



**DELEUM**

# **BOARD CHARTER**

**Revision No: 1/2019**

**Date: 12 March 2019**

Approved by the Board of Directors of Deleum Berhad  
on 12 March 2019

## **DELEUM BERHAD** **BOARD CHARTER**

### **1. OBJECTIVE**

The Board of Directors (“Board”) of Deleum Berhad (“Company”) is responsible for overseeing the Company’s management and business affairs and makes all major policy decisions of the Company. The Board sets the Company’s strategic aims, ensures that the necessary resources are in place for the Company to meet its objectives and reviews management performance.

The Board Charter (“Charter”) sets out the roles, functions, composition, operations and processes of the Board of the Company.

The Board is committed in ensuring that high standards of corporate governance are practised and applied throughout the Company and its subsidiaries (collectively “Deleum Group”) in line with the Company’s vision, mission and shared values which promote a culture of integrity, professionalism, health, safety & environment and excellence.

The Charter is applicable to the Directors of the Company and shall constitute and form an integral part of each Director’s duties and responsibilities.

### **2. THE BOARD**

#### **2.1 Board Membership**

##### **(i) Composition**

- (a) The Board consists of individuals from differing professional backgrounds and with diverse skill sets, experience and knowledge essential for the governance of the Deleum Group’s business operations. Its composition and size constitute an effective Board to, and facilitates decision making of, the Deleum Group and shall be reviewed as required to ensure its appropriateness.
- (b) The Board is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“LR”) for at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.
- (c) The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director, unless otherwise justified accordingly.

- (d) The Board's gender diversity policy is to have at least one female Director. The Board will endeavour to meet the target of at least 30% women directors. Considerations will be based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company.
- (e) The Board may, upon assessment and recommendation by the Joint Remuneration and Nomination Committee ("JRNC") with justification, seek shareholders' approval at general meeting for the retention of an Independent Director who has served a cumulative term of or more than nine (9) years as an Independent Director of the Company.

However, the Board does not encourage a Director whose term of appointment has exceeded a cumulative period of 12 years to be retained as an Independent Director, unless upon assessment by an independent third party, the Board is satisfied that the said Director remains objective and continues to be independent in all aspects and will continue to seek shareholders' approval at general meeting for the retention of such Independent Director.

- (f) The Independent Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision making process.
- (g) The Board shall appoint a Senior Independent Director to whom all concerns or queries pertaining to the Deleum Group may be conveyed by the shareholders and other stakeholders.

The Board will, in promoting Board diversity, take into consideration the candidate's background, gender, age and ethnicity and will make the necessary appointment based on good blend of competencies, skills, merits, extensive experience and knowledge and contribution to the overall working of the Board and the needs of the Deleum Group.

(ii) Appointment and Re-election

- (a) The Board is responsible for determining its appropriate size.
- (b) The appointment of new Directors is considered and decided by the Board as a whole, based on the recommendation of the JRNC. The JRNC shall consider the required mix of skills, experience, character, ability to dedicate sufficient time to fulfil his/her responsibilities as a member of the Board, other qualities and core competencies which the new Director brings to the Board.

In recommending possible candidates, the JRNC may consider candidates proposed by Directors, Major Shareholders, Management or external parties including the Company's contacts in related industries, finance, legal, accounting professions and other independent channels.

A former engagement audit partner will not be eligible for Board appointment, until he or she has observed a cooling-off period of at least two (2) years.

- (c) New Directors shall be briefed on the terms of their appointment, their duties and obligations and the operations of the Deleum Group.
- (d) All Directors shall be subject to the retirement by rotation in accordance with the LR and the Company's Constitution ("Constitution").

(iii) Independence of Directors

The Company will continue to comply with the requirements for the independence of the Directors in accordance with the LR. The JRNC and the Board shall assess the independence of the Directors annually taking into consideration their disclosed interests and relevant criteria.

(iv) Acceptance of New Directorships

Any Director, subject to the limitations on the number of directorships under the LR or applicable laws, may accept new directorships which are not in conflict with the interests of the Company's business and do not detrimentally affect his performance as a Director. In accepting such appointment, the Director shall take into consideration the time spent on the appointment to enable him to devote sufficient time to carry out his duties to the Company.

Any Director when accepting such new appointments shall seek guidance from the Chairman of the Board if there is any potential conflict of interest and shall upon appointed, notify the Company Secretary who shall inform the Chairman and other members of the Board accordingly.

