



# CENTRAL GLOBAL BERHAD

201801036114 (1298143-T)

## BOARD CHARTER

### 1. Introduction

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Central Global Berhad and its subsidiaries (“the **“Central Global Berhad”**, the **“Group”** or the **“Company”**), including practicing a high level of good governance. All Board members are responsible for the success of the Group by providing entrepreneurial leadership and direction as well as supervision of the Management.

This Board Charter sets out the roles, functions, composition, operation and processes of the Board and is to ensure that all members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

### 2. Board structure

#### 2.1 Composition of the Board

The number of Directors shall not be less than two or more than fifteen as set out in the Company’s Constitution. At any one time, at least two (2) or onethird (1/3), whichever is higher, of the Board members are Independent Directors in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. If the number of Directors of the Company is not 3 or not a multiple of 3, then the number nearest 1/3 must be used.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations.

Independent Directors provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Directors, thereby ensuring that no individual or group dominates the Board’s decision-making process. They also ensure strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the communities in which the Group conducts its business. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders and the public.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

## 2.2 Appointments and re-election

The appointment of a new Director is a matter for consideration and decision by the Board as a whole, upon the recommendation from the Nomination and Remuneration Committees. In making these recommendations, the Committees will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director bring to the Board.

Directors shall be issued with Letter of Appointment and other relevant policies and procedures of the Company including Code of Business Conduct, to familiarize each new Director with his/ her powers, duties, responsibilities and accountabilities and other matters relating to his/ her appointment.

In accordance with the Company's Constitution, every newly appointed Director is subject to re-election at the forthcoming Annual General Meeting ("AGM") and one-third of the Directors, or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election at every AGM. All the Directors shall retire from office once at least in each three (3) years and shall be eligible for re- election.

Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years are required to submit themselves for re-appointment annually. If the board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth (12) year, the board should seek annual shareholders' approval through a two-tier voting process.

## 2.3 Directors' assessment

The Board assesses the performance of the Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the Directors under the annual Board Assessment.

A separate assessment for Independent Directors is also undertaken annually.

## 2.4 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

### 3. Roles of the Board

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

- (i) Responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for the Management, monitoring the achievement of these goals, overseeing the ethical conduct of business and preventing bribery in the Group's business;
- (ii) Decides on the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and review of financial and operating performance of the Group;
- (iii) Monitors and evaluates the performance of the Management to ensure that the performance criteria remains dynamic;
- (iv) Ensures the Group maintains an effective system of internal controls and risk management which able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- (v) Oversees the conduct of the company's business to evaluate whether the business is being properly managed, which include managing conflicts of interest, preventing the abuse of power, fraud, bribe and corruption, insider trading and money laundering;
- (vi) Provides assurance to its internal and external stakeholders that the Company is operating in compliance with its policies and any other applicable regulatory requirements. This includes establishing a "tone from the top" and spearheading the Group's efforts to improve on its corruption risk management framework, internal control system, review and monitoring as well as training and communication;
- (vii) Regularly considers succession planning and the composition of the Board;
- (viii) Clarifies the roles and responsibilities of members of the Board and management to facilitate Board's and Management's accountability to the Company and its shareholders;
- (ix) Establishes such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- (x) Establishes Insider Trading Policy with the primary objective of preventing abuse of inside information;
- (xi) Direct and periodically review an anti-corruption compliance programme such as clear policies and objectives that adequately addresses corruption risk;

- (xii) Reviews the development and dissemination of internal and external trainings relevant to its anti-corruption management system, covering areas such as policy, training, reporting channel and consequences of non-compliance;
- (xiii) Approves the Whistleblowing Policy and Procedure to encourage employees or related stakeholders to report any legitimate concerns over any wrongdoing to the Company relating to unlawful conduct, financial malpractice or dangers to the public or the environment within as well as any suspected and/ or real corruption incidents;
- (xiv) Reviews and/ or acknowledges on the investigation outcome of whistleblowing issues, results of fraud, illegal acts or suspected violations of the Company policies involving all employees, Management and Directors;
- (xv) Periodic review and approve Code of Business Conduct to align with the changes in law, governance code coupled with the changes in Company's vision, mission and business plan;
- (xvi) Together with Management, to take responsibility for the governance of sustainability in the Group, including setting the Group's sustainability strategies, priorities and targets;
- (xvii) To ensure that the Group's sustainability strategies, priorities and targets as well as performance against such targets are communicated to the Company's shareholders and other stakeholders;
- (xviii) To take appropriate action to ensure Board members stay abreast with, and understand, sustainability issues relevant to the Group and its business, including climate-related risks and opportunities;
- (xix) To monitor Management's performance and business results; and
- (xx) To ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board members and Senior Management.

