

# **PBA HOLDINGS BHD**

Incorporated in Malaysia  
(Company No : 515119-U)

## **BOARD CHARTER OF THE COMPANY**

### **1. OVERVIEW**

The Board of Directors ("the Board") of PBA Holdings Bhd. ("the Company") collectively leads and is responsible for the success of the Company and its subsidiary and associate companies ("the Group") by providing entrepreneurial leadership and direction as well as supervision of the management. The Board is the ultimate decision making body. The Board shall, in so far possible, apply the principles and practices of good corporate governance in all its dealings for, or on behalf of the Company and to uphold the core values of integrity and enterprise as part of their fiduciary duties and responsibilities.

### **2. OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

This Board Charter is not an "all inclusive" document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

### **3. BOARD STRUCTURE**

#### **3.1 Board Members**

Pursuant to the Company's Articles of Association, the Board shall comprised not less than two (2) nor more than eleven (11) Government Appointed Directors<sup>(a)</sup> who are appointed by the Special Shareholder<sup>(b)</sup> and independent non-executive directors. The number of directors shall be not less than two (2) but not more than seventeen (17).

(a) Government Appointed Directors means any Entitled Person appointed as director by the Special Shareholder

(b) Special Shareholder means the State Secretary, Penang a body corporate incorporated under the State Secretary Penang (Incorporation) Enactment, 1988 or its successors or the Chief Minister, or any person acting on behalf of the State Government of Penang.

- The size, composition and diversity of the Board shall be reviewed and determined from time to time to reflect the Company's requirements and to facilitate effective decision-making.
- At least two (2) or one third (1/3) of the Board members, whichever is the higher, are independent directors who provide independent judgment and objectivity.
- All newly appointed directors shall retire and be re-elected by the shareholders at the Company's annual general meeting.

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## **3.2 Tenure of Directors**

- Pursuant to the Company's Articles of Association, 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 and shall be eligible for re-election at each annual general meeting and that each director shall retire from office at least once in every 3 years and shall be eligible for re-election.
- If the tenure of an independent director exceeds a cumulative term of nine (9) years, the Board shall make recommendation and provide justifications to shareholders at a general meeting should it seek to retain the director as an independent director. Alternatively, the independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

## **3.3 Chairman and Deputy Chairman of the Board**

- Pursuant to the Company's Articles of Association, the Chairman of the Board of Directors shall be appointed by the Special Shareholder and such Chairman may be given such executive powers as shall be determined by the Board of Directors.
- The Board of Directors may elect a Deputy Chairman who shall be a Government Appointed Director from their number and the Board of Directors may determine the period for which such officer shall hold office.
- The Chairman or in the absence of the Chairman the Deputy Chairman (if any) shall preside at the meeting of Directors.

## **3.4 Board Committee**

- As part of its efforts to ensure the effective discharge of its duties, 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.
- The Board has established the following Committees to assist the Board in the execution of its duties:
  - a) Audit and Risk Management Committee ("ARMC")
  - b) Nominating Committee ("NC")
- 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.
- The Board may also establish and delegate specific functions to ad hoc committees as and when required.

## **3.5 The Board's Relationship with Shareholders**

- The Board will maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and the general public.

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- The Board will ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a channel in shareholders' communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the General Meetings.

## **4. ROLES AND RESPONSIBILITIES OF BOARD**

### **4.1 Role of Board**

- The functions of the Board are to:
  - a) monitor the compliance with all relevant statutory and legal obligations.
  - b) review and set the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
  - c) supervise the operations of the Group to evaluate whether established targets are achieved.
  - d) identify principal risks and ensure the implementation of appropriate systems to manage these risks.
  - e) promote better investor relations and shareholder communications.
  - f) ensure that the Group's core values, vision and mission and shareholders' interests are met.
  - g) review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
  - h) establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
  - i) initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
  - j) ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

### **4.2 Role of Chairman and Chief Executive Officer**

- The roles of the Chairman and Chief Executive Officer ("CEO") are strictly separated.
- The Chairman is responsible for:
  - a) leadership of the Board.
  - b) overseeing the effective discharge of the Board's supervisory role.
  - c) facilitating the effective contribution of all directors.
  - d) conducting the Board's function and meetings.
  - e) briefing all the directors in relation to issues arising at meetings.
  - f) scheduling regular and effective evaluations of the Board's performance.
  - g) promoting constructive and respectful relations between Board members and between the Board and the Management.

# **PBA HOLDINGS BHD**

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- The CEO is responsible for:
  - a) strategic business direction, plans and policies of the Group.
  - b) the efficient and effective operation of the Group.
  - c) day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
  - d) bringing material matters to the attention of the Board in an accurate and timely manner.

## **4.3 Role of Committees**

- Each Committee has its own specific terms of reference as approved by the Board. The powers and authorities to the Committee are set out in the terms and reference of each Committee. The terms of reference of the Committees will be reviewed periodically and amended accordingly after approved by the Board.

## **5. BOARD PROCESSES**

### **5.1 Board Meetings**

- Meetings will be conducted on a quarterly basis or as often as required. The Company Secretary will prepare and circulate a timetable for all required to attend the meeting.
- The quorum of Board meeting is 2 members, present in person.
- 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 approved by majority of 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 minutes book kept by the Company Secretary.
- Actions on all matters arising from any meeting are reported at the following meeting.
- The Board may 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.

### **5.2 Notices and Meeting Papers**

- The notice of Board meetings shall be issued at least seven (7) days prior to the meeting.
- As a best practice and to allow ample time for Directors to study and evaluate the matters to be discussed and subsequently make effective decisions, the Board papers and agenda items shall be circulated at least seven (7) days prior to the meeting.

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- 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.

## **5.3 Access to Information**

- The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group and may obtain independent professional advice at the Company's expense in the furtherance of their duties.
- The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorized in writing or disclosure is required by law.

## **5.4 Directors' Training**

- All newly appointed directors will be briefed on the structure and business activities of the Group and are required to attend the Mandatory Accreditation Programme as required under the Listing Requirement of Bursa.
- All directors are encouraged to attend a continuous education or suitable training programme each year to ensure that each director receives regular briefings and updates on changes in risks, laws and regulations, economic scenario and the industry climate affecting the business, and to continuously upgrade their knowledge and understanding of their roles and responsibilities as directors.

## **6. REVIEW OF BOARD CHARTER**

The Board Charter shall be reviewed by the Board annually to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.