## 2.2 Duties and responsibilities

- (i) In discharging its duties, the Board shall be constantly mindful of the need to safeguard the interests of its shareholders and other stakeholders.

The Board assumes, amongst others, the following duties and responsibilities:

- (a) set the Company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met;
  - (b) overseeing and evaluating the conduct and performance of the Deleum Group's businesses;
  - (c) reviewing, approving and monitoring the overall strategies and directions of the Company;
  - (d) identifying principal risks and ensuring the implementation of an appropriate risk management system;
  - (e) reviewing the adequacy and the integrity of the Company's management information and internal control systems;
  - (f) developing and implementing an investor relations policy;
  - (g) establishing a succession plan;
  - (h) attending substantially all the meetings of the Board and substantially all the meetings of each committee on which the Director serve with well prepared; and
  - (i) devoting sufficient time and effort to stay abreast and keep informed on all matters of importance to the Deleum Group.
- (ii) The Board has guidelines on matters reserved for its collective decision making which include the following and may be varied from time to time as determined by the Board:
- (a) the overall corporate strategy and direction, business plans and annual budget including major capital commitments;
  - (b) participation in tenders or projects exceeding the prescribed value as set out in the Project Risk Management Guideline in relation to the core business of the Deleum Group and any amount outside the core business;
  - (c) material acquisitions and disposals of undertakings and properties;
  - (d) key policies and the delegation of authority guidelines of the Company;
  - (e) undertaking new business activities in non-traditional/non-core areas;

- (f) decision to cease to operate all or any material part of the Deleum Group's business;
- (g) establishment of long-term or incentive plans and major changes to existing plans;
- (h) succession management of Group Managing Director/Chief Executive Officer and Key Senior Management; and
- (i) any amendments to the matters reserved for the Board.

### **2.3 Chairman, Deputy Chairman, Group Managing Director and Independent Non-Executive Directors**

- (i) The Chairman shall be a Non-Executive Director.
- (ii) The roles of the Chairman and the Group Managing Director ("GMD") are separate to ensure that there is a balance of power and authority.
- (iii) The Chairman is responsible for instilling good governance practices and leadership of the Board ensuring its effectiveness on all aspects of its role and setting its agenda. The GMD is the head of the Management of the Company with overall responsibility for day-to-day management of the business and implementation of the Board's policies and decisions.
- (iv) The Chairman assumes, amongst others, the following duties and responsibilities:
  - (a) leading the Board and ensuring efficient organisation and conduct of the Board's functions, meetings and proceedings;
  - (b) ensuring that all Directors are enabled and encouraged to play their full part in the Board's activities, including ensuring that the Directors, especially the Non-Executive Directors received timely, relevant information and are properly briefed on issues arising at Board meetings;
  - (c) facilitating effective discussions and encouraging positive contributions of all Directors at Board meetings and promoting constructive relations between them; and
  - (d) ensuring effective, transparent and regular communications with shareholders and other stakeholders.
- (v) The Deputy Chairman supports the Chairman and also assists in high level business development and customer relations. The Chairman and the Deputy Chairman work closely with the GMD in the development of business, corporate policies and strategies for the Deleum Group.

- (vi) The GMD is accountable to the Board for the achievement of the Company's goals. Aside from his responsibilities in section 2.3 (iii) above, the GMD assumes, amongst others, the following duties and responsibilities:
- (a) developing the strategic direction, operational plan and budget of the Deleum Group;
  - (b) ensuring that the Deleum Group's strategies and corporate policies are effectively implemented;
  - (c) ensuring that the Board's decisions are implemented and the Board's directions are adhered to;
  - (d) providing strong leadership i.e effectively communicating the Company's vision, mission, shared values, management philosophy and business strategy to the employees;
  - (e) maintaining a positive and ethical working environment that is conducive to attracting, retaining and motivating a diverse work force;
  - (f) reviewing organizational structure in ensuring proper roles and responsibilities, and effective management of all functions contributing to the success of the Deleum Group;
  - (g) assessing business opportunities which are of potential benefits to the Group; and
  - (h) keeping the Board fully informed of all important aspects and relevant matters in relation to the Deleum Group's operations in an accurate and timely manner.
- (vii) The responsibilities of the Independent Non-Executive Directors include the following:
- (a) providing independent and objective views, advice and judgment to ensure that the interests of the Deleum Group, shareholders and stakeholders are well taken into account;
  - (b) bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner; and
  - (c) constructively challenging and contributing to the development of the business strategies and direction of the Deleum Group.

