



DELEUM

BOARD CHARTER

Revision No: 5/2024

Date: 25 November 2024

**APPROVED BY THE BOARD OF DIRECTORS OF DELEUM BERHAD
ON 25 NOVEMBER 2024**

DELEUM BERHAD

BOARD CHARTER

INTRODUCTION

This Board Charter (“Charter”) has been developed to emphasize Deleum Berhad (“the Company” or “DB”) Board of Directors’ (“Board”) commitment to governance. This Charter is to assist existing and future Board members in the performance of their fiduciary duties and in assessing such performance collectively and individually.

1. OBJECTIVE

The Board of the 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 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 core values which promote a culture of integrity, health, safety & environment, service quality and sustainability.

This Charter sets out the composition, duties and responsibilities, functions, operations and processes of the Board, and 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 shall comprise of not less than two (2) and not more than eleven (11) Directors.
- (b) 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.

- (c) The Board is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“LR”) for at least:
 - i. two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors;
 - ii. and one (1) Director is a woman.
- (d) The Board must comprise a majority of Independent Directors.
- (e) Diversity

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.

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.

- (f) Independence

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 judgement. They provide independent and balanced assessment and unbiased views and advice to the Board’s deliberation and decision-making process.

The Company will continue to comply with the requirements for the independence of the Directors in accordance with the LR. The Joint Remuneration and Nomination Committee (“JRNC”) and the Board shall assess the independence of the Directors annually taking into consideration their disclosed interests and relevant criteria.

The tenure of an Independent Director shall not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director’s redesignation as a Non-Independent Director. The Board may, upon assessment and recommendation by the JRNC with valid justification, seek shareholders’ approval at general meeting through a two-tier voting process, for the retention of an Independent Director who has served more than nine (9) years as an Independent Director of the Company.

- (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.

(ii) Appointment and Re-election

- (i) The Board is responsible for determining its appropriate size.
- (ii) 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 and knowledge, character, integrity and 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 respect of Independent Directors, the JRNC shall assess whether the individual is able to exercise independent judgement and to demonstrate the values and principles associated with independence.
- (iii) 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.
- (iv) An existing or former officer, adviser or transacting party of prescribed transactions (in accordance with the LR) of the Company or its related corporation or a non-independent non-executive director of the Company will not be eligible to be appointed as an Independent Director, until he or she has observed a cooling-off period of at least three (3) years.
- (v) The fit and proper assessment on any person identified to be appointed as a Director or to continue holding the position as a Director shall be conducted prior to the initial appointment or proposed re-election/re-appointment as a Director. The fit and proper assessment on a Director may also be conducted whenever the Company becomes aware of information that may materially compromise a Directors' fitness and propriety.
- (vi) New Directors shall be briefed on the terms of their appointment, their duties and obligations, as well as the structure, business and operations of the Deleum Group.
- (vii) All Directors shall be subject to the retirement by rotation in accordance with the LR and the Company's Constitution ("Constitution").

(iii) 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.

All Directors are required to disclose to the Board, through the JRNC, at the time of his/her appointment, and in a timely manner for any change, the number and nature of office held in public listed companies or companies which are subsidiaries of public listed companies.

Any Director, when accepting such new appointments, shall seek guidance from the Chairman of the Board if there is any potential conflict of interest. They shall disclose and declare the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business that they have with the Company and the Group. Upon appointment, the Director shall notify the Company Secretary, who will inform the Chairman and other members of the Board accordingly.

