forward looking factors, such as mapping current Board competencies against those required, to align the Board's capabilities with the Company's strategic direction and emerging challenges. The disclosure of the Nominating Committee's activities during the reporting period should include the application of the Fit and Proper Policy for appointment and re-election of the Directors.

3.2.5 In line with best corporate governance practices, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships in other companies. In this instance, Board members are expected to achieve at least fifty per centum (50%) attendance of total Board Meetings in any applicable financial year, otherwise, the office of a director will become vacant if he/she is absent from more than 50% of the total Board of Directors' Meeting held during a financial year pursuant to Rule 15.05 of the Listing Requirement.

3.2.6 Before the acceptance of new board appointment(s) in other companies, the said Director should notify the Chairman of the Board and/or the Company Secretary in writing. The said notification should include an indication of the time that will be spent on the new appointment.

3.2.7 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

### **3.3. Re-election**

3.3.1. All newly appointed Directors shall retire and shall be eligible to be re-elected by the shareholders at the Company's Annual General Meeting ("AGM").

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- 3.3.2. 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. They shall be eligible for re-election at each annual general meeting. Each Director shall retire from office at least once in every 3 years and shall be eligible for re-election.
- 3.3.3. The Directors to retire in each 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.
- 3.3.4. When re-electing or re-appointing a Board member, the Board should consider the current composition of the Board and the tenure of each Director as well as the relevant skills, experience, expertise and time commitment. The Board entrusts the Nominating Committee to assess candidates for directorship, as outlined in Paragraph 3.2.2 of the Board Charter, the Fit and Proper Policy and Gender Diversity Policy. This includes evaluating those Directors who are retiring and offering themselves for re-election, before making recommendations to the Board.

**3.4. Tenure of Independent Director**

- 3.4.1. The tenure of the Independent Directors shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue, to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

The Board shall seek and obtain approval from its Shareholders annually in a general meeting through a two (2) tier voting process, where Tier 1 shall require the vote(s) from the Large Shareholder(s) only whilst Tier 2 shall require the votes from the remaining Shareholders other than the Large Shareholder(s). The decision for the resolution approving the re-appointment of such ID shall be based on the vote by the Large Shareholder or in the case there is more than one (1) Large Shareholder, a simple majority vote under Tier 1 and a simple majority vote under Tier 2.

For avoidance of doubt, the resolution shall be deemed passed and successful only if Tier 1 and Tier 2 votes support the resolution whilst the resolution is deemed

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defeated where the vote between the two tiers differs or where the Large Shareholder(s) abstain(s) from voting under Tier 1.

- 3.4.2. The tenure of an ID on the Board of the Company shall be limited to twelve (12) years in the Group. If any ID had cumulatively served as an ID of the Company or any one or more of the subsidiaries of the Company for more than twelve (12) years, such ID may continue to serve on the Board as non-independent director.
- 3.4.3. The Board (Nominating Committee) assesses the independence of the Directors annually.

### **4. COMPANY SECRETARY**

- 4.1 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, who is/are accountable to the Board, shall be suitably qualified, competent and capable of carrying out the duties required of the post.
- 4.2 The Company Secretary is expected to provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and its Board Committees and to expedite regulatory and governance compliance.
- 4.3 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

### **5. BOARD COMMITTEES**

- 5.1 The Board has delegated certain functions to certain Committees with each operating within its clearly defined terms of reference. The Chairman of the various Committees will report to the Board on the outcome of the Committee meetings.
- 5.2 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities.
- 5.3 The Board has established the following Committees to assist the Board in the execution of its duties:
  - (i) Audit Committee

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- (ii) Sustainability and Risk Management Committee
- (iii) Remuneration Committee
- (iv) Nominating Committee

5.4 The roles and responsibilities of Audit, Sustainability and Risk Management, Remuneration and Nominating Committees are set out in the terms and reference of each Committee.

5.5 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.