## **2.4 Senior Independent Director**

- (i) The Board shall identify a Senior Independent Director (“SID”) who serves as the point of contact between the Independent Directors and the Chairman of the Board on sensitive issues and acts as a designated contact to whom shareholders’ concerns or queries may be raised.
- (ii) Apart from the above, the responsibilities of the SID shall include the following:
  - (a) to receive report(s) made by employees or external parties for the purpose of whistleblowing as prescribed under the Whistleblowing Policy and Procedures of the Deleum Group; and
  - (b) to ensure that all Independent Directors have the opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively.

## **2.5 Board Committees**

- (i) The Board may from time to time establish committees as it considers efficient and necessary.
- (ii) The Board appoints the following Board Committees to assist it in carrying out its duties and responsibilities and to facilitate efficient decision making:
  - Audit Committee (“AC”);
  - JRNC; and
  - Board Risk Committee (“BRC”).
- (iii) The Board Committees operate within their own clearly defined terms of reference (“TOR”) approved by the Board. The AC is primarily responsible for reviewing and monitoring the integrity of the Deleum Group’s financial reporting process, accounting records, risk management process and system of internal controls. The JRNC is primarily responsible for determining and assessing the Board’s composition, nomination of new Directors, remuneration of Executive Directors and evaluating the effectiveness of the Board and the Board Committees. The BRC is primarily responsible for reviewing the Deleum Group’s risk profile and appetite and the establishment of a risk management framework, processes and controls for identifying, evaluating, monitoring and reporting of risks.

Although the Board has granted discretionary authority to the Board Committees to deliberate and decide on certain operational matters as set out in their respective TOR, the ultimate responsibility for final decision on all matters lies with the Board.



- (iv) Details of the membership and a summary of the TOR of each Committee appointed by the Board are also published in the Company's website at [www.deleum.com](http://www.deleum.com).

## **2.6 Management**

- (i) All matters not specifically reserved to the Board and which are necessary for the day-to-day operations of the Deleum Group are delegated to Management to operate within the Delegation of Authority Guidelines.
- (ii) The responsibilities of Management include the following:
  - (a) formulating, recommending and implementing the approved strategies and policies of the Deleum Group;
  - (b) managing the Deleum Group's resources, including but not limited to the Group's human, asset and financial resources to achieve the Deleum Group's objectives;
  - (c) developing, implementing and managing the Deleum Group's risk management and internal control systems and compliance to operate within the risk appetite set by the Board;
  - (d) keeping pace with industry and economic trends in the Deleum Group's operating environment; and
  - (e) providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

## **2.7 Management Succession**

- (i) The Board shall be responsible for ensuring that there is effective succession planning of Senior Management in the Deleum Group and reviewing the management succession plans.
- (ii) If it is anticipated that the GMD will leave the Company at a specified future date, the Board will ensure that the process of selecting a successor takes place in a manner that is likely to create a smooth transition.
- (iii) If there is an unanticipated departure of the GMD, the Board will oversee the:
  - (a) selection of a temporary GMD to serve until a permanent is selected; and
  - (b) selection of the new GMD.

## **2.8 Board Meetings**

- (i) The Board shall observe the relevant rules and regulations governing the conduct and procedures for holding a Board Meeting per the Constitution.
- (ii) The Board shall meet regularly with due notice of issues to be discussed with at least four (4) scheduled meetings conducted annually.
- (iii) The Company Secretary shall prepare the agenda with the Chairman and the GMD and shall notify all Directors of the Board Meeting. The notice, agenda and Board papers shall be circulated to all Directors in advance and within a reasonable period of each Board meeting to ensure that the Directors are well informed and have the opportunity to seek additional information or further clarification as required.
- (iv) A Director may request for a Board meeting, stating the specific purpose and the Secretary shall on such request, inform the Chairman. The Chairman shall consider and determine whether to summon such a Board meeting.
- (v) Notice of a Board meeting is deemed to be duly given to a Director if it is given to him personally or by electronic communication or sent in writing to him at his last-known address or another address given by him to the Company for that purpose. A Director may waive the requirement that notice be given to him of a Board meeting, either prospectively or retrospectively, provided that the waiver is made and signed by Director in writing.
- (vi) Appropriate officers of the Company or professional advisers may be invited to attend the meetings where the Board considers their presence necessary.