2.2 Duties and responsibilities

- (i) In discharging its duties, the Board shall at all times exercise its power for a proper purpose, in good faith, and in the best interest of the Deleum Group, while being 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 (if any);
 - (g) establishing a succession plan and ensure that there are measures in place to provide for the orderly succession of the Board and *Key Senior Management;
 - * *Note: “Key Senior Management” refers to the Group Chief Financial Officer, Chief Executive Officer of business segments, Chief Executive Officer of subsidiaries and Senior General Manager – Group Corporate Services/ Company Secretary.*
 - (h) attending substantially all the meetings of the Board and substantially all the meetings of each committee on which the Director serve and well prepared for such meetings;
 - (i) devoting sufficient time and effort to stay abreast and keep informed on all matters of importance to the Deleum Group including sustainability issues relevant to the Deleum Group and its businesses;
 - (j) Non-executive directors are encouraged to meet among themselves at least annually to discuss, among others strategic, governance and operational issues;
 - (k) should have sufficient understanding and knowledge of sustainability issues that are relevant to the Company and its business, to discharge its role effectively;
 - (l) together with Management, takes responsibility for the governance of sustainability in the Company including setting the Company’s sustainability strategies, priorities and targets;
 - (m) ensuring that the Company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders; and
 - (n) the Board may choose to delegate some of these responsibilities to one or more of its Board Committees. This delegation of responsibilities will be reflected in the terms of reference of the respective Board Committees.
- (ii) Duty to Disclose Interest
- (a) Directors must always act in the best interest of the Deleum Group and shall not be involved in any activities where their personal interest conflict with the business interest of the Deleum Group or could be seen to have the potential to interfere his/her objectivity in performing duties or exercising judgement on behalf of the Deleum Group.

- (b) Any actual, perceived or potential conflict of interest shall be disclosed and declared by the Directors, as soon as practically possible upon the occurrence of such conflict. The Director must also refrain from participating in any deliberations relating thereto.
- (iii) 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) key policies and the Delegation of Authority Guidelines (“DAG”) of the Company;
 - (b) the overall corporate strategy and direction, business plans and annual budget including major capital commitments;
 - (c) participation in tenders, projects or business activities exceeding the authority granted to the Group Chief Executive Officer (“GCEO”) prescribed value as set out in the DAG;
 - (d) acquisitions and disposals of undertakings and properties which are in excess of the authority granted to GCEO under the DAG;
 - (e) decision to cease to operate all or any material part of the Deleum Group’s business;
 - (f) establishment of long-term or incentive plans and major changes to existing plans;
 - (g) succession management of GCEO and Key Senior Management; and
 - (h) any amendments to the matters reserved for the Board.

2.3 Chairman, Deputy Chairman, GCEO and Independent Non-Executive Directors

A. Chairman

- (i) The Chairman shall be a Non-Executive Director.
- (ii) The Chairman shall not be a member of the Board committees.
- (iii) The roles of the Chairman and the GCEO are separate to ensure that there is a balance of power and authority between the Chairman and the GCEO with a clear division of responsibility between the running of the Board and the Company’s business respectively.

- (iv) 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 GCEO 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.
- (v) 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 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;
 - (d) Ensuring the orderly conduct and effective working of the Board, and acts as a liaison between the Board and Management; and
 - (e) ensuring effective, transparent and regular communications with shareholders and other stakeholders.

B. Deputy Chairman

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 GCEO in the development of business, corporate policies and strategies for the Deleum Group.

C. GCEO

The GCEO is accountable to the Board for the achievement of the Company's goals. Aside from his responsibilities in section 2.3 (iv) above, the GCEO assumes, amongst others, the following duties and responsibilities:

- (i) act as conduit between the Board and Management in ensuring the success of the Group's governance and management functions;
- (ii) developing the strategic direction, operational plan and budget of the Deleum Group;

- (iii) ensuring that the Deleum Group’s strategies and corporate policies are effectively implemented;
- (iv) ensuring that the Board’s decisions are implemented and the Board’s directions are adhered to;
- (v) providing strong leadership i.e. effectively communicating the Company’s vision, mission, core values, management philosophy and business strategy to the employees;
- (vi) maintaining a positive and ethical working environment that is conducive to attracting, retaining and motivating a diverse work force;
- (vii) reviewing organisational structure in ensuring proper roles and responsibilities, and effective management of all functions contributing to the success of the Deleum Group;
- (viii) assessing business opportunities which are of potential benefits to the Deleum Group; and
- (ix) 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.

D. Independent Non-Executive Directors

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’ and other stakeholders’ 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 related to whistleblowing under the Whistleblowing Policy and Procedures of the Deleum Group, and to present the outcome of the investigation to the Board Risk Committee for deliberation and the Board for notation;
 - (b) serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues; and
 - (c) 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”);
 - Joint Remuneration and Nomination Committee (“JRNC”); and
 - Board Risk Committee (“BRC”).
- (iii) The Board Committees operate within their own clearly defined terms of reference (“TOR”) approved by the Board.
- (iv) 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 internal controls system, audit process and compliance with applicable legal and regulatory requirements, conflict of interest disclosures, related party transaction disclosures and such other matters that may be specifically delegated by the Board from time to time.
- (v) The JRNC is primarily responsible for determining and assessing the size and composition of the Board and Board Committees, the nomination of new Directors, the re-appointment / re-election of Directors, the remuneration of Executive Directors and Key Senior Management, succession planning for the Board and Key Senior Management, and evaluating the effectiveness of the Board and the Board Committees.

