



HOLDINGS

BOARD CHARTER

**APPROVED BY THE BOARD OF DIRECTORS
ON 27 APRIL 2021**

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HOLDINGS

BOARD CHARTER

RISDA HOLDINGS SDN BHD

1.0 INTRODUCTION

The Board of Directors (the “Board”) of RISDA Holdings Sdn. Bhd. (the “Company”) is committed to observing and maintaining the highest standards of corporate governance throughout the Company and its subsidiary (the “Group”) built upon a firm foundation of sound internal control systems and corporate culture of consistent emphasis on fairness, transparency, accountability, and continuous improvements.

The Malaysian Code of Corporate Governance (Code) revised in 2017 was a reformation in the corporate governance framework in Malaysia. MCCG 2017 advocates the adoption of standards that go beyond the minimum prescribed by regulation. The code outlines elements in strengthening the board structure and its composition in recognizing the role of directors as active and responsible fiduciaries.

Hence, the Charter is created to apply the recommendations and good practices of key governance activities to the Company.

In developing the Charter, the Board has considered and taken into account all applicable rules, laws and regulations including but not limited to the following:

- The Companies Act 2016;
- The Malaysian Code on Corporate Governance (“MCCG 2017”);
- The Company’s Constitution.

2.0 OBJECTIVES

This charter (the “Charter”) which was developed based upon the following objectives had been adopted by the Board:

- to promote sound and transparent corporate policies and practices based upon exemplary corporate values, ethical business conduct, strong governance practices, and sound board culture;
- to set out the roles, responsibilities, functions, composition, operations and processes of the Board;
- to outline the role and responsibilities of the GCEO, Company Secretary and the primary committees that are established to assist the Board in its oversight function.

- to provide a standard code of conduct and reference for compliance by all directors, which will be useful as primary induction literature for newly appointed directors; and
- to ensure compliance with all applicable legal and regulatory obligations by the Group and the Board.

3.0 THE BOARD

The Board provides entrepreneurial leadership, sets strategic directions, oversees management effectiveness and ensures proper business conduct. The Board shall also ensure that proper processes are in place for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and sets the values and standards of corporate governance for the Group. The Directors shall apply skill and due care in exercising their duties to the Company and are subject to fiduciary duties. Directors shall be accountable to the shareholders and other stakeholders of the Company for the Group's performance.

4.0 DUTIES & RESPONSIBILITIES

4.1 Board Responsibilities

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

The Board is responsible for the overall corporate governance of the Group including reviewing, adopting and approving the Group's overall strategic direction, business plans, key operational initiatives, annual budget, major acquisition or disposal of undertakings, capital commitments and funding decisions. Further, the Board also oversees the conduct and sustainability of the Group's business, assuming the responsibility for succession planning, reviewing the risk management process and internal control systems to minimise the downside risks for the Group in its business endeavours and to ensure compliance with relevant rules and regulations.

In order to ensure effective discharge of the Board's functions and fiduciary duties in respect of the Group, the Board will also assume, amongst others, the following responsibilities that are promote, together with senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. Ensure that financial statements are prepared in accordance with the Companies Act 2016 and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Company and the Group.

The Chief Executive Officer (CEO) of the Company have the responsibilities to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance, and resources, including major policies, key directions, and standards of conduct.

4.2 Accountability & Audit

i. Financial Reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance with the applicable financial reporting standards. This to ensure that financial statements are prepared in accordance with the Companies Act 2016 and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Company and the Group.

The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure material accuracy, adequacy, and timeliness.

ii. Limits of Authority

The responsibilities and authority limits of the Board, GCEO, and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

iii. Human Capital

Appointment of Board members, Board Committee members, the GCEO, Company Secretary, and senior management has to be approved by the Board.

Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for orderly succession of the Board and senior management.

iv. Communication with Shareholders and Stakeholders

Oversee the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders.