#### **4. Roles of the Chairman, Group Managing Director and Executive Director**

The roles of the Chairman, the Group Managing Director and the Executive Director are separated to ensure there is a balance of power and authority. The Chairman is responsible for leadership, effectiveness, conduct and governance of the Board, while the Group Managing Director and the Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

##### **4.1 The Chairman is responsible to:-**

- (a) Lead the Board and ensure its effectiveness of all aspects of its role;
- (b) Ensure efficient organization and conduct of the Board's functions and meetings;

- (c) Lead the Board in establishing and monitoring good corporate governance practices in the company;
- (d) Ensure that the Board is well informed and effective; that board members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision making of the Board;
- (e) Encourage all board members to engage in board and committee meetings by drawing on their skills, experience and knowledge;
- (f) Ensure that general meetings are conducted efficiently and encourage active participation and allow dissenting views to be freely expressed to ensure effective communication with shareholders and relevant stakeholders; and
- (g) Promote constructive and respectful relations between Directors, and between the Board and the Management.

4.2 The Group Managing Director and the Executive Director is responsible to:-

- (a) Develop and implement the strategic business plan and policies of the Group;
- (b) Supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- (c) Ensure the efficiency and effectiveness of the operation for the Group;
- (d) Assess business opportunities which are of potential benefit to the Group;
- (e) Bring material and other relevant matters to the attention of the Board in an accurate and timely manner;
- (f) Ensure that the financial results are accurate and not misleading;
- (g) Ensure that the business of the Group is carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- (h) Oversee and ensure that the internal control systems and the risk management processes are appropriate and effective; and
- (i) Ensure succession planning is in place in the interest of human capital development.

## **5. Board Committees**

The Board of the Company has established three (3) committees of the Board which operate within its own specific terms of reference. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board. The three Board Committees are as follows:

- Audit and Risk Management Committee;
- Nomination Committee; and
- Remuneration Committee.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

## **6. Board Meetings**

The Board shall conduct at least six (6) scheduled meetings annually, with additional meetings to be convened as and when necessary. The quorum of Board meeting is two (2) members, present in persons.

All Directors will be provided the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Management or Company Secretary, should the need arise.

The Board may invite the management or 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. Financial reporting**

The Board ensures that the financial statements is prepared in accordance with the Companies Act and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Group and the Company.

## **8. Directors' Remuneration**

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company.

The Executive Directors and senior management's remuneration will depend on the performance of the Group and the achievement of the Key Performance Index set at the beginning of each financial year.

For Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

## **9. Directors' Training**

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors shall continue to undergo the continuous education program to enhance their skills and knowledge, where relevant.

The Nomination Committee shall assess the training needs of the Directors from time to time.

## **10. Company Secretary**

The appointment and removal of the Company Secretary are matters for the Board as a whole. The Board recognizes the fact that the Company Secretary must be suitable, qualified and capable of carrying out the duties required.

The Company Secretary shall report directly to the Board.

## **11. The Board's relationship with Shareholders**

The Board will maintain an effective communication policy that enables both the Board and the Management to communicate effectively with shareholders and the general public. The shareholders shall be informed of all material matters affecting the Company and Group.

The ways of communication to shareholders are as follows:-

- (a) timely announcements and disclosures made to the Bursa Malaysia, which include quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
- (b) mindful and conscious of its regulatory and statutory obligations to make available of the additional corporate information and/or disclosures of the Group for reference on the Company's website and Annual Report;
- (c) ensure that general meetings are conducted in an efficient manner, which includes supply of comprehensive and timely information, poll voting for the resolutions and active participation of the shareholders at AGM.

## **12. Directors' Code of Ethics**

The Directors shall observe the Director's Code of Ethics as below:

- (a) Compliance at all times with this Code of Ethics, the Board Charter and regulatory requirements expected to be adhered to by Directors of the Company;
- (b) Observe high standards of corporate governance, in particular the practices set out in the Malaysian Code on Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia, the Companies Act 2016 and the Capital Markets and Services Act, 2007;
- (c) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- (d) Act in good faith and in the best interest of the Company;
- (e) Not misuse information gained in the course of duties for personal gain or for any other purpose, nor seek the opportunity of the service as Directors to promote private interests or those of connected persons, firms, businesses or other organisations;
- (f) Ensure the Company's resources are safeguarded and that the Company conducts its operations economically, efficiently and effectively at all times;
- (g) Directors shall not accept positions in Board Committees or working groups where a conflict of interest is likely to arise, without first declaring their interest at Board meeting;
- (h) Directors shall declare any personal, professional or business interests that may conflict with their responsibilities as Directors of the Company;
- (i) Directors shall adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading; and
- (j) Directors shall refrain from any activity or behaviour that could give rise to the perception or suspicion of any corrupt conduct or the attempt thereof.



### **13. Whistleblower**

The company has in place **Whistleblower Policy** to manage improper conduct on the part of the Directors, if any. This policy covers areas from lodging of reports to investigation and corrective actions that are required to be taken.

The Board has overall responsibility for this policy and shall oversee the implementation of this policy.

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