### **6. ROLES & RESPONSIBILITIES OF THE BOARD**

The Board is collectively responsible for the proper stewardship of the business of the Group and the creation of long-term success of the Company as well as the delivery of sustainable value to its stakeholders.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:-

- (i) exercise care and diligence;
- (ii) act in good faith in the best interests of the Company;
- (iii) commit the time necessary to discharge effectively his/her role as a Director; and
- (iv) not improperly use his/her position or misuse information of the Company.

#### **6.1. Role of the Board**

- 6.1.1. Establish the organisation's values, vision, mission and strategies.
- 6.1.2. Provide guidance to Senior Management in developing corporate strategy.
- 6.1.3. Reviewing and adopting the Group's strategic plan and direction which support long term value creation, as developed by Management, taking into account the sustainability of the Group's business, with attention given to the economic, environmental, social and governance aspects of the business.

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- 6.1.4 proactively consider sustainability issues when it oversees the planning, performance and long-term strategy of the company, to ensure the company remains resilient, is able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders.
- 6.1.5. Setting and adopting a sustainability policy to oversee, together with the Management, the fulfilment of the Group's sustainability goals in order to maintain the confidence of stakeholders.
- 6.1.6. Review and agree to the business (action) plans and annual budget proposed by the Executive management team.
- 6.1.7. Monitor the achievement of the strategic and business plans and annual budget.
- 6.1.8. Promote better investor relations and shareholder communications.
- 6.1.9. Ensure that the Group's core values, vision and mission and shareholders' interests are met.
- 6.1.10. Establish such committees, policies and procedures as appropriate and compliance obligation and functions are effectively discharged.
- 6.1.11. Arrange for Directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
- 6.1.12. Ensure that all significant systems and procedures are in place for the organisation to run effectively, efficiently, and meet all legal and contractual requirements.
- 6.1.13 Ensure that all significant risks are adequately considered and accounted for by the Executive management team.
- 6.1.14 Ensure that the organisation has appropriate corporate governance in place including standards of ethical behaviour and promoting a culture of corporate responsibility.
- 6.1.15 Reviewing and approving succession planning policy for both the Board and the Senior Management and regularly review the succession plan of the Group, including appointing, training, compensating and where appropriate to provide for the orderly succession of senior management.
- 6.1.16 Approving specific items of capital expenditure and investments, acquisitions and dis-investments and any significant initiatives or opportunities that arise

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outside the annual planning and budgeting process.

- 6.1.17 Approving and monitoring major projects including corporate restructuring/re-organisation.
- 6.1.18 Overseeing the conduct and performance of the Company and subsidiaries to ensure that they are being properly and appropriately managed.
- 6.1.19 Appointing Directors to the Board.
- 6.1.20 Approving the quarterly, full-year financial statements and annual report.
- 6.1.21 Recommending the interim and final dividends to shareholders, where applicable.
- 6.1.22 Reviewing and monitoring all related party transactions to identify whether consideration should be given to seeking shareholders' approval and also to review the conflict of interest situation that arose, persist or may arise ("COI") between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members. The Director involved shall make full disclosure and act honestly in the best interest of the Company.

**6.2. Role of Chairman/Deputy Chairman**

- 6.2.1. Leading the Board in setting the values and standard of the Company.
- 6.2.2. Overseeing the effective discharge of the Board's supervisory role.
- 6.2.3. Facilitating the effective contribution of all Directors.
- 6.2.4. Conducting the Board's function and meetings.
- 6.2.5. Briefing all the Directors in relation to issues arising at meetings.
- 6.2.6. Ensuring effective communication with shareholders and relevant stakeholders.
- 6.2.7. Scheduling regular and effective evaluations of the Board's performance.
- 6.2.8. Ensuring the provision of accurate, timely and clear information to Directors.
- 6.2.9. Promoting constructive and respectful relations between Board members and between the Board and the Management.