4.3 Responsibilities of the Chairman, the Individual Directors, and the CEO

The Board ensures that the Chairman is an Independent Non-Executive member of the Board. The role of the Chairman and CEO are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the GCEO has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GCEO is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

4.3.1 The Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- i. Presiding the Chair at General Meetings and Board meetings;
- ii. Managing Board meetings to ensure robust decision-making by:
 - a. Setting the agenda for each Board meeting together with the Company Secretary and the GCEO, together with other Directors and key members of Management.
 - b. Ensuring the provision of accurate, complete, timely and clear information to the Directors;
 - c. Leading Board meetings and discussions;
 - d. Managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed; and
 - e. Ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.
- iii. Supporting the vision of Group as a whole, together with its policies, principles, decision making and actions;

- iv. Ensuring effective operation of the Board in conformity with the highest standards of corporate governance by:
 - a. Providing leadership for the Board so that the Board can perform its responsibilities effectively;
 - b. Taking a leading role in establishing an effective corporate governance system and practices, including Board and Committee Charters, a Committee structure and ensuring that induction as well as ongoing education programs for Directors are in place;
 - c. Arranging the regular evaluation of the performance of the Board, its Committees and individual Directors and discussing the performance assessment with individual Directors and Committee Chairmen;
 - d. Ensuring that the Board and senior executive succession planning is considered on an ongoing basis.
- v. Engaging the Board in assessing and improving its performance;
- vi. Ensuring the provision of accurate, timely and clear information to Directors;
- vii. Ensuring effective communication with the shareholder and relevant stakeholders;
- viii. Facilitating the effective contribution of Directors by ensuring that they are all involved in discussions and decision-making;
- ix. Ensuring constructive relations being maintained between the Directors and the GCEO and maintaining the relationship trust between them;
- x. Managing Board/Management interface by:
 - a. acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team;
 - b. developing a positive relationship with the GCEO, acting as a confidant and advisor;
- xi. Supporting the GCEO in the development of strategy and, more broadly, to support and advise the GCEO accordingly; and

- xii. Being the public face by:
 - a. acting as a spokesperson for the Board; and
 - b. representing the Company at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Company, both domestically and/or abroad.

4.3.2 The Individual Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. Broadly these include:

- i. Acting in good faith and in the best interests of the Company;
- ii. Demonstrating good stewardship and acting in a professional manner with sound mind;
- iii. Acting in good faith and in the best interests of the Company;
- iv. Demonstrating good stewardship and acting in a professional manner with sound mind;
- v. Acting with reasonable care, skill and diligence subject to the business judgement rule;
- vi. Avoiding conflicts of interest with the Company in a personal or professional capacity, including improper use of the property, information, opportunity of the Company or position as a Director or officer of the Company or engaging in business which is in competition with the Company;
- vii. Ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest;
- viii. Disclosure of and abstaining from voting on matters of material personal interest
- ix. Exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and compliance with the Companies Act
- x. Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programs and briefings.
- xi. Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.

- xii. Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.
- xiii. Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

4.3.3 The GCEO

The GCEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. The GCEO is responsible for:

- i. Developing strategy proposals for recommendation to the Board and to ensure that the agreed strategies are reflected in the business and in tandem with the vision of Group;
- ii. Developing annual plans, consistent with the agreed strategies, to be presented to the Board for support;
- iii. Developing an organizational structure and establish processes and systems to ensure the efficient organization of resources;
- iv. To be responsible to the Board for the performance of the business consistent with the agreed plans, strategies and policies;
- v. Leading the executive team, including the development of performance contracts and appraisals;
- vi. Developing processes and structure to ensure that the capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps being taken to manage the risks;
- vii. Developing and maintaining an effective framework of internal controls over risk in relation to all business activities including the Company's trading activities;
- viii. Ensuring that the flow of information to the Board is accurate, timely, transparent, and clear; and
- ix. Establishing a close relationship of trust with the Chairman, reporting key developments to him, in a timely manner and seeking advice and support as appropriate.

- x. The GGCEO has the executive responsibility for the daily operation of the Company's business.
- xi. The GCEO implements the policies, strategies and decisions adopted by the Board.
- xii. All Board authorities conferred on Management is delegated through the CEO and this will be considered as the GCEO authority and accountability as far as the Board is concerned.

4.4 Company Secretary

The Secretary to the Board shall be the Company Secretary or a person recommended by the Company Secretary and approved by the Board.

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

4.5 Board Review Process

To remain relevant, the effectiveness of the Board, its Committees and each individual Director should be annually reviewed and disclosed in the annual report as prescribed under MCCG. The Board should engage professional, experienced, and independent party(ies) periodically to facilitate objective and candid board evaluation.

The evaluation shall cover the performance of the Board, the various Board Committees, and each individual Director.