## **2.9 Financial Reporting**

- (i) In presenting the annual financial statements and quarterly announcements to the shareholders including reports submitted to the regulators, the Board aims to present a clear and balanced assessment of the Deleum Group's financial position and prospects.
- (ii) The Board ensures that the financial statements of the Deleum Group are prepared in accordance with applicable accounting reporting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Deleum Group.

## **2.10 Directors' Remuneration**

- (i) The objective of the remuneration policy of the Company is to provide fair and competitive remuneration to its Board based on attracting and retaining directors of the calibre, expertise and experience needed to lead the Deleum Group successfully.

- (ii) The remuneration of Executive Directors is aligned to individual and corporate performance appropriate to their scale of responsibilities and performance. The JRNC makes recommendations to the Board on all elements of their remuneration, terms of employment, reward structure and fringe benefits which are subject to the approval of the Board.
- (iii) The Board as a whole determines the remuneration of the Non-Executive Directors which is subject to the approval of the shareholders at the Annual General Meeting (“AGM”). Non-Executive Directors are paid a fee and meeting allowances for discharging their responsibilities and for the Board and Committee Meetings they attend based on the Company’s established Directors’ Remuneration Framework.

## **2.11 Access to Information and Independent Advice**

In carrying out its duties and responsibilities, the Board shall have the following powers:

- (i) full and unrestricted access to any information, records, properties and personnel of the Deleum Group;
- (ii) to obtain independent professional advice and expertise necessary for the performance of its duties; and
- (iii) All members shall have access to the advice and services of the Company Secretary.

## **2.12 Annual Board Evaluation**

The Board, through the JRNC, carries out evaluation on the effectiveness of the Board as a whole, each individual Director, the Board Committees and independence of Independent Directors on an annual basis. The findings of the evaluation are tabled at the JRNC meeting for discussion and subsequently reported to the Board. Where the Board deems appropriate, the evaluation may be carried out by a suitably qualified external party.

## **2.13 Directors’ Training and Continuing Education**

- (i) In addition to the mandatory training programs required by Bursa Securities, the Directors shall continue to update and enhance their knowledge and skills by attending appropriate training to enable them to discharge their duties effectively.
- (ii) The Board shall evaluate and determine the training needs of the Directors from time to time.

**3. THE COMPANY SECRETARY**

- (i) The Company Secretary shall be someone who is suitably qualified, competent and capable of carrying out the duties to which the post entails and shall report directly to the Board.
- (ii) All Directors particularly the Chairman shall have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

**4. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

- (i) The Board acknowledges the need for effective investor relations and communication with shareholders and to provide them with relevant information through disclosures and announcements made to Bursa Securities, quarterly financial reports, the Annual Report and media releases. Such information is available on the Company's website.
- (ii) The Board recognises the Company's AGM as the principal forum for dialogue and interaction among shareholders, the Board and Management and for receiving constructive feedback from shareholders. The Chairman encourages active participation by the shareholders during the AGM through the question & answer session. A media briefing is normally held after the AGM.
- (iii) Pursuant to the LR, all resolutions as set out in the notice of the general meeting will be voted by poll at the general meeting of the Company.

**5. DIRECTORS' CODE OF ETHICS**

The Board has adopted a Directors' Code of Ethics which is to be observed by the Board at all times. The Board will review this Code of Ethics regularly to ensure that it continues to remain relevant and appropriate.

**6. SUSTAINABILITY AND SOCIAL RESPONSIBILITY**

- (i) The Board recognises the need for its strategies and plans to promote and contribute towards sustainable development, with particular focus on the environmental, social and governance aspects of the business.
- (ii) The Company constantly strives to maintain a safe and conducive work environment for its employees and adopts documented policies and procedures as part of its commitment towards Quality, Health, Safety and Environment.

- (iii) The Company encourages practices that safeguard and minimise the impact to the environment and supports initiatives on environmental issues. The Company also supports charitable causes and initiatives on community development projects.

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

This Charter shall be periodically reviewed and may be amended by the Board as and when it deems appropriate.

The Charter is made available for reference in the Company's website at [www.deleum.com](http://www.deleum.com).