- (vi) 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. Its responsibility also includes overseeing sustainability matters in relation to the sustainability strategy, implementation and performance around the sustainability material matters.
- (vii) 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.
- (viii) The Board shall be kept apprised of the activities and decisions of the Board Committees through the circulation of the Board Committees meetings' minutes and presentations by the Chairman of the respective Board Committees at Board meetings.
- (ix) Details of the membership and a summary of the TOR of each Committee appointed by the Board are also published in the Company's corporate website at 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 DAG.
- (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 resources, 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, assisted by the JRNC, shall be responsible for ensuring that there is effective succession planning of Key Senior Management in the Deleum Group and reviewing the management succession plans.
- (ii) If it is anticipated that the GCEO 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 GCEO, the Board will oversee the:
 - (a) selection of a temporary GCEO to serve until a permanent is selected; and
 - (b) selection of the new GCEO.

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 with additional meetings convened as and when urgent issues and/or important decisions are required to be taken. The Board's annual meeting calendar is prepared and circulated to Directors before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees, annual general meeting, as well as the closed period for dealings in securities by Directors based on the targeted date of announcement of quarterly results of the Group.
- (iii) Each Director shall attend at least 50% of the total Board Meeting held during the year.
- (iv) The Company Secretary shall prepare the agenda with the Chairman and the GCEO 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.
- (v) 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.

- (vi) 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.
- (vii) 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, assisted by AC, 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 entitled to Directors' fees and additional fees for chairing or sitting on Board Committees. They are also paid meeting allowances for discharging their responsibilities and for attending Board and Board Committees Meetings based on the Company's established Directors' Remuneration Framework for Non-Executive Directors.

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 at the Group's expense should they consider it necessary in the furtherance of their duties; and
- (iii) All Board members shall have access to the advice and services of the Company Secretary and other Senior Management personnel for the purposes of Board's affairs and the businesses/operations.

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, so as to keep abreast of industry issues, market development and trend, corporate regulatory framework and governance, and enable them to sustain their active participation in Board deliberation and discharge their duties effectively.
- (ii) The Board assisted by JRNC, shall on continuous basis evaluate and determine the training needs of the Directors, and disclose in the annual report the trainings attended by the Directors.

3. THE COMPANY SECRETARY

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. The Company Secretary shall guide and advise the Board on governance matters and ensuring that there is an effective system of corporate governance in place.

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 timely disclosures and announcements made to Bursa Securities, quarterly financial reports, the Annual Report and media releases. Such information is available on the Company's corporate 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.
- (iii) The Company's corporate website provides easy access to corporate information pertaining to the Group and its operations and is continuously updated.

5. DIRECTORS' CODE OF ETHICS AND CODE OF BUSINESS CONDUCT

This Board Charter shall be read in conjunction with the Directors' Code of Ethics and the Company's Code of Business Conduct, which serve as guidance to the Board, employees, and third parties regarding the Group's standards of integrity, ethics and conduct to be observed in the performance of work and business practices.

6. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Board recognises the need for its strategies and plans to promote and contribute towards sustainable development. A Director must take accountability for the Environmental, Social and Governance in the Company by:

- (i) incorporating sustainability consideration into all aspects of decision-making, including strategic planning, risk management and investment decisions;
- (ii) ensuring that the Company sets its sustainability strategies, goals and targets which are aligned with the Company's overall strategy and vision;
- (iii) being conscious of the interests of shareholders and other stakeholders of the Company, and to adopt appropriate policies and initiatives towards achieving sustainability in social, economic and environmental conditions in furtherance of the pursuit of profitability; and
- (iv) reviewing the annual sustainability statement to ensure effective use of resources and continuously reducing its carbon footprint.

7. REVIEW OF THE CHARTER

This Charter shall be reviewed at least once in every three years or when deemed necessary to ensure compliance with current laws, regulations and guidelines.

8. PUBLICATION OF THE CHARTER

The Charter is made available for reference on the Company's corporate website at www.deleum.com.