The Board should disclose how it has conducted such assessment and its outcome in the annual report including the identity of the third party if the assessment is conducted by an independent third party.

The Board, in assessing a Director's independence should focus not only on whether a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

4.6 Human Capital / Employees

The Board acknowledges that the employees are invaluable assets of the Group and play a vital role in achieving the vision and mission of the Group as a whole. The Board also recognizes that to boost morale and heighten motivation of the employees, the Management may propose special performance-based reward or festive contribution as token of appreciation for the employees.

The Board also allows that the employees of the Company to form an organizational-based club that promotes unity, caring for the well-being of the members, and strengthen bonds between the employees.

4.7 Corporate Social Responsibility

The Board acknowledges that the Company should create a positive impact to the welfare of the local community while doing business.

The Company must sustain equilibrium between the economy and the ecosystem either through passive action (by avoiding engaging socially harmful acts) or through active actions (by performing activities that directly advance social goals such as supporting charitable causes and initiatives on community development projects).

5.0 BOARD COMPOSITION

The Board shall consist of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates decision-making.

The number of directors shall be one (1) or not more than seven (7) all of whom shall be natural persons, unless otherwise determined by a general meeting. The Board should consist of a Chairman and a suitable number of non-executive directors to be proposed by the Shareholders and therefor to be approved by the board.

At least two (2) directors or one-third (1/3) of the total number of directors on the Board, whichever is the higher, must be independent directors.

If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used.

In the event of any vacancy in the Board, the Board is responsible to recommend to the Shareholders that the vacancy shall be filled within three (3) months.

The positions of Chairman and the GCEO should be held by different individuals, and the Chairman must be a non-executive member of the Board.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve the Board subject to the director's re-designation as a non-independent director. Subject to obtaining the approval of the Company's shareholders, the Board may recommend and provide strong justification in the event it retains an independent director who has served for a cumulative term of nine (9) years as an independent director of the Company.

The Board acknowledges the importance of board diversity, including diversity in gender, nationality and age, to the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.

6.0 BOARD COMMITTEES

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities. The Board has constituted board committees with clear written terms of reference to assist the Board in the discharge of its duties:

- i. Jawatankuasa Perjawatan dan Latihan RHSB
- ii. Jawatankuasa Pelaburan RHSB
- iii. Jawatankuasa Lembaga Mengkaji Bajet RHSB
- iv. Jawatankuasa Audit dan Pemeriksaan RHSB

The Committees shall operate under their respective terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees may report to the Board on the outcome of the Committee meetings if necessary, from time to time.

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

7.0 CODE OF ETHICS AND CONDUCT

The Directors are expected to conduct themselves with the highest ethical standards. The Code of Ethics and Conduct to be observed by all Directors and employees of the Group are as follows:

- i. Compliance by the Board at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Observe high standards of corporate governance at all times.

- iii. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership, including fair dealing and the ethical handling of conflicts of interest.
- iv. Not misuse information gained in the course of duties for personal gain or for political purposes.
- v. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- vi. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets, and confidential information.
- vii. Ensure full, fair, accurate, timely and understandable disclosure.
- viii. Declaration of any personal, professional, or business interests that may conflict with responsibilities.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

8.0 BOARD PROCESSES

8.1 Board Meetings

The Board meets at least four (4) times a year, including special meetings, with additional meetings to be convened whenever necessary. The Directors receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient details of matters to be deliberated during the meeting, and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which are deemed critical for the Directors knowledge and information in arriving at a sound and informed decision. Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

8.2 Meeting Mode

A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.

The Board may from time to time and if deemed appropriate, consider, and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval

of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more Directors.

8.3 Voting

All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the Board shall have a second or casting vote.

A Board member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

8.4 Meeting Minutes

The minutes of the meeting shall be action oriented and record the deliberations and decisions of the Board. The minutes shall include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

8.5 General Meetings

All Directors and the Chairs of Board Committees must attend General Meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.

8.6 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

8.7 Directors' Remuneration

The Board may establish Remuneration Committee, however any policies set forth shall be first approved by the Shareholders.

The Board through Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

9.0 REVIEW OF THE BOARD CHARTER

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

RISDA HOLDINGS SDN. BHD., a wholly owned subsidiary of RISDA, at its 42nd Board of Directors' meeting, which was held on 27 April 2021, had approved the Board Charter effective 27 April 2021.