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**6.3. Role of Executive Director**

- 6.3.1. Develop and recommend to the Board the long-term strategy and vision of the Company.
- 6.3.2. Develop and recommend to the Board the annual business plans, budgets, action plans and policies.
- 6.3.3. Ensure management of day-to-day business affairs, continuous improvement and development, implementation and achievement of corporate policies and strategies sanctioned by the Board.
- 6.3.4. Ensure that the Company has an effective management team and structure, management development program and succession plans.
- 6.3.5. Ensure that effective internal controls and governance measures are deployed.
- 6.3.6. Keep Board fully informed of all important aspects of the Group's operations and ensuring information is distributed to the Board members.
- 6.3.7. Develop and maintain effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions.
- 6.3.8. Serve as chief spokesperson of the Company and Group.

**6.4. Role of Independent Non-Executive Director**

Ensures that all Independent Non-Executive Directors have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of information submitted by Management that is necessary or appropriate for the Independent Non-Executive Directors to perform their duties effectively.

**7. BOARD PROCEDURES**

**7.1 Board Meetings**

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- 7.1.1. The Board shall meet at least four (4) times in a year, with additional meetings convened as and when necessary.
- 7.1.2. All Directors must meet the minimum 50% attendance requirement imposed by the Listing Requirements in any applicable financial year, otherwise, the office of a Director shall become vacant if he/she absent from more than 50% of the total Board Meetings held during a financial year end pursuant to Rule 15.05 of the Listing Requirements.
- 7.1.3. Other Senior Management may be invited to attend for particular items within their responsibility. The Board may also 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.

### **7.2. Minutes and Resolutions**

- 7.2.1. 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 signed by 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 minute book kept by the Company Secretary.

### **7.3. Notices and Board Papers**

- 7.3.1. The notice of Board meetings shall be issued at least seven (7) days prior to the meeting either by post or email
- 7.3.2. The Board paper and agenda items shall be circulated at least seven (7) days prior to the meeting in similar manner as stated herein.
- 7.3.3. 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.

### **7.4. Access to Information**

The Directors, collectively or individually may seek the advice and services of the Company Secretary and Senior Management staff in the Group and may

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obtain independent professional advice at the Company's expense in the furtherance of their duties so as to ensure that the Directors are able to make independent and informed decision.

**8. THE BOARD'S RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS**

- 8.1. The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, investors and the general public.
- 8.2. The Board will ensure that the Annual General Meetings ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serve as a principal forum for dialogue with the shareholders.

**9. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS**

- 9.1 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the CA 2016 and the constitution of the Company. The Directors shall state the fact and the nature, the character and extent of any office or profession of any property that may duly, directly or indirectly be in conflict with his duties as a Director. The Director concerned shall not participate in the deliberations and shall abstain himself from casting his votes in any matter arising thereof otherwise as provided for in the Constitution of the Company.
- 9.2 Should there be a conflict of interest -situation that arose, persist or may arise ("COI") between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 9.3 The declaration of a COI promotes accountability, prevents undue influence and safeguards the Group's interests. COI shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 9.4 The Board formulates a Related Party Transactions Policy to provide an avenue for employees and Directors of the Group to understand the policies and procedures that need to be adhered to in identifying and treating related party

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transactions (“RPTs”) to ensure compliance with the Listing Requirements and other applicable laws.

The RPTs Policy sets out the requirements to be applied to all RPTs entered into by the Group to ensure that such transactions are conducted on an arm’s length basis and following good governance and with appropriate disclosures.

### **10. CORPORATE DISCLOSURES**

The Board shall have relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness of information disclosed. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in the Listing Requirements.

The Board shall ensure the Company leverages on information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company’s website, for effective dissemination of information and easy access to corporate information pertaining to the Company and its activities. The website should continuously be updated to provide the latest information such as the Board Charter, terms of references and the Annual Report of the Company.

### **11. REVIEW OF BOARD CHARTER**

This Board Charter and all Board Committee Charters shall be reviewed annually by the Board to ensure its relevance and appropriate for its suitability, effectiveness and efficiency keeping with the changing business environment, administrative or operational needs as well as changes to statutory laws and regulatory requirements.

This Board Charter can be amended and supplemented from time to time by a resolution of the Board and shall be made available on the Company’s website.