

## **PADINI HOLDINGS BERHAD (50202-A)**

### **BOARD OF DIRECTORS CHARTER**

#### **Purpose**

The primary purpose of the Board Charter is to spell out the strategic intent, roles, responsibilities, rights and procedures of the Board in accordance with the Malaysian Code on Corporate Governance and Chapter 15 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. This Charter supplements and does not in any way supersede the provisions of the Companies Act 2016 ("CA16") and the Company's Constitution.

#### **Composition of the Board**

The Board shall be governed by the following:

- At least 2 directors or 1/3 of its members, whichever number is the higher, must be independent directors;
- At least 2 directors or 1/3 of its members, whichever number is the higher, must be females;
- In the event of any vacancy in the Board, resulting in the non-compliance with any of the above, the vacancy must be filled within 3 months;
- The office of a director shall become vacant if a director becomes of unsound mind, bankrupt, convicted according to the laws of Malaysia for any criminal act, is absent for more than 50% of the total board meetings held during any one financial year, resigns by notice in writing, becomes prohibited from being a director by reason of any order made under the provisions of CA16 or contravenes Section 198 of CA16;
- No person who has been convicted by a court of law of a criminal offence, whether in Malaysia or elsewhere, shall be appointed director; and
- No director shall hold more than 5 directorships in listed issuers on the Bursa Malaysia.

#### **Responsibilities of the Board**

The Board has the overall responsibility of providing leadership for the Group in terms of strategic direction for the Group's business, good corporate governance, and guiding management in the achievement of business objectives. To that end, the Board has established the following responsibilities as key :

- Reviewing and adopting a strategic plan for the Group;
- Overseeing management performance to evaluate if the business is properly managed;
- Identifying principal risks of the Group's business and ensuring that systems are in place to monitor and manage the risks;
- Implementing succession planning;
- Developing and implementing a shareholders communication policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's management information and internal control systems to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

Note that the above responsibilities are in addition to those duties imposed by the CA16, the various securities laws of Malaysia, and the obligations required by relevant regulatory bodies.

### **Chairman and Chief Executive Officer**

The positions of chairman and the CEO (or the Managing Director) shall be held by different individuals, with the chairman being an independent, non-executive member of the Board. The responsibilities of the Chairman and the CEO shall include :

#### Chairman

- Providing necessary leadership for the orderly and effective functioning of the Board;
- Promoting a right balance between executive and non-executive directors and ensuring that Board members participate fully in board activities;
- Ensuring that meeting agendas include all relevant issues, and that directors, especially the non-executive members receive information pertaining to such issues in a timely manner; and
- Ensuring that the activities of the Board and those covering the Group's business are always conducted in accordance with good corporate governance practices.

#### CEO

- Develop both short and long-term strategic goals and corporate objectives for the Board's consideration and agreement,
- Drive the implementation of strategies and policies adopted by the Board,
- Providing leadership to management engaged in the day-to-day running of the Group's operations and business,
- Identify and resolve issues at the macro-level that will hamper performance and growth

### **Board Structures and Procedures**

The Board shall meet regularly with due notice of issues to be discussed and to have its deliberations and conclusions recorded so as to give proper account of how it has discharged its duties and responsibilities.

The Board has identified the following, being matters which will be specifically reserved to it for decision on approval and change:

- Long-term strategies and objectives
- Issue of share capital and or other debt instruments
- Financial reporting
- Dividend and dividend policy
- Acquisition and disposals of businesses
- Material capital expenditure
- Risk management and internal control
- Communications with stakeholders
- Board membership

- Board committees
- Appointment of company secretaries, internal and external auditors
- Remuneration for Board members and for members of key senior management
- Corporate governance

### **Board / Management relationship**

The Board oversees the performance of management and does so being mindful of the fiduciary duties owed by the Board to the Group. While the Board fully understands and supports the roles of management in achieving performance objectives, it must remain vigilant of the manner in which management goes about doing its job. To promote vigilance, the Board should have measures against which the activities carried out by management can be assessed. To promote better oversight, the Board should communicate clearly to management that it will monitor, review and challenge the activities and decisions of management if and when the need arises.

### **Supply of Information**

The Board shall receive information in a timely manner and of a quality appropriate to enable the Board to effectively discharge its duties. Board members will be provided with pertinent information such as minutes of previous meetings, agenda of the immediately pending meeting, financial reports and statements, etc., necessary to enable informed decision-making.

Each director, subject to applicable laws, shall have unrestricted access to all information within the Group, to senior management, and to the company secretary. Directors have the right, jointly or individually, at the Company's costs, to obtain independent professional advice where required.

### **Directors' Training**

Every director of the Board must attend the Mandatory Accreditation Programme ("MAP") regardless of his/her place of residence, and this applies even to an alternate or substitute director. For this purpose, a certificate from an Approved Organiser must be procured by a director concerned to confirm his/her completion of the MAP. A director who has not yet undergone the MAP at the time of his/her appointment must do so within 4 months from the date of the appointment.

In addition to the MAP and in relation to each financial year, the Board through the Nominating and Remuneration Committee will evaluate and determine training needs of its directors on a continuous basis so that each director will continue to have the necessary skills and knowledge to discharge his/her duties and to actively participate in board deliberations.

Directors newly appointed will also be given a briefing to ensure that they obtain a comprehensive understanding of the operations of the Group.

## **Board Committees**

The Board can also delegate certain powers and duties to committees formed to assist the Board in discharging certain of the Board's duties and responsibilities and/or to meet compliance with requirements of various regulatory bodies. These committees operate within defined terms of reference and are guided in their activities by charters drawn up specifically for the committees concerned.

The Nominating and Remuneration Committee assists by:

- ensuring that the composition of the Board is in tandem with the needs of the Group;
- establishing policies on board nomination and election of directors, with disclosures on the criteria used in selection process;
- assessing its Board, the various committees and individual directors, with disclosures on the criteria used for the assessment; and
- establishing policies that guide the design of remuneration packages for both board members and key senior management

A statement about the activities of the Nominating and Remuneration Committee pertaining to the above must also be included in the annual report of the Company.

The Audit Committee assists the Board in fulfilling its oversight responsibilities. Engagement on a regular basis with the internal auditor gives the Committee information and feedback on the effectiveness and adequacy of the Group's risk management framework and its internal control system, while comments and observations provided by the external auditors will cover the risks and controls related to the financial statements, and about the compliance of the statements to the relevant financial reporting standards.

The Board of Directors shall review and revise the Board Charter as and when required.